

Educational **S**ervices **C**ommission
OF **N**ew **J**ersey



**BOARD OF DIRECTORS
PISCATAWAY, NJ 08854**

Comprehensive Annual Financial Report
for the Fiscal Year ended June 30, 2016

Educational Services Commission of New Jersey
Piscataway, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016

Prepared by

Educational Services Commission of New Jersey
Business Office

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Introductory Section

EDUCATIONAL SERVICES COMMISSION OF NEW JERSEY

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November 14, 2016

President, Vice President and Board of Directors
Educational Services Commission of New Jersey
1660 Stelton Road
Piscataway, NJ 08854

Dear Board Members:

The Comprehensive Annual Financial Report of the Educational Services Commission of New Jersey (the "Commission") for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Directors. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Commission. All disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The introductory section includes this transmittal letter, the Commission's organizational chart and a list of principal officials. The financial section includes the management's discussion on analysis, basic financial statements required supplementary information and other supplementary information, as well as the auditor's report. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The Commission is required to undergo an annual single audit in conformity with the provisions of the of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Treasury Circular Letter 15-08-OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditors' report on internal control and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. Reporting Entity and its Services

The Commission was created in 1977 pursuant to NJASA 18A:6-51 through 70, by the twenty-four (24) boards of education in Middlesex County (member districts), to respond to increasing federal and state mandates by developing needed educational programs and services that were best provided cooperatively by a single coordinating agency in an efficient and economic manner. On June 1, 2006, the State Board of Education officially approved a name change for the Middlesex County Educational

Services Commission to the Middlesex Regional Educational Services Commission to reflect shared services offered to 11 counties statewide at that time. On May 2, 2016 the State Board of Education unanimously approved a name change for the Middlesex Regional Educational Services Commission to the Educational Services Commission of New Jersey to more accurately reflect its scope of services offered to a presence in all 21 counties. The Commission is a public education agency reporting within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the Commission are included in this report for Fiscal Year 2016 (FY2016). The Commission and all of its educational programs constitute the Commission's reporting entity.

The Commission provided educational services and programs to the following member districts, through multi-year contracts during FY2016:

Carteret	Middlesex	Piscataway
Cranbury	Middlesex Cnty. Vo-Tech.	Sayreville
Dunellen	Milltown	South Amboy
East Brunswick	Monroe	South Brunswick
Edison	New Brunswick	South Plainfield
Highland Park	North Brunswick	South River
Jamesburg	Old Bridge	Spotswood
Metuchen	Perth Amboy	Woodbridge

In addition, approximately one hundred seventy (170) non-member districts contracted with the Commission for educational services and programs during the FY2016 school year.

The following educational services and programs were provided during the FY2016 school year:

NONPUBLIC AUXILIARY AND HANDICAPPED SERVICES (P.L. 192/193)

Provides eligible nonpublic students with educational programs and services in the areas of:

- Compensatory Education
- English as a Second Language
- Speech/Language Therapy
- Supplementary Instruction
- Examination and Classification Services
- Home Instruction

These services, funded through state aid to districts, are provided by the Commission through multi-year contracts. The services are provided in state-approved instructional trailers, mobile classrooms purchased by the Commission, or space provided within the nonpublic school with the approval of the New Jersey State Department of Education Division of Facilities and Planning.

As of June 30, 2016 the following services were provided:

Compensatory Education	1,597 services
English as a Second Language	206 services
Home Instruction	1,114 hours
Examination/Classification	1,286 services
Supplemental Instruction	825 services
Speech Correction	693 services
Speech Evaluations	21 services

NuVIEW ACADEMY ANNEX

The NuView Academy Annex program began in September 2015 and provides a free, appropriate, public education (FAPE), in the least restrictive environment (LRE) for students exhibiting severe symptoms or diagnosis of depression, ADHD, conduct disorder, thought disorder or anxiety disorder. This is a collaborative effort between the Commission, which provides all educational programming and coordinates referral procedures, and Princeton House Behavioral Health Services which provides the psychiatric and therapeutic components for reaching the goals to assure success of the program. NuView Academy Annex provides students with the tools needed to improve self-esteem, develop individual responsibility and evolve into productive members of society.

NuView Academy Annex operates on a twelve (12) month basis. In FY2016, NuView Academy Annex served sixty (60) students from twenty-two (22) sending districts within six (6) counties.

NuVIEW ACADEMY

The NuView Academy program began in March, 2000 and provides a free, appropriate, public education (FAPE), in the least restrictive environment (LRE) for students exhibiting severe symptoms or diagnosis of depression, ADHD, conduct disorder, thought disorder or anxiety disorder. This is a collaborative effort between the Commission, which provides all educational programming and coordinates referral procedures, and Princeton House Behavioral Health Services which provides the psychiatric and therapeutic components for reaching the goals to assure success of the program. NuView Academy provides students with the tools needed to improve self-esteem, develop individual responsibility and evolve into productive members of society.

NuView Academy operates on a twelve (12) month basis. In FY2016, NuView Academy served one hundred seven (107) students from forty (40) sending districts within nine (9) counties.

PISCATAWAY REGIONAL DAY SCHOOL (PRDS)

The PRDS was opened in September 1982 by the State Board of Education, pursuant to approval of the Facilities for the Handicapped Bond Issue in 1973. In September 1984, the Board of Directors of the Commission, at the request of the State, entered into a management lease for the PRDS. Responsibilities of the Commission include employment of staff and program delivery. The PRDS offers specialized programs to students with severe multiple disabilities from forty (40) sending districts representing eight (8) counties in New Jersey. These services are provided through multi-year contracts with districts.

The PRDS utilizes individual and small group instruction to develop functional language, academic and social skills for students with multiple disabilities and autism. A career exploration program combined with job sampling in the community is offered, in addition to classes in adaptive physical education, art and music. Community-based consumer skills instruction is provided. Augmentative Communication Evaluation Services are also offered,

One hundred thirteen (113) disabled students received educational services at the PRDS during the FY2016 school year.

PRDS EXTENDED SCHOOL YEAR PROGRAM

During the summer of 2016, ninety-five (95) students participated in the Extended School Year program.

ACADEMY LEARNING CENTER (ALC)

The ALC provides a comprehensive day school program for students with autism or multiple disabilities based on the principles of Applied Behavior Analysis. The staff, of approximately ninety-five (95) teachers, instructional aides and therapists, is skilled in the methods and techniques of Applied Behavior Analysis. They provide intensive instruction to students based upon the goals and objectives of their individualized educational programs. Students develop skills in the areas of language and communication, social, academic, activities of daily living, vocational, fine motor and gross motor skills.

The school program is located in a modern facility, located in Monroe Township, New Jersey, especially designed and built for the needs of students with moderate to severe disabilities. In addition to the instructional areas, each classroom has an observation room, a storage room and a bathroom. The school serves approximately one hundred forty-four (144) students from 3-21 years of age in eighteen (18) classrooms. The building contains eight (8) speech and language therapy rooms, administrative offices, a large occupational and physical therapy room, a spacious multipurpose room, and a health office. Three age appropriate playgrounds are on the ten (10) acre site.

The educational and behavioral program in the autism classes utilizes individualized assessment with the VB-MAPP and an ALC Functional Skills Assessment. Instruction includes intensive teaching, verbal behavior, integrated related services, and incidental learning techniques to order to maximize each student's potential. Staff members foster an active collaboration with parents/guardians in the educational process through the use of daily communication journals, parent training, classroom observation, evening meetings and home visits. An evening Sibling Group also has taken place on alternate years to help address the needs of family members and involve them in the instructional process. A 2:1 student to staff ratio is employed. Speech, occupational and physical therapists work closely with classroom staff to integrate instruction. A vocational program combined with paid school jobs, job sampling in the community, and a paid student internship may be available for students as appropriate. Special subject classes include Adaptive Physical Education, Art, and Music. Community programming includes the use of the Aquatic Center at the Center for Lifelong Learning to enable students to receive a four session series of swim classes. A six week Extended School Year program is offered. Comprehensive inclusion support is also provided when students return to their home district on a part-time or full-time basis.

The program for students with multiple disabilities focuses on the development of independent functional skills in language, academic, social and vocational areas. Staff utilize the VB-MAPP and an ALC Functional Skills Assessment to drive instructional planning. Teachers utilize individual and small group instruction to develop functional skills in a student-centered environment. Speech, occupational and physical therapists work closely with classroom staff to integrate instruction. A vocational program combined with paid school jobs, job sampling in the community and a paid student internship may be available for students as appropriate. Special subject classes include Adaptive Physical Education, Art and Music. Community-based instruction is provided as well as a six (6) week Extended School Year Program. As in the autism program, an extensive series of field trips develop community integration training including swimming, consumer shopping, recreation, etc. Comprehensive inclusion support is provided to all ALC students if they return to their home district on a part-time or full-time basis.

ALC EXTENDED SCHOOL YEAR PROGRAM (ALC ESY)

The ALC ESY program is a continuation of the ten month program and provides a six week program from the last week in June through the first week in August. A high percentage of ten month employees also work in the ESY program. One hundred thirty-three (133) students participated in the 2016 ESY program.

TITLE I PROGRAM

The Title I Program is a compensatory educational program that provides remedial services to educationally disadvantaged students attending nonpublic schools in low income areas. Students receive services regardless of income, although program funding to local school districts is based on community needs as compared to poverty standards.

During FY2016, one hundred forty-eight (148) services were provided to one hundred two (102) students from nine (9) nonpublic schools.

COOPERATIVE TRANSPORTATION PROGRAM

The Cooperative Transportation Program consists of the transportation of students from one or more districts to a common location. The Commission coordinates directly with the sending school district, parent/guardian of each student, and the school to which the student is being transported. The purpose of this program is to reduce duplication of services and generate cost savings through cooperative efforts in joint transportation routes for special education, vocational, nonpublic and public students.

One thousand four hundred forty-five (1,445) cooperative special and regular education routes, public school routes, vo-tech and nonpublic school routes, transported more than twelve thousand forty-nine (12,049) students to and from over two hundred eighty-five (285) destinations each day from seventy-two (72) districts before-and-after-care transportation and work-study program transportation and mid-day shuttles between schools. Additionally, approximately one thousand five hundred (1,500) students are transported daily on athletic/late routes.

NONPUBLIC TEXTBOOK LOAN PROGRAM

The Nonpublic Textbook Loan Program is operated in accordance with the New Jersey Nonpublic Textbook Law, Chapter 121, L. 1984. This law requires Boards of Education to purchase and loan textbooks to all full-time students in grades kindergarten through twelve attending nonpublic schools within the district. Funding is contingent on the nonpublic school's compliance with compulsory school attendance requirements and with the requirements of Title VI of the Civil Rights Act of 1964. The Commission contracts with districts to provide these services and is responsible for the administration of the program, purchasing, oversight and payment of such textbooks.

For the FY2016 school year, eighty-six (86) nonpublic schools, located within twenty-one (21) districts in Middlesex, Mercer, Somerset, Ocean and Monmouth Counties, have benefited from this service.

NONPUBLIC NURSING SERVICES

This program is operated in accordance with State Law, Chapter 226, and provides nursing services to eligible nonpublic schools. These services include:

- (a) Assistance with medical examinations, including dental screenings;
- (b) Conducting audiometric screenings, adhering to N.J.A.C. 6:29-5;
- (c) Maintenance of student health records; preparation of annual reports on immunization status of nonpublic pupils; and
- (d) Conducting examinations of pupils between the ages of ten (10) and eighteen (18) for the condition known as scoliosis.
- (e) Preparing miscellaneous reports as required by State rules and regulations, including reportable diseases to the local health department.

For the FY2016 school year, one hundred twenty-one (121) nonpublic schools located within thirty-two (32) districts have benefited from this service.

NONPUBLIC TECHNOLOGY

The Nonpublic School Technology Initiative Program is an entitlement program which funds technology needs for nonpublic schools in Middlesex, Somerset, Mercer, Ocean, and Monmouth Counties. The Commission collates, prepares/issues purchase orders, processes payments for all completed orders, and arranges for delivery of orders for nonpublic school technology needs. These needs may include equipment, software, professional development for staff members, and maintenance agreements for new or existing equipment in the school. The equipment is purchased with State aid and is the property of the public school district through which the entitlement flows. All equipment is tagged with the name of the public school district, who supplies the funding for the equipment. Eligibility for this entitlement program is determined annually by the State of New Jersey.

For the FY2016 school year, one hundred (100) nonpublic schools located in twenty-six (26) districts have benefited from this service.

E.S.C. GENERAL PROGRAM

The Comprehensive Annual Financial Report identifies a number of services reported within the Commission's General Programs, including:

HOME INSTRUCTION TO PUBLIC STUDENTS

The Commission has provided home instruction services to two hundred ninety-six (296) public school students from twenty-five (25) school districts in and out of Middlesex County during the FY2016 school year.

CHARTER SCHOOL SERVICES

The Commission provided an array of services to thirteen (13) charter schools in Middlesex, Mercer, Passaic and Union Counties.

COUNTY DIAGNOSTIC SERVICES

The County Diagnostic Services provides member and non-member districts with Child Study Team services to supplement public school staff needs in compliance with New Jersey and Federal Special Education Laws and Regulations.

OCCUPATIONAL AND PHYSICAL THERAPY

Occupational therapy and physical therapy were provided to thirteen (13) public school districts during the FY2015 school year. The Commission provided fifty-nine (59) OT/PT evaluations for nine (9) districts during the FY2015 school year.

MIDDLESEX COUNTY ACADEMY (MCA)

The MCA is a countywide alternative education program designed to provide at-risk students and classified students, the opportunity to complete their middle school and high school requirements in a non-traditional, supportive, individualized learning environment.

During the FY2016 school year, the MCA accepted both classified and non-classified students, serving approximately eighteen (18) alternative students from public school districts and implemented an Alternative High School Assessment Program to improve student performance on standardized testing.

At the end of the FY2016 school year, the MCA has closed due to enrollment.

INTERIM ALTERNATIVE EDUCATIONAL PROGRAM (IAEP)

The Reauthorization of the Individuals with Disabilities Education Act (IDEA) allows for a number of significant changes in how districts address the area of student discipline. A student with a disability now has a right to educational services on the eleventh day, after having been suspended and/or expelled a total of ten (10) days in a school year.

The Commission's IAEP is a countywide program designed to provide learning disabled and/or "at risk" students the opportunity to continue their educational program in a supportive, individualized learning environment for not more than a forty-five (45) day period. The program is designed to enable a student to continue to participate in the general curriculum and continue to receive services, including those described in the student's current IEP, that will enable the student to meet the goals included in that IEP. In addition, this specialized program includes services and modifications designed to address a student's inappropriate behavior so that it does not reoccur.

During FY2016, a total of eleven (11) students from eight (8) school districts participated in the program.

At the end of the FY2016 school year, the IAEP has closed due to enrollment.

PROFESSIONAL DEVELOPMENT ACADEMY (PDA)

The PDA completed its twelfth full year of operation in June 2016. The PDA offered fifteen (15) workshops at our facility and sixty one (61) on-site at area schools. The PDA provided learning opportunities to approximately one thousand twenty-five (1,025) educators.

During the FY2016 school year, one hundred forty-five (145) Commission staff participated in professional development opportunities offered through the PDA, which was designed to be engaging, informative and encourage reflective practice. In addition to regular programs and services, the PDA developed comprehensive on-site professional development programs for fourteen (14) nonpublic schools receiving IDEA-B funding. In addition, online courses were created to support DOE initiatives in technology.

Presenters were expected to provide participants with theoretically-based practical classroom strategies, as well as suggestions on how to turnkey at least one important idea back at school. Resources for further learning were provided such as readings, study group ideas and other resources for application in the classroom.

In addition, workshops were aligned to the Eight Key Elements of High Quality Professional Development for teachers, the Elementary and Secondary Education Act (No Child Left Behind), and the NJ Department of Education's initiative to strengthen Collaborative Professional Learning Communities.

Evaluations and questionnaires were disseminated to participants and administrators to ensure that the ESCNJ Local Professional Development Plan reflected the New Jersey Professional Standards for Teachers. Data from the questionnaires was used to design the professional.

BRIGHT BEGINNINGS LEARNING CENTER (BBLC)

BBLC provides a comprehensive educational program for students with autism or severe multiple disabilities based on the principles of Applied Behavior Analysis (ABA). Trained and experienced staff provides individualized and targeted instruction to students in the areas of communication, academics, social skills, activities of daily living, and motor skills.

Located on the ESCNJ Piscataway Campus, the modern facility includes twenty-two (22) classrooms with adjoining observation rooms, occupational, physical, and speech therapy rooms, activities-of-daily-living room, sensory room, health office, multipurpose room, and media center/library. Each classroom is equipped with a restroom.

In 2013, BBLC expanded to include secondary classes for students with autism, ages 13 to 21. Community-based education and a career exploration program, including job sampling at community worksites, provide students with opportunities for vocational practice in preparation for post-graduation employment.

It remains a school of choice for twenty-eight (28) districts in four (4) counties seeking placement for students with preschool disabilities, multiple disabilities, and/or autism who require a highly specialized educational program. One hundred sixty-eight (168) students, ages 3 to 21 years, were enrolled at BBLC during the FY 2016 school year.

The fifteen (15) autism classes utilize principles of applied behavior analysis, including individualized intensive teaching, natural environment training, social skills, and integrated related services to address and develop student skills. Special subject classes include Adaptive Physical Education, Art, and Music. Classes are designed for a 2:1 student to staff ratio. Transition support is provided for students returning to their home district classes.

The program for students with multiple disabilities addresses the development of physical, cognitive, communicative and social skills through individual and small group instruction. Speech, occupational, and physical therapists work closely with classroom and nursing staff to integrate instruction. Special subject classes include Adaptive Physical Education, Art and Music. BBLC staff strives to establish and strengthen meaningful partnerships between the home and school setting.

BBLC EXTENDED SCHOOL YEAR PROGRAM

The BBLC Extended School Year (ESY) was a six week program providing a continuation of services from the last week in June through the first week in August. One hundred fifty-one (151) students participated in 2016.

CENTER FOR LIFELONG LEARNING (CLL)

The Center for Lifelong Learning opened in 2009 to provide an educational program for students with autism and/or severe multiple disabilities based on the principles of Applied Behavior Analysis (ABA). The school contains twenty-four (24) classrooms, a media center, physical and occupational therapy rooms, specialized classrooms, a gym, an integral garden, and a community center. The community center, which is available for the community during non-school hours, contains a competition pool, a children's zero-entry pool with a lazy river and water features, locker rooms, including one for families, a community room, and a fitness center. The school is designed to optimize energy performance, use only renewable resources, reduce water and energy consumption, and make use of natural resources to achieve greater energy efficiency.

The Center for Lifelong Learning has developed into a program of choice for thirty-nine (39) districts in five (5) counties seeking placement for students classified preschool disabled, multiply disabled and autistic. Two hundred eleven (211) students, ages 3 to 21 years, were enrolled at CLL during the FY2016 school year.

The educational and behavioral programs at CLL utilize principles of applied behavior analysis, direct instruction, errorless learning, natural environment training, incidental teaching techniques and integrated related services to address and develop individual skills. Programs address the development of academic, physical, cognitive, communicative, vocational and social skills through individual and small group instruction. Vocational skills are enhanced through job sampling in the community and the school. Community based educational experiences further enhance each student's ability to interact within typical community environments. Speech, occupational and physical therapists work closely with classroom staff to integrate instruction. Special subject classes include Adaptive Physical Education, Art and Music. Classes for students with autism are designed for a 2:1 student to staff ratio. Classes for students with multiple disabilities are designed for a 3:1 student to staff ratio. Transition support is provided for students returning to their home district classes.

CLL EXTENDED SCHOOL YEAR PROGRAM

The CLL Extended School Year (ESY) is a six week program providing a continuation of services from the last week in June through the first week in August. During the summer of 2016, one hundred eighty-eight (188) students participated in the Extended School Year.

IDEIA-B

IDEIA-B provides additional educational services to classified students attending private schools. These services provide speech therapy, occupational therapy and physical therapy, supplemental instruction,

counseling, instructional aides, nursing and supplies. This program is funded through the federal government IDEA-B grant programs for FY2016. The Commission provides services to thirty-nine (39) districts and forty-three (43) nonpublic schools.

THE ESCNJ COOPERATIVE PRICING SYSTEM

The Commission has operated a State approved Cooperative Pricing System since 1996. During FY2016, the Commission expanded this program to include the following bids and expanded its membership to include over one thousand (1,000) public agencies, which includes public school districts, municipalities, county governments, county and state colleges.

ACT Data/Broadband/Hosted Services	Fire Extinguisher Inspection & Related Svs. (Annual)	Pool Supplies
ACT Telecommunications	Flexible Spending Acct. Mgmt.	Printing Services
ACT Wide Area Network Services	Flooring	Radios, Motorola/Vertex
Apple Educational Products	Gaggle Software Service	Recycling Containers
Asset Id. Svs./Mktng/Advertising	General Office Supplies	Roofing/Bldg. Envelope R&M
Athletic Equip. Recond. & Repair	Generator Equipment & Maintenance	Safety and Security Window Film
Athletic Equip. & Supplies	Grounds Equipment	School and Office Furniture
Automotive Fluids and Lubricants	Gym Floors-Repair/Refinishing/T&M	School Buses
Bleacher (Int/Ext) Syst. Purch. & Instal.	Hybrid Phone Systems	School Bus Surveillance Cameras
Boiler, Maintenance & Repair	Industrial Arts, Career & Tech. Supplies	Scoreboards (Ext/Int , Marquee, Equipment and Installation
Building Access & Security Systems	Integrated Cloud Based Bldg. Access	Share911.com-Private Social Network for Workplace Emergencies Product
Carpet	Interactive Classroom/Meeting Room Presentation Technology	Shredding & Disposal of Records
Classroom Supplies	Job Order Contracting: Repair/Maint. Electric; General; HVAC; Plumbing; Paving	Small Ticket Tax-Exempt Lease Purchase Program
Classroom Supplies – Cosmetology	Job Order Contracting: T&M Electrician; Plumbing	SMART Board Technology
Copy Paper (white/color)	Landscaping Services	Snow Vehicle Attachments & Accessories
Concrete Repair Systems - Ardex	Lawn Care Products and Services	Speech Services
Custodial Supplies and Plastic Liners	Learning Management System	Staffing Services (Non-Certified)
Demand Response	LED/Other Lighting Supplies & Equip.	Stage Curtains-Install. & Repair
Diesel/Gasoline	Lockers-Purchase/Refurbishment	Student SAAS Learning Data Analysis
Digital Curriculum Solutions	Locking Hardware & Keying Systems	Toilet Partitions
Digital Readiness for Learning & Assmt Broadband Component, Wide Area Network & Internet Coop Purchasing Initiative (DRLAP)	Maintenance Equipment	Technology Supplies & Services
Digital Resources	Maintenance, Repair & Operation	Toner Supplies
Disaster Recovery	Medicaid Billing Services	Trip Hazard Removal Services
Document Management Services	Medical Supplies	Truck Maintenance & Repair
Education Development Software	Musical Instruments	Turf-Synthetic-Repair, Maint. & Replacement
Electrician-Time & Material	Natural Gas-Supply of	Utility Bill Audit/Cost Recovery
Electricity-Supply of	Nursing Services	Walkthrough Metal Detectors
Environmental/Mold Insurance	Occupational & Physical Therapy	Water Testing Services
Facility Management Software	Playground Equipment	Wireless Duress Monitoring Sys.
Fire Alarm Systems	Playground Surfacing	

2. Economic Condition and Outlook

Public school districts in Middlesex County, like many other districts throughout the State of New Jersey, are experiencing a period of decreasing state aid while at the same time they are receiving additional mandates from both the federal and state legislatures. Over the past year, initiatives addressing certain of these mandates were continued by the Commission including:

- Itinerant Services to Charter Schools
- Itinerant Occupational & Physical Therapy Services
- Public School Home Instruction Program
- Interim Alternative Educational Program
- Supplemental Instruction/Child Study Team/Speech Instruction Services
- Additional Special Education Class Programs
- Cooperative Bidding for Supplies and Energy Resources

The Commission continued its efforts to consolidate and share services among and between public school districts in the county by developing and working with the County Superintendent of School's office. This effort reviewed the cost of out-of-district and out-of-county private special education placements and provided a forum for Directors of Special Services in local districts to meet and set up a philosophy and procedures for placement of disabled students closer to their resident school district.

The Commission continued to support and help organize the exchange of disabled students between public school districts. In addition, it reorganized the PRDS to increase the number of placements available.

The Commission again initiated a series of meetings with other intermediate units addressing the benefits of shared services and the consolidation of certain services.

Examples of consolidated services include:

- Joint contracting with bus companies or shared use of district-owned buses for public transportation.
- Operation of transportation programs on behalf of the districts.
- Joint purchasing of school supplies and equipment, e.g., from paper, pencils to larger items.
- Joint purchasing of natural gas and electricity.
- Cooperation among districts in the offering of specialized educational services such as special education and the use of child study teams.
- Common staff development

This initiative has been encouraged and further expanded by the Commissioner of Education and through the development of a State-Wide Shared Service Task Force which has begun to study ways schools can consolidate their resources to reduce expenses and better serve the needs of districts.

Middlesex County, located in Central New Jersey, has a strong, diverse economic base, represents a diversity of religions and cultures, and is located near the New Jersey Turnpike and the Garden State Parkway. The twenty-three (23) school districts represent both urban and suburban districts in the county.

With the location mid-way between Philadelphia and New York City, Middlesex County is one of the State's major employment centers and corporate headquarters' locations in the State.

Public school districts, realizing the increase in student population, the need to update public school facilities and the need to adhere to the Americans with Disabilities Act, have developed many bond proposals or referenda for the improvement or construction of school buildings.

The increase in student population will impact Commission services immediately and in the future.

3. Internal Control

Management of the Commission is responsible for establishing and maintaining internal control designed to ensure that the assets of the Commission are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. As a recipient of federal and state financial assistance, the Commission is also responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the Commission management.

As part of the Commission's single audit described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal and state financial assistance programs, as well as to determine that the Commission has complied with applicable laws and regulations.

4. Budgetary Controls

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balances in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance on June 30, 2016.

5. Accounting Systems and Reports

The Commission's accounting records reflect accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the Commission is organized on the basis of funds. These funds are explained in "Notes to Financial Statements," Note 1.

6. Cash Management

The investment policy of the Commission is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 3. The public depositories are protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in

New Jersey, where the funds are secured in accordance with the Act.

7. Risk Management

The Commission carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

8. Service Efforts and Accomplishments

The Commission continued to develop new programs and services for its member districts during the FY2016 school year. These efforts were highlighted by the expansion of the Cooperative Pricing Program. Management has continued to expand the Cooperative Pricing System membership to include over one thousand (1,000) public agencies serving all twenty-one (21) counties in New Jersey. The Commission also continued its efforts in the area of technology, initiating major initiatives at the Raritan Valley Academy, Piscataway Regional Day School, Bright Beginnings Learning Center and the Academy Learning Center. These efforts include the updating of hardware and software necessary to develop a computer assisted instructional program and to allow student media access for purposes of research as well as internet resources.

The Commission also served as lead agency for the statewide Digital Readiness Learning Assessment Program in cooperation with the New Jersey Department of Education. This program dramatically affected the economics of acquiring broadband and internet services by using cooperative purchasing to drive down the cost.

9. Major Operational or Fiscal Concerns

The operational and financial concerns of the Commission are focused on two areas, the first being the State of New Jersey, Department of Education's comprehensive school plan and the subsequent impact on Special Education and Nonpublic Funding. The second concern is based on the Commission's growth over the last several years and the reliance on member/non-member districts for cash flow. The Commission continues to monitor these areas very carefully to ensure that funds are available to provide students and member districts with programs and services as well as maintain a strong financial position to ensure payment of all obligations to vendors and employees.

10. Other Information

Independent Audit: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Commission's audit committee selected the accounting firm of Ernst & Young, LLP. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Uniform Guidance and State Treasury Circular Letter 15-08-OMB. The auditors' report on the basic financial statements, required supplementary information and other supplementary information are included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

Self-Recognition - The following Commission Staff were recognized for Governor's Teacher Recognition Program for the FY2016 school year:

Abigail Wilman	Academy Learning Center
Susan Garbowski	Academy Learning Center
Julie Sakowicz	Bright Beginnings Learning Center
Rowena Joy Figueroa	Bright Beginnings Learning Center
Jessica McGurr	Center for Lifelong Learning
Stephanie Shamin	Center for Lifelong Learning
Harrison Fox	Nonpublic Department
Elizabeth Rites	Piscataway Regional Day School

Student Recognition Program – Three (3) students from the Commission were honored in February 2016 at the annual Middlesex County School Boards Association Student Recognition Dinner. The students were as follows:

Michelle Posolski	Academy Learning Center
Anthony Vargas	Center for Lifelong Learning
Shika Ashie	Piscataway Regional Day School

Services – Other significant developments and acknowledgments during the FY2016 school year:

- Approval of curricula as follows – September 2015
 - Academy Learning Center, Bright Beginnings Learning Center, Center for Lifelong Learning, Piscataway Regional Day School
 - 21st Century Life & Careers
 - Academy Learning Center, Bright Beginnings Learning Center, Center for Lifelong Learning, Middlesex County Academy, NuView Academy, NuView Academy Annex, Piscataway Regional Day School
 - Comprehensive Health & Physical Education
 - English/Language Arts
 - Mathematics
 - Social Studies
 - Technology
 - Visual & Performing Arts

11. For the Future

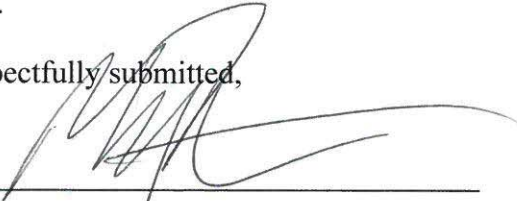
The Commission is presently in excellent financial condition and continues to expand service offerings to its participating districts.

In conclusion, the Commission has committed itself to financial excellence for many years. In addition, the Commission's system for financial planning, budgeting, and internal financial controls are well regarded. The Commission plans to continue its sound fiscal management to meet the challenges of the future.

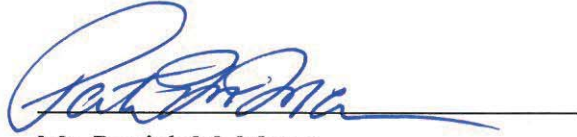
12. Acknowledgments

We would like to express our appreciation to the members of the Commission for their concern in providing fiscal accountability to the citizens and taxpayers and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



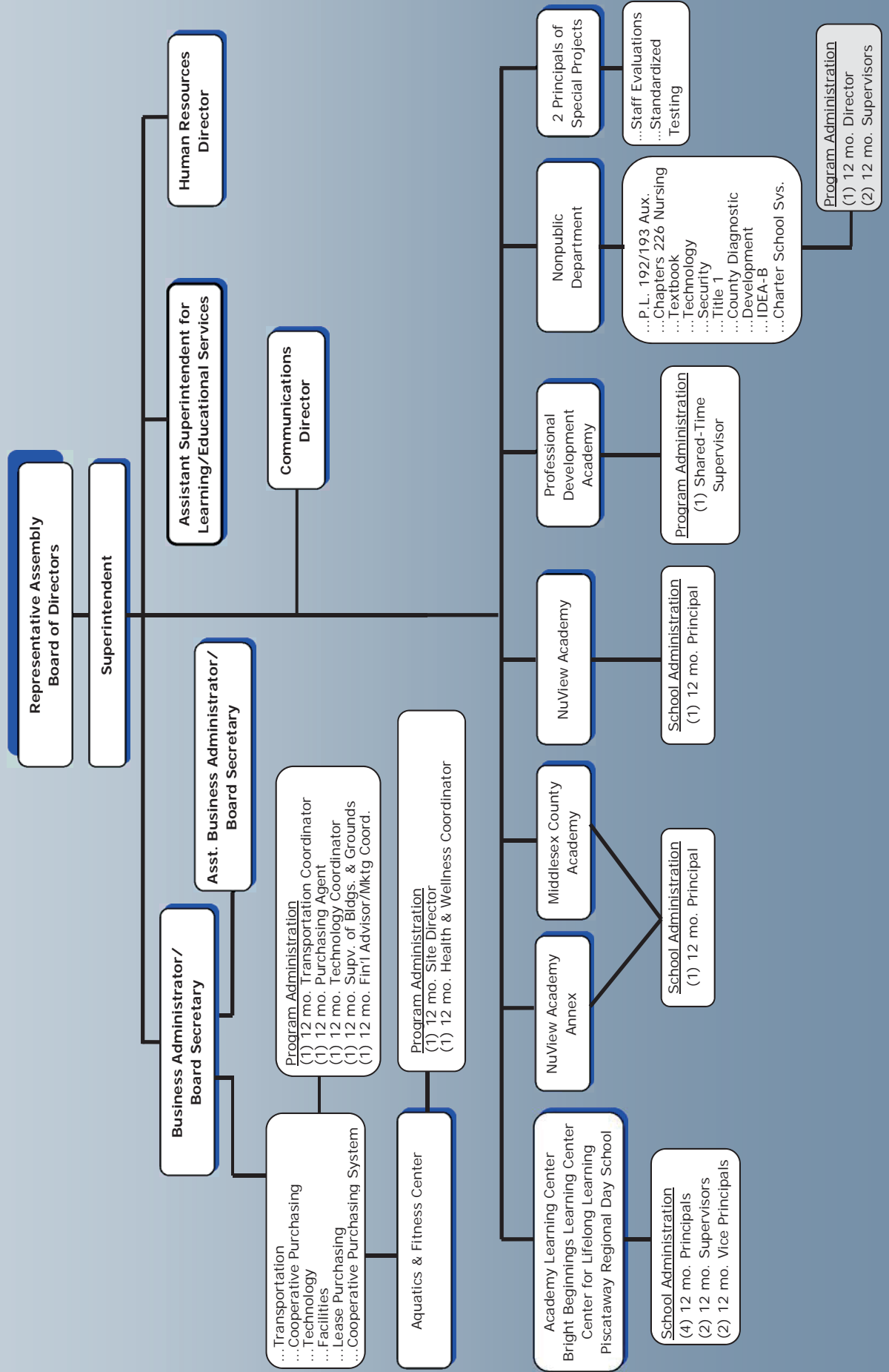
Mr. Mark J. Finkelstein
Superintendent



Mr. Patrick M. Moran
Business Administrator/Board Secretary

Educational Services Commission of New Jersey
Piscataway, New Jersey

Organizational Chart
June 30, 2016



Educational Services Commission of New Jersey
Piscataway, New Jersey

Roster of Officials

June 30, 2016

<u>Members of the Board of Directors</u>	<u>Term</u>
Mr. Kevin Ahearn – Carteret	6/1/16 – 5/31/17
Dr. Susan Genco – Cranbury	1/2/16 – 12/31/16
Vacant – Dunellen	6/4/16 – 8/31/16
Dr. Victor Valeski - East Brunswick	6/1/16 – 5/31/17
Dr. Frank Heelan – Edison	6/1/16 – 5/31/17
Dr. Scott Taylor – Highland Park	6/1/16 – 5/31/17
Mr. Brian Betze – Jamesburg	1/2/16 – 12/31/16
Ms. Merrill Lunt – Metuchen	6/1/16 – 5/31/17
Dr. Linda Madison – Middlesex	1/2/16 – 12/31/16
Mr. Bill Petscavage – Milltown	1/2/16 – 12/31/16
Dr. Michael Kozak – Monroe	2/1/16 – 12/31/16
Mr. Dale Caldwell – New Brunswick	6/1/16 – 5/31/17
Dr. Brian Zychowski - North Brunswick	1/2/16 – 12/31/16
Dr. Donna Andriani – Old Bridge	1/2/16 – 12/31/16
Dr. David Roman – Perth Amboy	6/1/16 – 5/31/17
Mr. Ralph Johnson – Piscataway	1/2/16 – 12/31/16
Mr. John Walsh – Sayreville	6/1/16 – 5/31/17
Dr. Frank Alfano - South Amboy	10/1/15 – 12/31/16
Vacant - South Brunswick	5/1/16 – 8/31/16
Vacant - South Plainfield	6/4/16 – 8/31/16
Mr. Michael Pfister - South River	1/2/16 – 12/31/16
Dr. Scott Rocco – Spotswood	1/2/16 – 12/31/16
Dr. Robert Zega – Woodbridge	1/2/16 – 12/31/16
Mr. Brian Loughlin - Middlesex County Vo Tech	6/1/16 – 5/31/17
 <u>Other Officials</u>	
Mr. Mark J. Finkelstein, Superintendent	N/A
Mr. Gary Molenaar, Assistant Superintendent for Learning/Educational Services	N/A
Mr. Patrick M. Moran, Business Administrator/Board Secretary	N/A
Mrs. Kai-Li Pao, Assistant Business Administrator/Board Secretary	N/A
Mrs. Lorraine Small, Director of Human Resources	N/A

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Labor Consultant

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Highland Lakes, NJ 07422

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Edison, New Jersey 08817

Architects

USA Architects
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Report of Independent Auditors

Honorable President and Members of the Board of Directors
Educational Services Commission of New Jersey
County of Middlesex, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Educational Services Commission of New Jersey (the “Commission”), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Commission as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis and budgetary comparison information, the schedule of the Commission's proportionate share of the net pension liability and the schedule of the Commission's contributions to the Public Employees' Retirement System (PERS) as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying supplementary information, which consists of the combining and individual fund financial statements, long-term debt schedules and schedules of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, long-term debt schedules and schedules of expenditures of federal and state awards are the responsibility of management and were derived

from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the combining and individual fund financial statements, long-term debt schedules, and schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

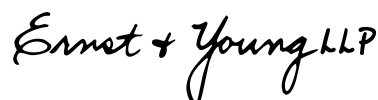
The introductory section and statistical section are presented for purposes of additional analysis and have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated November 14, 2016 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Commission's internal control over financial reporting and compliance.



Louis M. Roberts
Licensed Public School Accountant
No. 224900



November 14, 2016

Required Supplementary Information
Part I

Management's Discussion and Analysis

Educational Services Commission of New Jersey
Piscataway, New Jersey

Management's Discussion and Analysis

As management of Educational Services Commission of New Jersey (the "Commission"), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages as listed on the table of contents.

Management's Discussion and Analysis (MD&A) is Required Supplementary Information (RSI) specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34, *Basic Financial Statements – Management Discussion and Analysis – for State and Local Governments*. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2016 are as follows:

- General revenues accounted for \$21,264,755 or 19.79 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$86,205,952 or 80.21 percent of total revenues of \$107,470,707.
- The Commission had \$101,287,728 in expenses (governmental and business-type activities); \$86,205,952 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily fees for tuition and services provided to other districts) of \$21,264,755 were adequate to provide for these programs.
- Among major funds, the General Fund had \$91,322,073 in revenues and transfers in and \$86,306,529 in expenditures and transfers out. The General Fund's fund balance increased \$5,015,544 over 2015. This increase was the result of increases in services.
- In total, net position increased \$6,182,979 or 29.28 percent.
- During fiscal year 2015, the Commission implemented Governmental Accounting Standards Board (GASB) Statements' No. 68; *Accounting and Financial Reporting for Pensions* and Statement No. 71; *Pension Transition for Contributions made Subsequent to the Measurement Date*. Both of these statements have had a significant impact on the recording and presentation of the Commission's net pension liability and pension contributions made during the year.
- Due to the implementation of these two standards, the Commission has reported a net pension liability on its statement of net position in the amount of \$22,606,100.

Overview of the Financial Statements

This discussion and analysis of the Commission's financial performance provides an overall review of the Commission's financial activities for the fiscal year ended June 30, 2016 with certain comparisons to the year ended June 30, 2015. The intent of this discussion and analysis is to look at the Commission's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Commission's financial performance. The Commission's basic financial statements comprise of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This document also contains required and other supplementary information in addition to the basic financial statements themselves.

Commission-wide Financial Statements

This Comprehensive Annual Financial Report consists of the basic financial statements and notes to those statements. These statements are organized so the reader can understand the Commission as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities in a manner similar to a private-sector business.

The statement of net position presents information on all of the Commission's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., receivables and earned but unused sick and vacation leave).

Both of the district-wide financial statements distinguish functions of the Commission that are principally supported by tuition and services rendered on behalf of districts for instructional purposes that are intended to recover the cost of operation of special education programs, itinerant instructional activities along with provision of services to nonpublic schools. The business-type activities of the Commission include the Food Service Program, the Piscataway Regional Day School, and the Aquatic program at Center for Lifelong Learning. The district-wide financial statements include not only the Commission itself (known as the primary district), but also the Piscataway Regional Day School operated through contract with the State of New Jersey Department of Education for which the Commission is financially accountable. Financial information for this business-type activity is reported separately from the financial information presented for the primary district itself.

The Commission uses enterprise funds to account for its operation of the Piscataway Regional Day School, the district-wide Food and the Aquatic Program.

Reporting the Commission's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Commission's major funds. The Commission uses a number of funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Commission's most significant funds. The Commission's major governmental funds are the General Fund, Special Revenue Fund and Debt Service Fund.

Governmental Funds

The Commission's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for expenditures in future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Commission's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be expended in the near future to finance educational or service programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Commission maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, special revenue fund and the debt service fund, all of which are considered to be major funds.

The Commission adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

Proprietary funds. The Commission maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the district-wide financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the district-wide financial statement because the resources of those funds are *not* available to support the Commission's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Commission.

Combining and individual fund statements and schedules can be found on pages as listed on the table of contents.

Government-Wide (Governmental Activities) Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Commission, assets exceeded liabilities by \$26,940,101 at the close of the most recent fiscal year.

The largest portion of the Commission's net position reflects unrestricted net position. The Commission has restricted net position for debt service and capital projects. The restricted net position for debt service will be used for debt service bond principal and interest obligations.

Table 1 shows the comparison of the Commission's Government-Wide net position from fiscal year 2015 to 2016.

	Governmental		Table 1 – Net Position Business-Type		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current and other assets	\$ 30,362,835	\$ 25,475,326	\$ 2,025,654	\$ 1,717,928	\$ 32,388,489	\$ 27,193,254
Capital assets, net of depreciation	61,413,373	62,018,815	943,506	941,075	62,356,879	62,959,890
Total assets	91,776,208	87,494,141	2,969,160	2,659,003	94,745,368	90,153,144
Deferred outflow of resources	7,226,387	6,247,182	366,484	190,672	7,592,871	6,437,854
Liabilities						
Other liabilities	1,453,595	1,765,554	144,534	235,153	1,598,129	2,000,707
Long-term liabilities	69,727,926	69,954,005	2,712,732	2,352,786	72,440,658	72,306,791
Total liabilities	71,181,521	71,719,559	2,857,266	2,587,939	74,038,787	74,307,498
Deferred inflow of resources	881,247	1,028,231	120,170	140,213	1,001,417	1,168,444
Net position						
Net investment in capital assets	16,281,147	14,336,092	943,506	941,075	17,224,653	15,277,167
Restricted	4,555,361	5,154,366	–	–	4,555,361	5,154,366
Unrestricted	6,103,319	1,503,075	(585,298)	(819,552)	5,518,021	683,523
Total net position	\$ 26,939,827	\$ 20,993,533	\$ 358,208	\$ 121,523	\$ 27,298,035	\$ 21,115,056

Restricted net position represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of unrestricted net position \$5,518,021 and may be used to meet the government's ongoing obligations to member districts.

At the end of the current fiscal year, the Commission is able to report positive balances in all three categories of net position, both for the district as a whole, as well as for its governmental.

Total current and other assets increased mainly due to increases in cash equivalents, cash held by fiscal agent and net receivables. The capital assets, net of depreciation, decreased mainly due to increases in capital assets depreciation was greater than new capital assets acquisitions.

Total other liabilities decreased mainly due to decreases in inter-fund payable at year end.

Restricted Net Position decreased mainly due to decrease in both committed encumbrances and Debt service fund reserved compared to fiscal year 2015.

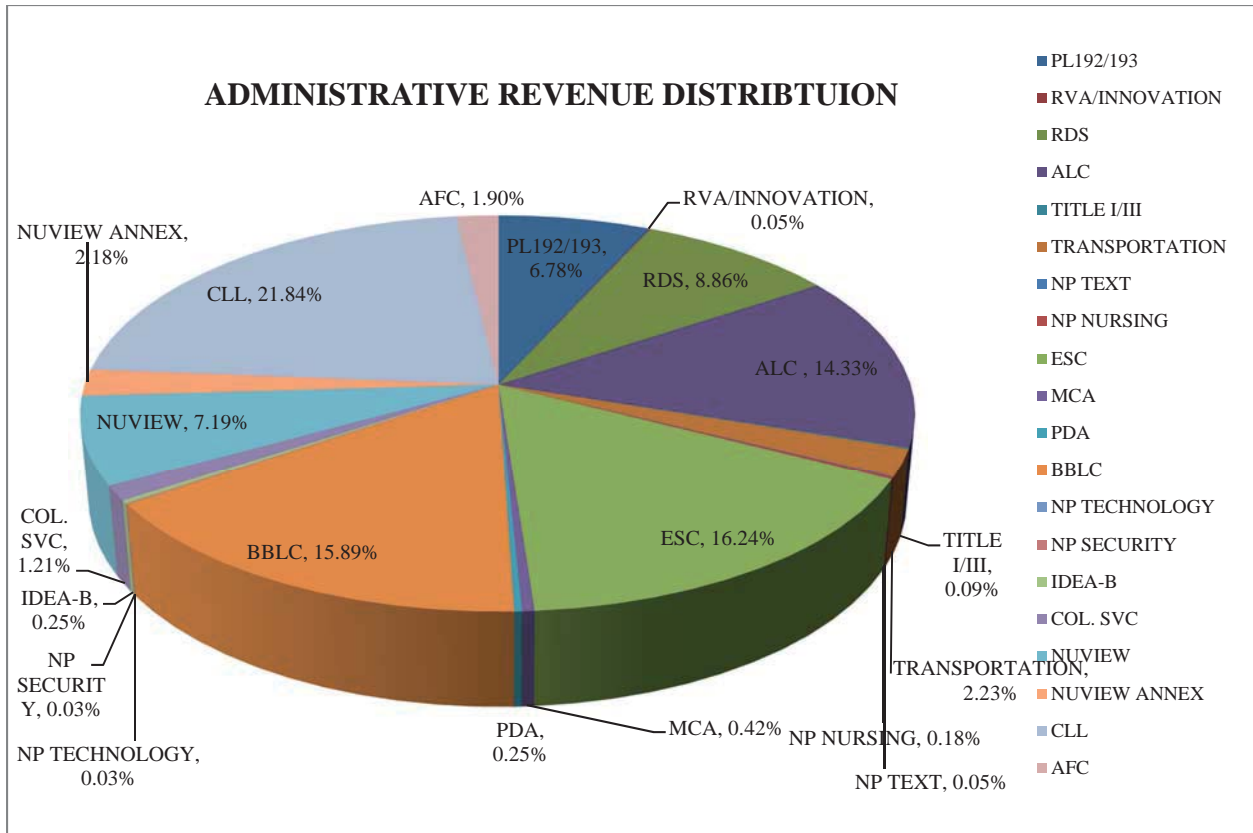
Unrestricted Net Position increased mainly due to an excess of revenues over expenditures of \$5,946,294 and other financing sources of Governmental funds in accordance with the implementation of GASB 68.

Table 2 shows the changes in net position from fiscal year 2015 to 2016.

Government-Wide Activities

	Table 2 – Changes in Net Position					
	Governmental		Business-Type		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues:						
Charges for services	\$ 37,292,147	\$ 33,420,236	\$ 6,251,922	\$ 6,392,521	\$ 43,544,069	\$ 39,812,757
Operating grants and contributions	9,631,166	8,600,511	265,478	272,112	9,896,644	8,872,623
Tuition	32,765,239	32,716,393	–	–	32,765,239	32,716,393
General revenues:						
Services provided to other districts	14,976,777	13,160,428	–	–	14,976,777	13,160,428
Grants and entitlements	6,025,265	4,788,742	–	–	6,025,265	4,788,742
Other	262,713	497,621	–	–	262,713	497,621
Total revenues	100,953,307	93,183,931	6,517,400	6,664,633	107,470,707	99,848,564
Program expenses						
Instruction	20,294,800	19,035,846	–	–	20,294,800	19,035,846
Support services:						
Pupils and instructional staff	16,017,642	14,401,810	–	–	16,017,642	14,401,810
General administration, school administration	3,333,563	2,900,533	–	–	3,333,563	2,900,533
Central services	1,587,527	1,386,170	–	–	1,587,527	1,386,170
Admin. Infor. Technology	534,003	453,329	–	–	534,003	453,329
Operations and maintenance of facilities	2,077,438	1,985,498	–	–	2,077,438	1,985,498
Pupil transportation	44,472,381	39,881,596	–	–	44,472,381	39,881,596
Business and other support svcs	2,016,168	1,660,872	–	–	2,016,168	1,660,872
Special schools	2,804,445	2,917,352	–	–	2,804,445	2,917,352
Interest on debt	1,921,105	2,820,805	–	–	1,921,105	2,820,805
Regional Day School	–	–	5,041,877	4,815,142	5,041,877	4,815,142
Pool Service	–	–	872,415	816,349	872,415	816,349
Food Service	–	–	313,542	323,522	314,364	323,522
Total program expenses	95,059,072	87,443,811	6,227,834	5,955,013	101,287,728	93,398,824
Excess before transfers	5,894,235	5,740,120	288,744	709,620	6,182,979	6,449,740
Transfers	52,059	79,137	(52,059)	(79,137)	–	–
Change in net position	5,946,294	5,819,257	236,685	630,483	6,182,979	6,449,740
Beginning net position	20,993,533	15,174,276	121,523	(508,960)	21,115,056	14,665,316
Ending net position	\$ 26,940,827	\$ 20,993,533	\$ 358,208	\$ 121,523	\$ 27,298,035	\$ 21,115,056

Revenues and Expense increased primarily due to the increases in transportation, enrollment, educational services provided to other districts and to the co-op purchasing and pricing programs.



Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

General administration, school administration and business include expenses associated with administrative and financial supervision of the district.

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

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

Interest involves the transactions associated with the payment of interest and other related charges to debt of the Commission.

The dependence upon tuition revenues is apparent. The participating school districts are the primary support for the Commission.

Financial Analysis of the Commission's Funds

Financial Information at Fiscal Year-End

As demonstrated by the various statements and schedules included in the financial section of this report, the Commission continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2016 and the amount and percentages of increases in relation to the prior year's revenues. The capital projects fund has been excluded as amounts vary substantially from year to year.

Revenues	Amount	Percentage of Total	Increase (Decrease) from 2015	Percentage of Increase
Local sources	\$ 85,296,876	84.49%	\$ 5,480,274	6.87%
State sources	13,151,359	13.03	1,491,461	12.79
Federal sources	2,505,072	2.48	797,641	46.72
Total	\$100,953,307	100.00%	\$ 7,769,376	8.34%

The increase in local sources is attributable to increases in transportation, educational and co-op purchasing and pricing services provided to districts. The increase in State revenue sources is mainly attributable to the expansion of Non-public services provided to the districts outside Middlesex County and new grant for non-public Security services. The increase in Federal sources is mainly attributable to increases in IDEA Part B services.

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2016 and the amount and percentages of increases (decreases) in relation to the prior year's expenditures.

Expenditures	Amount	Percentage of Total	Increase (Decrease) from 2015	Percentage of Increase (Decrease)
Current:				
Instruction	\$ 16,765,703	17.36%	\$ 979,881	6.21%
Undistributed expenditures	71,173,687	73.69	7,264,728	11.37
Capital outlay	1,352,354	1.40	493,341	57.43
Special schools	2,804,445	2.90	(112,907)	(3.87)
Debt service:				
Principal	2,531,174	2.62	801,515	46.34
Interest	1,961,464	2.03	2,880	0.15
Total	\$ 96,588,827	100.00%	\$ 9,429,438	10.82%

The increase in instruction is due to increase educational services provided to districts. The increase in undistributed expenditures is mainly due to increase in transportation services provided to districts. The increase in major capital outlay is mainly related to the acquisition of technology equipment, replacement of maintenance vehicles, flooring, and pool repair. The decrease in special schools is mainly attributable to the decrease in health benefit cost allocation.

The increase in principal on debt is mainly attributable to the increase in principal amount as result of the refunding bond for 2008 Bond occurred in fiscal year 2015.

Governmental funds. The focus of the Commission's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Commission's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a Commission's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Commission's governmental funds reported combined ending fund balances of \$28,962,675, an increase of \$4,416,539 in comparison with the prior year. Approximately \$22,639,538 of this total amount constitutes of *unassigned fund balance*, which is available for spending at the Commission's discretion. The remainder of fund balance is committed, *restricted and assigned* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period, 2) to pay debt service or 3) support program budgets, respectively.

The general fund is the operating fund of the Commission. At the end of the current fiscal year, unassigned fund balance of the general fund was \$22,639,538 while total fund balance reached \$24,623,706. As a measure of the general fund's viability, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 26.23 percent of total general fund expenditures, while total fund balances represent 28.53 percent of that same amount.

The total fund balance of the Commission's general fund increased by \$5,015,544 during the current fiscal year and the undesignated fund balance increased by \$4,651,070 during the current fiscal year.

The debt service fund has a total fund balance of \$4,338,969, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was (\$599,005).

Enterprise funds. The Commission's enterprise funds provide the same type of information found in the district-wide financial statements, but in more detail.

General Fund Budgeting Highlights

Significant Budget Variances or Budget Modifications

During the 2016 school year, the Commission experienced several significant budget variances and modifications as compared to original budget.

The Commission's budget is prepared in accordance with New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the 2016 fiscal year, the Commission amended its General Fund budget as needed. The Commission uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget-basis revenue and other financing sources was \$85,297,082, \$10,525,282 over original budgeted estimates of \$74,771,800. This difference was due primarily to conservative revenue estimates for 1:1 aides, the growth of our cooperative pricing and purchasing services, additional transportation services and educational services provided to districts.

For the General Fund, budget basis expenditures, the following material transfers were made to:

1. Salaries for home instruction were increased by \$125,577. These increases are directly related to the actual salary paid related to actual number of services requested by districts compared to original budget estimates.
2. Salaries of teachers were decreased by (\$58,260). These decreases are directly related to actual salary paid for as compared to original budget estimates during the transition of name and program change from the Raritan Valley Academy to the NuView Annex Academy.
3. Salaries of teachers for Autistic Disabled Students were decreased by (\$163,668). These decreases are directly related to salary paid to teachers related to the reorganization of the Bright Beginning Learning Center secondary program as compared to original budget estimates.
4. Other Salaries of instruction for Autistic Disabled Students were increased by \$64,482. These increases are directly related to the actual salary paid as compared to original budget estimates due to the expansion and of classes at the Bright Beginning Learning Center and the expansion of Community Based instruction service provided to districts.
5. Other Salaries of instruction for Preschool Students were increased by \$51,413. These increases are mainly directly related to salary paid as compared to original budget estimates at the Center for Lifelong Learning.

6. Other Support Services for Students salary line for instruction decreased (\$203,619). This decrease is directly related to the actual salary paid as compared to original budget estimates for speech services and additional Occupational Therapy position hired at the Center for Lifelong Learning.
7. Other Support Services for Students line for Purchased Professional Educational Services was increased by \$174,340. This increase was directly related to the actual cost paid as compared to original budget estimates for Occupational and Physical Therapy Services.
8. Other Support Services for Students salary line for instructional 1.1 aides increased \$965,687. This increase was primarily related to conservative revenue estimates for additional 1.1 aide service provided to all districts.
9. Other Support Services for Students line for other Purchased Professional and Guidance Services was increased by \$58,332. This increase was directly related to the actual cost paid as compared to original budget estimates for NuView Academy Annex programs opened in FY16.
10. Other Support Services for Students line for Other Purchased Professional and Technical Services was increased by \$569,848. This increase was primarily related to expansion of County Diagnostic services, Charter school services provided to districts and purchased professional to provide case managers' services for NuView Academy Annex program.
11. Support Services for general administration line for Audit fees was increased by \$71,998. This increase was directly related to timing difference between funds encumbered and expenditure recognized.
12. Support Services for school administration line for Salaries of secretarial assistants were decreased by (\$56,902). This decrease was directly related to salary reallocation for the Secretaries due to the expansion of non-public schools services provided to districts outside Middlesex County.
13. Support Services for central services salary line was decreased by (\$72,722). This decrease was mainly directly related to the unfilled vacant position for the financial advisor and marking coordinator.
14. Support Services for central services purchased professional services line was increased by \$53,556. This increase was mainly directly related to purchase professional architect and engineering services to upgrade of existing building automation systems, building controls and HVAC evaluations.
15. Required maintenance of school facilities for cleaning, repair and maintenance line was increased by \$140,724. This increase is directly related to actual cost paid as compared to original budget estimates at the Academy Learning Center and security upgrades in Piscataway campus.

16. Salaries of secretarial and clerical assistant line under Student Transportation services decreased (\$135,752). This decrease is directly related to actual salary and overtime paid as compared to original budget estimates for the transportation secretarial positions.
17. Student Transportation Contracted Services between Home and School line increased \$4,343,644. This increase is directly related to the level of service provided to participating districts as compared to budget estimates.
18. Student Transportation Contracted Services other than Home and School line decreased (\$302,644). This decrease is directly related to the level of service provided to New Brunswick for field trips as compared to budget estimates.
19. Employee Benefits for Social Security line increased \$133,861. This increase is directly related to the actual social security tax paid as compared to original budget estimates for all programs.
20. Employee Benefits for Other retirement regular contributions decreased (\$62,984). This decrease is directly related to the actual cost paid as compared to original budget estimates.
21. Health Benefits increased \$3,614,659. This represents the distribution of additional revenue for increases in services and tuition and actual health benefits cost exceeding original budget estimates.
22. Employee Benefits for Other employee benefits increased \$51,605. This increase is directly related to the actual cost paid as compared to original budget estimates.
23. Capital outlay for total Equipment and construction services increased by \$1,665,583 and \$479,708 respectively. These increases are mainly related to the purpose of upgrading technology, replacement of Maintenance vehicles, flooring, the repair of concrete around the pool and the paving repair projects in Piscataway Campus.
24. Summer School support services line for salaries decreased (\$69,068). This decrease is mainly related to actual salary paid to support staff as compared to original budget.
25. Summer School Support Services line for Personal Services – Employee Benefits increased \$280,856. This increase is directly related to the level of funds transferred to the Commission’s health benefit account to cover actual health benefit cost.
26. Summer School Support Services line for Purchased professional and Technical Services decreased (\$51,694). This decrease is directly related to actual cost paid to Agency for occupational and physical therapeutic services as compared to original budget estimates.

The General Fund revenues exceeded expenditures and other financing sources (uses) of the Commission by approximately \$5,015,544.

Capital Assets – Governmental Activities

At the end of the fiscal year 2016, the Commission had \$61,413,373 (net) investment in land, buildings, furniture and equipment, and vehicles. Table 3 shows a comparison of capital assets (net of depreciation) from fiscal year 2015 to 2016.

Table 3 – Capital Assets (Net of Depreciation)

	<u>2016</u>	<u>2015</u>
Land and land improvements	\$ 5,571,276	\$ 5,630,918
Buildings and improvements	53,732,293	54,427,752
Machinery, equipment and vehicles	2,109,804	1,960,145
Totals	<u>\$ 61,413,373</u>	<u>\$ 62,018,815</u>

Additional information on the Commission’s capital assets can be found in Note 4 to the basic financial statements.

Debt Administration

On June 30, 2016, the Commission had \$45,006,163 in outstanding loans payable for bonds/loans for school construction.

Additional information on the Commission’s long-term debt can be found in Note 5 to the basic financial statements.

Contacting the Commission’s Financial Management

This financial report is designed to provide participating districts, investors and creditors with a general overview of the Commission’s finances and to show the Commission’s accountability for the money it receives. If you have any questions about this report or need additional information, contact Patrick M. Moran, Business Administrator/Board Secretary at Educational Services Commission of New Jersey, 1660 Stelton Road, Piscataway, New Jersey 08854 or email at pmoran@escnj.k12.nj.us.

Basic Financial Statements

District-wide Financial Statements

The district-wide financial statements provide a financial overview of the Commission's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2016.

Educational Services Commission of New Jersey

Statement of Net Position

June 30, 2016

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 12,469,535	\$ 1,520,659	\$ 13,990,194
Cash and cash equivalents-restricted	216,392	-	216,392
Cash held by fiscal agent	1,119,873	-	1,119,873
Receivables, net	16,542,711	519,319	17,062,030
Internal balances	14,324	(14,324)	-
Capital assets, nondepreciable	5,231,614	-	5,231,614
Capital assets, depreciable, net	56,181,759	943,506	57,125,265
Total assets	<u>91,776,208</u>	<u>2,969,160</u>	<u>94,745,368</u>
Deferred outflows of resources			
Deferred loss on refunding	4,538,839	-	4,538,839
Deferred outflows related to pension	2,687,548	366,484	3,054,032
Total deferred outflows of resources	<u>7,226,387</u>	<u>366,484</u>	<u>7,592,871</u>
Liabilities			
Accounts payable	768,385	93,461	861,846
Accrued interest payable	53,435	-	53,435
Intergovernmental accounts payable:			
Districts	352,019	-	352,019
Unearned revenue	279,756	51,073	330,829
Noncurrent liabilities:			
Due within one year	2,646,163	-	2,646,163
Due beyond one year	67,081,763	2,712,732	69,794,495
Total liabilities	<u>71,181,521</u>	<u>2,857,266</u>	<u>74,038,787</u>
Deferred inflows of resources			
Deferred inflows related to pension	881,247	120,170	1,001,417
Net Position			
Net investment in capital assets	16,281,147	943,506	17,224,653
Restricted for:			
Capital reserve	216,392	-	216,392
Debt service	4,338,969	-	4,338,969
Unrestricted (deficit)	6,103,319	(585,298)	5,518,021
Total net position	<u>\$ 26,939,827</u>	<u>\$ 358,208</u>	<u>\$ 27,298,035</u>

See accompanying notes.

Educational Services Commission of New Jersey
Statement of Activities

Year ended June 30, 2016

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities						
Instruction	\$ 20,294,800	\$ 32,765,239	\$ 5,878,076	\$ 18,348,515	\$ —	\$ 18,348,515
Support services:						
Health services	803,536	—	—	(803,536)	—	(803,536)
Student and instruction related services	15,214,106	—	3,599,809	(11,614,297)	—	(11,614,297)
General and business administrative services	1,179,015	—	—	(1,179,015)	—	(1,179,015)
School administrative services	2,154,548	—	—	(2,154,548)	—	(2,154,548)
Central services	1,587,527	—	—	(1,587,527)	—	(1,587,527)
Admin. Infor. Technology	534,003	—	—	(534,003)	—	(534,003)
Plant operations and maintenance	2,077,438	—	—	(2,077,438)	—	(2,077,438)
Pupil transportation	44,472,381	37,292,147	—	(7,180,234)	—	(7,180,234)
Employee benefits	1,948,191	—	—	(1,948,191)	—	(1,948,191)
Capital outlay	67,977	—	153,281	85,304	—	85,304
Special schools	2,804,445	—	—	(2,804,445)	—	(2,804,445)
Interest on long-term debt	1,921,105	—	—	(1,921,105)	—	(1,921,105)
Total governmental activities	95,059,072	70,057,386	9,631,166	(15,370,520)	—	(15,370,520)
Business-type activities						
Regional Day School	5,041,877	5,193,904	—	—	152,027	152,027
Pool services	872,415	988,296	—	—	115,881	115,881
Food service	313,542	68,900	265,478	—	20,836	20,836
Total business-type activities	6,227,834	6,251,100	265,478	—	288,744	288,744
Total primary government	\$ 101,286,906	\$ 76,308,486	\$ 9,896,644	(15,370,520)	288,744	(15,081,776)
General revenues:						
Federal and state aid not restricted				6,025,265	—	6,025,265
Services provided to districts				14,976,777	—	14,976,777
Interest income				25,294	—	25,294
Miscellaneous income				237,419	—	237,419
Transfers				52,059	(52,059)	—
Total general revenues and transfers, net				21,316,814	(52,059)	21,264,755
Change in net position				5,946,294	236,685	6,182,979
Net position—beginning				20,993,533	121,523	21,115,056
Net position—ending				\$ 26,939,827	\$ 358,208	\$ 27,298,035

See accompanying notes.

Fund Financial Statements

Governmental Funds

Educational Services Commission of New Jersey
Governmental Funds

Balance Sheet

June 30, 2016

	Major Funds			Total Governmental Funds
	General	Special Revenue	Debt Service	
Assets				
Cash and cash equivalents	\$ 9,473,514	\$ -	\$ 2,996,021	\$ 12,469,535
Cash and cash equivalents-restricted	216,392	-	-	216,392
Cash held by fiscal agent-restricted	29,200	-	1,090,673	1,119,873
Intergovernmental accounts receivable:				
State	49,891	-	-	49,891
Other districts	14,087,730	2,347,196	-	16,434,926
Other accounts receivable	39,882	-	-	39,882
Interfund receivable	1,676,363	-	252,275	1,928,638
Total assets	<u>\$ 25,572,972</u>	<u>\$ 2,347,196</u>	<u>\$ 4,338,969</u>	<u>\$ 32,259,137</u>
Liabilities				
Accounts payable	\$ 540,061	\$ 228,324	\$ -	\$ 768,385
Intergovernmental accounts payable:				
Other districts	79,764	272,255	-	352,019
Interfunds payable	252,275	1,644,027	-	1,896,302
Unearned revenue	77,166	202,590	-	279,756
Total liabilities	<u>949,266</u>	<u>2,347,196</u>	<u>-</u>	<u>3,296,462</u>
Fund balances				
Restricted for:				
Capital reserve	216,392	-	-	216,392
Debt service	-	-	4,338,969	4,338,969
Committed - Encumbrances	1,738,576	-	-	1,738,576
Assigned	29,200	-	-	29,200
Unassigned	22,639,538	-	-	22,639,538
Total fund balances	<u>24,623,706</u>	<u>-</u>	<u>4,338,969</u>	<u>28,962,675</u>
Total liabilities and fund balances	<u>\$ 25,572,972</u>	<u>\$ 2,347,196</u>	<u>\$ 4,338,969</u>	

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$80,737,305 and the accumulated depreciation is \$19,323,932.	61,413,373
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(53,435)
Deferred outflows (88% of \$3,054,032) related to pension not reported in the funds.	2,687,548
Deferred inflows (88% of \$1,001,417) related to pension not reported in the funds.	(881,247)
Deferred Inflows of Resources not reported as an Assets in the funds.	4,538,839
Net Pension Liability (88% of \$22,606,100) which is due in the future period not reported in the funds.	(19,893,368)
Long-term liabilities, including bonds payable, capital leases and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(49,834,558)
Net position of governmental activities (A-1)	<u>\$ 26,939,827</u>

See accompanying notes.

Educational Services Commission of New Jersey
Governmental Funds

Statements of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2016

	Major Funds			Total
	General Fund	Special Revenue Fund	Debt Service Fund	
Revenues:				
Local sources:				
Tuition from districts	\$ 32,765,239	\$ -	\$ -	\$ 32,765,239
Transportation fees	37,292,147	-	-	37,292,147
Services provided to districts	14,976,777	-	-	14,976,777
Interest on investments	25,226	-	68	25,294
Miscellaneous	237,419	-	-	237,419
Total revenues—local sources	85,296,808	-	68	85,296,876
State sources	6,025,265	7,126,094	-	13,151,359
Federal sources	-	2,505,072	-	2,505,072
Total revenues	91,322,073	9,631,166	68	100,953,307
Expenditures:				
Current:				
Instruction	10,887,627	5,878,076	-	16,765,703
Undistributed:				
Health services	676,405	-	-	676,405
Other support: special	9,249,904	3,557,109	-	12,807,013
General administration	992,478	-	-	992,478
School administration	1,813,667	-	-	1,813,667
Central Services	1,336,357	-	-	1,336,357
Admin. Info. Technology	449,516	-	-	449,516
Required maintenance for school facilities	975,401	-	-	975,401
Operation of plant	773,356	-	-	773,356
Student transportation	37,436,204	-	-	37,436,204
Employee benefits	7,888,025	-	-	7,888,025
Reimbursement TPAF social security and pension (non-budgeted)	6,025,265	-	-	6,025,265
Capital outlay	1,199,073	153,281	-	1,352,354
Special schools	2,804,445	-	-	2,804,445
Debt service:				
Principal	-	-	2,531,174	2,531,174
Interest	-	-	1,961,464	1,961,464
Total expenditures	82,507,723	9,588,466	4,492,638	96,588,827
Excess (deficiency) of revenues over (under) expenditures	8,814,350	42,700	(4,492,570)	4,364,480
Other financing sources (uses):				
Transfers in	-	-	3,893,565	3,893,565
Transfers out	(3,798,806)	(42,700)	-	(3,841,506)
Total other financing (uses) sources	(3,798,806)	(42,700)	3,893,565	52,059
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	5,015,544	-	(599,005)	4,416,539
Fund balances, July 1	19,608,162	-	4,937,974	24,546,136
Fund balances, June 30	\$ 24,623,706	\$ -	\$ 4,338,969	\$ 28,962,675

See accompanying notes.

Educational Services Commission of New Jersey
Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance to the Statement of Activities

Year ended June 30, 2016

Total net change in fund balances - governmental funds (B-2)	\$	4,416,539
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>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 in the period.</p>		
	Depreciation expense	(1,889,819)
	Capital outlays	(605,442)
	<u>1,284,377</u>	
<p>The issuance of long-term debt (e.g. bonds/loans, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on Net Position. Also, governmental funds report the effect of issuance costs, premiums, discounts, 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 in the treatment of long-term debt and related items.</p>		
		2,550,497
<p>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.</p>		
		21,036
<p>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.</p>		
		5,108
<p>In the statement of activities, pension expense in the statement of activities is accrued, regardless of when due. In the governmental funds, pension expense is reported when due. This amount is the net effect of pension expense differences. (88% of \$501,641(=\$1,367,396+\$32-\$865,787))</p>		
		(441,444)
Change in net position of governmental activities (A-2)	<u>\$</u>	<u>5,946,294</u>

See accompanying notes.

Proprietary Funds

Educational Services Commission of New Jersey
Proprietary Funds

Statement of Net Position

June 30, 2016

	Regional Day School Fund	Pool Services Fund	Food Services Fund	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,093,553	\$ 374,814	\$ 52,292	\$ 1,520,659
Intergovernmental accounts receivable:				
State	-	-	726	726
Federal	-	-	54,386	54,386
Other districts	452,735	11,472	-	464,207
Interfund receivable	5,730	-	-	5,730
Total current assets	<u>1,552,018</u>	<u>386,286</u>	<u>107,404</u>	<u>2,045,708</u>
Capital assets:				
Site Improvement	959,027	-	-	959,027
Equipment	680,613	6,521	-	687,134
Accumulated depreciation	(702,456)	(199)	-	(702,655)
Total capital assets	<u>937,184</u>	<u>6,322</u>	<u>-</u>	<u>943,506</u>
Total assets	<u>2,489,202</u>	<u>392,608</u>	<u>107,404</u>	<u>2,989,214</u>
Liabilities				
Current liabilities:				
Accounts payable	29,836	62,834	791	93,461
Interfunds payable	-	42	20,012	20,054
Unearned revenues	-	46,802	4,271	51,073
Total current liabilities	<u>29,836</u>	<u>109,678</u>	<u>25,074</u>	<u>164,588</u>
Net Position				
Net investment in capital assets	937,184	6,322	-	943,506
Unrestricted	1,522,182	276,608	82,330	1,881,120
Total net position	<u>\$ 2,459,366</u>	<u>\$ 282,930</u>	<u>\$ 82,330</u>	<u>\$ 2,824,626</u>

Amounts reported for *business-type activities* in the statement of net position (A-1) are different because:

Deferred outflows (12% of \$3,054,032) related to pension not reported in the funds.	366,484
Deferred inflows (12% of \$1,001,417) related to pension not reported in the funds.	(120,170)
Net Pension Liability (12% of \$22,606,100) which is due in the future period not reported in the funds.	(2,712,732)
Net position of business-type activities (A-1)	<u>\$ 358,208</u>

See accompanying notes.

Educational Services Commission of New Jersey
Proprietary Funds

Combining Statement of Revenues, Expenses
and Changes in Fund Net Position

Year ended June 30, 2016

	Regional Day School Fund	Pool Services Fund	Food Services Fund	Total
Operating revenues:				
Charges for services:				
Daily sales - reimbursable programs	\$ -	\$ -	\$ 68,626	\$ 68,626
Daily sales - non-reimbursable programs	-	-	1,096	1,096
Tuition	4,543,218	-	-	4,543,218
Services	650,034	985,383	-	1,635,417
Miscellaneous	652	2,913	-	3,565
Total operating revenues	<u>5,193,904</u>	<u>988,296</u>	<u>69,722</u>	<u>6,251,922</u>
Operating expenses:				
Cost of sales - reimbursable programs	-	-	287,249	287,249
Cost of sales - non-reimbursable programs	-	-	822	822
Salaries and wages	2,718,861	507,477	26,293	3,252,631
Employee benefits	1,391,914	110,504	-	1,502,418
Materials and supplies	48,532	108,645	-	157,177
Textbooks	1,506	-	-	1,506
Maintenance and repairs	49,057	30,640	-	79,697
Other professional services	522,341	27,972	-	550,313
Insurance	12,403	-	-	12,403
Telephone/Communications	29,197	-	-	29,197
Utilities	87,697	55,561	-	143,258
Depreciation	81,329	199	-	81,528
Miscellaneous	38,843	31,417	-	70,260
Total operating expenses	<u>4,981,680</u>	<u>872,415</u>	<u>314,364</u>	<u>6,168,459</u>
Operating income (loss)	212,224	115,881	(244,642)	83,463
Nonoperating revenues:				
State school lunch program	-	-	3,646	3,646
National breakfast program - federal	-	-	93,732	93,732
Federal school lunch program	-	-	168,100	168,100
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>265,478</u>	<u>265,478</u>
Income before transfers	212,224	115,881	20,836	348,941
Transfers in	-	123,550	-	123,550
Transfers out	(102,710)	(72,899)	-	(175,609)
Total transfers	<u>(102,710)</u>	<u>50,651</u>	<u>-</u>	<u>(52,059)</u>
Change in net position	109,514	166,532	20,836	296,882
Net position, beginning	2,349,852	116,398	61,494	2,527,744
Net position, ending	<u>\$ 2,459,366</u>	<u>\$ 282,930</u>	<u>\$ 82,330</u>	<u>\$ 2,824,626</u>

Reconciliation of combining statement of revenue,
expenses and changes in fund net position to the
statement of activities:

Total change in net position (B-5): **296,882**

Amounts reported for business-type activities in the statement
of activities (A-2) are different because:

In the statement of activities, pension expense in the statement of activities
is accrued, regardless of when due. In the governmental funds, pension
expense is reported when due. This amount is the net effect of pension
expense differences. (12% of \$501,641(=\$1,367,396+\$32-\$865,787))

Change in net position of business-type activities (A-2) (60,197)

\$ 236,685

See accompanying notes.

Educational Services Commission of New Jersey
Proprietary Fund

Statement of Cash Flows

Year ended June 30, 2016

	Regional Day School Fund	Pool Services Fund	Food Services Fund	Total
Cash flows from operating activities				
Receipts from customers	\$ 5,227,393	\$ 984,574	\$ 73,171	\$ 6,285,138
Payments to employees	(2,718,861)	(507,477)	(26,293)	(3,252,631)
Payments for employee benefits	(1,391,914)	(110,504)	-	(1,502,418)
Payments to suppliers	(804,521)	(230,525)	(287,293)	(1,322,339)
Net cash provided by (used in) operating activities	<u>312,097</u>	<u>136,068</u>	<u>(240,415)</u>	<u>207,750</u>
Cash flows from noncapital financing activities				
State sources	-	-	3,644	3,644
Federal sources	-	-	260,974	260,974
Operating subsidies and transfers to other funds	(130,891)	162,924	(3,921)	28,112
Net cash (used in) provided by noncapital financing activities	<u>(130,891)</u>	<u>162,924</u>	<u>260,697</u>	<u>292,730</u>
Cash flows from capital and related financing				
Purchases of capital assets	(77,438)	(6,521)	-	(83,959)
Net cash used in capital and related financing activities	<u>(77,438)</u>	<u>(6,521)</u>	<u>-</u>	<u>(83,959)</u>
Net decrease in cash and cash equivalents	103,768	292,471	20,282	416,521
Balances—beginning of year	989,785	82,343	32,010	1,104,138
Balances—end of year	<u>\$ 1,093,553</u>	<u>\$ 374,814</u>	<u>\$ 52,292</u>	<u>\$ 1,520,659</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 212,224	\$ 115,881	\$ (244,642)	\$ 83,463
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation and net amortization	81,329	199	-	81,528
Change in assets and liabilities:				
(Increase) Decrease in accounts receivable, net	33,589	(4,105)	-	29,484
(Decrease) Increase in accounts payable, net	(14,945)	23,710	(44)	8,721
(Decrease) Increase in deferred revenue, net	(100)	383	4,271	4,554
Net cash provided by (used in) operating activities	<u>\$ 312,097</u>	<u>\$ 136,068</u>	<u>\$ (240,415)</u>	<u>\$ 207,750</u>

See accompanying notes.

Fiduciary Funds

Educational Services Commission of New Jersey
Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2016

	Unemployment Compensation Trust Fund	Agency Fund
	<hr/>	<hr/>
Assets		
Cash and cash equivalents	\$ 313,704	\$ 276,526
Interfund receivable	–	42
Accounts receivable- other	–	65
Total assets	<hr/> <u>\$ 313,704</u>	<hr/> <u>\$ 276,633</u>
Liabilities		
Accounts payable	\$ –	\$ 250,816
Interfunds payable	–	18,054
Due to student groups	–	7,763
Total liabilities	<hr/> <u>\$ –</u>	<hr/> <u>\$ 276,633</u>
Net Position		
Held in trust for unemployment claims	<hr/> <u>\$ 313,704</u>	

See accompanying notes.

Educational Services Commission of New Jersey
Fiduciary Funds

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2016

	<u>Unemployment Compensation Trust Fund</u>
Additions	
Contributions	\$ 142,756
Interest on investments	404
Total additions	<u>143,160</u>
Deductions	
Payment of claims	<u>142,756</u>
Total deductions	<u>142,756</u>
Change in net position	404
Net position- beginning	<u>313,300</u>
Net position - ending	<u><u>\$ 313,704</u></u>

See accompanying notes.

Educational Services Commission of New Jersey

Notes to Financial Statements

June 30, 2016

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Educational Services Commission of New Jersey (the “Commission”) was established by the local school districts of Middlesex County to administer programs designated by the membership in a cooperative fashion.

The general purpose of the Commission is to provide services for the consortium of school districts comprising it that are more economically and efficiently provided on a collective basis. The Commission has been established pursuant to the laws of the State of New Jersey (NJSA 18A:6, et seq.) and is a governmental body exempt from taxes. On May 2, 2016, the State Board of Education unanimously approved a name change for the Middlesex Regional Educational Services Commission to the Educational Services Commission of New Jersey.

The financial reporting entity consists of: a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The Commission, as the primary government for financial reporting entity purposes, has oversight responsibility and control over all activities related to the Commission. The Commission receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The financial statements of the Commission have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the Commission’s accounting policies are described below.

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

B. District-Wide and Fund Financial Statements

The district-wide financial statements, which comprise of the statement of net position and the statement of changes in net position, report information on all of the non-fiduciary activities of the Commission. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers all revenues to be available if they

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

are collected within six months of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to compensated absences and capital leases, are recorded only when payment is due.

The Commission has reported the following major governmental funds:

General Fund: The general fund is the general operating fund of the Commission and is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The Commission maintains one special revenue fund, which includes the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Fund: The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The Commission reports the following major proprietary funds:

Food Service Fund, Regional Day School Fund, and Pool Service Fund: The Food Service Fund accounts for all revenues and expenses pertaining to cafeteria operations. The Food Service Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and any indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The Regional Day School Fund and Pool Service Fund account for all revenues and expenses in the operation of the school or service similar to a private business enterprise.

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Additionally, the Commission reports the following fund types:

Fiduciary funds of the Commission include the unemployment compensation trust fund and agency funds. The trust fund is reported using the economic resources measurement focus. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. The following is a description of the fiduciary funds of the Commission:

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the Commission on behalf of outside parties, including other governments, or on behalf of other funds within the Commission.

Trust Fund: The unemployment compensation trust fund is used to account for employer's contribution, which is utilized to pay unemployment compensation insurance claims as they arise and quarterly unemployment tax liability.

Agency Funds (Payroll and Student Activity Fund): Agency funds are used to account for the assets that the Commission holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

As a general rule, the effect of inter-fund activity has been eliminated from the district-wide financial statements.

Amounts reported as program revenues include 1) charged to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, and then unrestricted resources as they are needed.

Enterprise funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Commission enterprise funds are charges for sales of food,

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

tuition, and revenues and services provided for the Pool Fund. Operating expenses for enterprise funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Commission reports unearned revenue on its statement of net position and balance sheet. Unearned revenue arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenue also arises when resources are received by the Commission before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Commission has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

D. Budgets/Budgetary Control

Annual budgets are adopted each year for the general fund, special revenue fund and debt service fund. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23. All budget amendments must be approved by Commission resolution. Budget amendments during the year ended June 30, 2016 were properly approved by Commission resolution.

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 accounting principles generally accepted in the United States with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

E. Inter-fund Receivables/Payables

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

F. Capital Assets

Capital assets, which include property, plant and equipment and construction in progress, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. The Commission defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair value on the date of donation.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Property, plant and equipment of the Commission is depreciated using the straight line method. The following estimated useful lives are used to compute depreciation:

	<u>Years</u>
Machinery and equipment	2-20
Buildings	50
Building improvements	20
Vehicles	5-10

G. 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 Commission uses the “vesting method” for estimating its accrued sick and vacation leave liability.

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Commission employees are granted vacation and sick leave in varying amounts under the Commission's personnel policies and according to the negotiated contracts. In the event of retirement, according to contract, an employee is reimbursed for accumulated vacation and sick leave. Non-affiliated employees who resign with more than ten years of service will be reimbursed for accumulated vacation leave pursuant to the Policy 4433.2 Accumulated Vacation Leave (Resignation) approved on October 15, 2010.

The liability for compensated absences of the governmental fund types is recorded in the district-wide financial statements.

The liability for compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2016, no liability existed for compensated absences in the proprietary fund types.

H. Unearned Revenue

Unearned revenue in the special revenue fund represents cash, which has been received but not yet earned.

I. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities.

J. Pension

The Commission's proportionate share of the net pension liability, deferred outflow of resources, deferred inflows of resources and expense associated with the Commission's requirement to contribute to the Public Employees' Retirement System (PERS) and the Teachers' Pension and Annuity Fund (TPAF) have been determined on the same basis as they are reported by PERS and TPAF, respectively. Contributions made to the plans after the measurement date and prior to the Commission's fiscal year end are reported as deferred outflows of resources.

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

K. Fund Balance

Fund balance classifications are based primarily on the extent to which the Commission is bound to honor constraints on the specific purposes for which the amounts in those funds can be spent. Fund balances are reported in the following categories:

- Restricted fund balances are restricted due to legal restriction from creditors, grantors, or laws and regulations of other governments.
- Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision making authority which for the Commission is the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Commission removes or changes the specified use by taking the same type of action (for example, Board resolutions, it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- Assigned fund balance are constrained by the Commission's intent to use such funds for specific purposes, but are neither restricted nor committed.
- Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Any negative fund balances are unassigned.

L. Net Position

The difference between fund assets and liabilities is "Net Position" on the government-wide, proprietary, and fiduciary fund statements, and "Fund Balance" on governmental fund statements. Net position is reported in three categories:

- Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets.

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

- Restricted net position is restricted due to legal restrictions from creditors, grantors, or laws and regulations of other governments.
- Unrestricted net position consists of net position which does not meet the definition of the two preceding categories.

M. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security and pension contributions for certified members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the Commission's annual budget.

N. Bond Discounts, Premiums and Other Bond Related Costs

Bond discounts and premiums are amortized over the life of the related bond issues using a method that approximates the effective interest method.

O. New Accounting Standards Adopted

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. The adoption of this standard had no impact on the Commission's financial statements.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015. The adoption of this standard had no material impact on the Commission's financial statements.

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

P. Accounting Standards Issued But Not Yet Adopted

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The provisions of this statement are effective for fiscal years beginning after June 15, 2016. The Commission is currently evaluating the impact this standard will have on its financial statements.

2. Reconciliation of District-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental and Proprietary Fund Balance Sheets and the District-Wide Statement of Net Position

The governmental and proprietary fund balance sheets includes reconciliation between fund balance/net position – total governmental/proprietary funds and net position– governmental activities/business-type activities as reported in the district-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds and loans payable and the net pension liability, are not due and payable in the current period and therefore are not reported in the funds. The details of the \$72,440,658 difference are as follows:

Bonds/loans payable	\$ 45,006,163
Less:	
Unamortized bond issuance premium (discount)	4,664,902
Compensated absences	163,493
Net pension liability – governmental activities	19,893,368
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 69,727,926</u>
Net pension liability – business type activities	<u>\$ 2,712,732</u>
Net adjustment to reduce fund balance-total enterprise funds to arrive at net position – business type activities	<u>\$ 2,712,732</u>
Total net adjustment to arrive at net position	<u>\$ 72,440,658</u>

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

3. Deposits

Cash and cash equivalents include petty cash, change funds, amounts on deposit and short-term investments with original maturities of three months or less.

Investments held by fiscal agent represents the balance of loan proceeds, and interest thereon, used to construct a new school and service the related debt in accordance with the loan agreement. Upon completion of the project, the balance of funds may be transferred to either the General Fund or Debt Service fund at the discretion of the Commission.

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 Commission 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 Government 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. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

3. Deposits (continued)

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

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

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

- a. Bonds and other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States for Cooperatives, which have a maturity date not greater than twelve months from the date of purchase.

At June 30, 2016, the carrying amount of the Commission's deposits was \$14,705,450 and the bank balance was \$21,770,769. Of the bank balance, \$250,000 was covered by the Federal Depository Insurance and \$21,520,769 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Governmental Unit Deposit Protection Act (GUDPA).

GASB Statement No. 40 requires that the Commission disclose whether its deposits are exposed to custodial credit risk (risk that in the event of failure of the counterparty, the Commission would not be able to recover the value of its deposit or investment). Deposits are considered to be exposed to custodial credit risk if they are: uncollateralized (securities are not pledged to the depositor),

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

3. Deposits (continued)

collateralized with the securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the name of the Commission.

The Commission does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. The Commission's deposits were fully collateralized by funds held by the financial institution, but not in the name of the Commission.

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the fiscal year ended June 30, 2016.

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,231,614	\$ -	\$ -	\$ 5,231,614
Total capital assets, not being depreciated	5,231,614	-	-	5,231,614
Capital assets, being depreciated:				
Buildings and building improvements	67,732,534	788,828	-	68,521,362
Land improvements	1,192,854	-	-	1,192,854
Vehicles	971,598	88,752	(1)	1,060,349
Machinery and equipment	4,324,327	406,797	1	4,731,125
Total capital assets, being depreciated	74,221,313	1,284,377	-	75,505,690
Less accumulated depreciation for:				
Buildings and building improvements	(13,304,782)	(1,484,287)	-	(14,789,069)
Land improvements	(793,550)	(59,642)	-	(853,192)
Vehicles	(734,638)	(51,961)	-	(786,599)
Machinery and equipment	(2,601,142)	(293,929)	-	(2,895,071)
Total accumulated depreciation	(17,434,112)	(1,889,819)	-	(19,323,931)
Total capital assets, being depreciated, net	56,787,201	(605,442)	-	56,181,759
Governmental activities capital assets, net	<u>\$ 62,018,815</u>	<u>\$ (605,442)</u>	<u>\$ -</u>	<u>\$ 61,413,373</u>

Depreciation expense was charged to functions/programs of the Commission as follows:

Instruction	\$ 377,964
Business and other support services	1,511,855
Total allocated depreciation	<u>\$ 1,889,819</u>

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

4. Capital Assets (continued)

The following is a summary of business-type capital assets for the fiscal year ended June 30, 2016.

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, being depreciated:				
Building and building improvements	\$ 915,834	\$ 37,030	\$ –	\$ 952,864
Land improvements	6,163	–	–	6,163
Machinery and equipment	640,205	46,929	–	687,134
Total capital assets being depreciated	1,562,202	83,959	–	1,646,161
Less accumulated depreciation for:				
Land improvements	(193,342)	(48,945)	1	(242,286)
Building and building improvements	(3,480)	(308)	–	(3,788)
Machinery and equipment	(424,305)	(32,276)	–	(456,581)
Total accumulated depreciation	(621,127)	(81,529)	1	(702,655)
Total capital assets, being depreciated, net	941,075	2,430	1	943,506
Business-type activities capital assets, net	\$ 941,075	\$ 2,430	\$ 1	\$ 943,506

5. Long-Term Liabilities

Changes in Long-term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activity					
Compensated absences payable	\$ 168,601	\$ 1,058	\$ (6,166)	\$ 163,493	\$ –
MCIA loans payable	47,385,000	–	(2,430,000)	44,955,000	2,595,000
TD Equipment Loans payable	152,337	–	(101,174)	51,163	51,163
Less deferred amounts:					
Unamortized bonds premium	4,994,304	–	(329,402)	4,664,902	–
Net Pension Liability	17,253,763	2,639,605	–	19,893,368	–
	\$ 69,954,005	\$ 2,640,663	\$ (2,866,742)	\$ 69,727,926	\$ 2,646,163
Business-type Activity					
Net Pension Liability	2,352,786	359,946	–	2,712,732	–
Total	\$ 72,306,791	\$ 3,000,609	\$ (2,866,742)	\$ 72,440,658	\$ 2,646,163

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

5. Long-Term Liabilities (continued)

Bonds/Loan Payable

On June 24, 2010, the Middlesex County Improvement Authority issued County-Guaranteed Revenue Refunding Bonds, Series 2010 in the amount of \$5,300,000 of the 1999 County Guaranteed Revenue Bonds. The principal amount outstanding as of June 30, 2011 was \$5,185,000. Terms of the loan repayment call for semi-annual interest with rates that vary from 2.00% to 4.00% and annual principal repayments. The principal amount outstanding of the series 2010 as of June 30, 2016 is \$2,430,000.

On June 28, 2012, the Executive Committee authorized the administration to bid and execute a Lease Purchase Finance Agreement in an amount not to exceed \$500,000 for the purpose of upgrading technology, replacement of maintenance vehicles, flooring and upgrades to the HVAC controls systems. The executed Lease Purchase Agreement was dated September 6, 2012 between TD equipment Finance, Inc. and the Commission in the amount of \$500,000. Terms of the rental payment call for semi-annual principal and interest with a rate of 1.515% for five years expiring on December 10, 2016. The principal amount outstanding as of June 30, 2016 is \$51,163.

On May 7, 2014, the Commission advance refunded \$9,385,000 of the 2004 County Guaranteed Revenue Bonds. The principal amount outstanding as of June 30, 2014 was \$11,230,000. Terms of the loan repayment call for semi-annual interest with rates that vary from 2.00% to 5.00% and annual principal repayments. The Commission completed the refunding to reduce total debt service payment by over 10%. The principal amount outstanding as of June 30, 2016 is \$8,740,000.

On December 16, 2014, the Middlesex County Improvement Authority issued the Middlesex County Guaranteed Lease Revenue Refunding Bonds (Middlesex Regional Educational Services Commission Projects), these bonds were issued to refund \$29,225,000 of 2008 Bonds maturing December 15, 2019 to 2033. The par amount of the 2014 Refunding Bonds totals \$30,170,000 and debt service savings equate to \$2,159,982 or 7.391% of Refunded Bonds on a present value basis. The average interest rate of the Series 2014A is 3.15% compared with the average interest rate of the refunded bonds of 5.15%, with a final maturity date of December 15, 2033. The Principal amount outstanding for series 2008 and 2014A as of June 30, 2016 is \$3,715,000 and \$30,070,000 respectively.

As of June 30, 2016, \$52,950,000 of all defeased bonds remains outstanding.

The Commission has pledged the New School Projects as collateral for the loans.

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

5. Long-Term Liabilities (continued)

Future loan payments are as follows:

Year Ending June 30	2008		2010		2012	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 1,185,000	\$ 143,725	\$ 575,000	\$ 77,950	\$ 51,163	\$ 388
2018	1,240,000	89,300	600,000	54,450	–	–
2019	1,290,000	32,250	620,000	33,925	–	–
2020-2024	–	–	635,000	12,700	–	–
Totals	\$ 3,715,000	\$ 265,275	\$ 2,430,000	\$ 179,025	\$ 51,163	\$ 388

Year Ending June 30	2014		2014A		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2017	\$ 735,000	\$ 360,775	\$ 100,000	\$ 1,285,038	\$ 2,646,163	\$ 1,867,876	\$ 4,514,039
2018	755,000	334,650	100,000	1,282,037	2,695,000	1,760,437	4,455,437
2019	785,000	303,850	100,000	1,279,037	2,795,000	1,649,062	4,444,062
2020-2024	4,420,000	999,500	7,805,000	5,513,213	12,860,000	6,525,413	19,385,413
2025-2029	2,045,000	103,375	9,825,000	3,442,312	11,870,000	3,545,687	15,415,687
2030-2034	–	–	12,140,000	1,043,919	12,140,000	1,043,919	13,183,919
Totals	\$ 8,740,000	\$ 2,102,150	\$ 30,070,000	\$ 13,845,556	\$ 45,006,163	\$ 16,392,394	\$ 61,398,557

6. Pension Plans

Based on Membership Eligibility, substantially most of the Commission’s employees participate in either of following two contributory defined benefit public employee retirement systems that have been established by State statute: the Teachers’ Pension and Annuity Fund (TPAF), or the Public Employees’ Retirement System (PERS); or a Defined Contribution Retirement Program (DCRP). The TPAF and PERS are sponsored and administered by the New Jersey Division of Pensions and Benefits. Information on the total plan funding status and progress, contribution required and trend information can be found in the Comprehensive Annual Financial Report of the State of New Jersey, Division of Pensions and Benefits, available on the State’s website. Prudential Financial makes DCRP information, including information about distribution options, available on its New Jersey Defined Contribution Program Web site at www.prudential.com/njdcprp.

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

6. Pension Plans (continued)

Cost-Sharing Multiple-Employer Plans

Plan Descriptions

TPAF is 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 Commission and the system's other related non-contributing employers. The PERS is a cost-sharing multiple-employer plan. Each plan provides retirement, disability and death benefits to plan members and beneficiaries. Benefit provisions are established and may be amended by the State Legislature.

Benefits Provided

TPAF – The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
--------------------	--------------------------

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

6. Pension Plans (continued)

65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62, and tier 5 before age 65 with 30 or more years of service credit. Benefits age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

PERS – The vesting and benefit provisions are set by N.J.S.A. 43:15A. *PERS* provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of *PERS*.

The following represents the membership tiers for *PERS*:

<u>Tier</u>	<u>Definition</u>
-------------	-------------------

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

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

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

6. Pension Plans (continued)

Contributions Made

PERS – The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The Commission's contractually required contribution rate for the year ended June 30, 2016, was 12.67% percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Commission were \$865,787 for the year ended June 30, 2016.

TPAF – The employer contributions for the Commission are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the Commission (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the Commission (employer) does 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 district. However, the State's portion of the net pension liability that was associated with the Commission was \$70,761,329 as measured on June 30, 2014 and \$82,330,907 as measured on June 30, 2015. The Commission's contractually required contribution rate for the year ended June 30, 2015, was 4.17% of the annual covered payroll of which 100% was required from the State.

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

6. Pension Plans (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

The implementation of GASB 68 resulted in the Commission reporting a net pension liability for fiscal year 2015. The Statement required the Commission to recognize a net pension liability for the difference between the present value of the projected benefits for past service known as the Total Pension Liability (TPL) and the restricted resources held in trust for the payment of pension benefits, known as the Fiduciary Net Position (FNP). 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 TPAF and additions to/deductions from PERS and TPAF fiduciary net position have been determined on the same basis as they are reported by PERS and TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit term. Investments are recorded at fair value.

At June 30, 2016, the Commission reported a liability of \$22.6 million for its proportionate share of the net pension liability for PERS. As TPAF is 100% funded by the State, the Commission's net pension liability for TPAF was zero. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The Commission's proportion of the net pension liability was based on a projection of the long-term share of contribution to the pension plans relative to the projected contributions of all participating State agencies, actuarially determined. At June 30, 2016, the Commission's proportion was .10070 percent for PERS. The change in proportion since the prior measurement date was \$87,015 for PERS.

For the year ended June 30, 2016, the Commission recognized pension expense of \$5,027,043 and revenue of \$5,027,043 for support provided by the State for TPAF. The Commission recognized pension expense of \$1,367,428 for PERS. Pension expense is reported in the Commission's financial statements as part of employee benefits expense.

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

6. Pension Plans (continued)

At June 30, 2016, the Commission reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 539,302	\$ 1,001,417
Changes of assumptions or other inputs	2,427,715	—
Changes in proportion	87,015	—
	<u>\$ 3,054,032</u>	<u>\$ 1,001,417</u>

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 1 (2017)	\$ 331,545
Year 2 (2018)	331,545
Year 3 (2019)	331,544
Year 4 (2020)	623,855
Year 5 (2021)	434,326
	<u>\$ 2,052,615</u>

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

6. Pension Plans (continued)

Actuarial Methods and Assumptions

PERS: The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation of July 1, 2014, which was rolled forward to June 30, 2015. The key actuarial assumptions are summarized below:

Inflation:	3.04%
Salary increase:	2.15%–4.40%
Investment rate of return:	7.90%
Cost of living adjustment	No cost of living adjustment is assumed

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

TPAF: The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation of July 1, 2014, which was rolled forward to June 30, 2015. The key actuarial assumptions are summarized below:

Inflation:	2.50%
Salary increase:	Varies by years of employment and valuation year
Investment rate of return:	7.90%
Cost of living adjustment	No cost of living adjustment is assumed

Mortality rates were based on the experience of TPAF members reflecting mortality improvement for 7 years for post-retirement and 15 years for pre-retirement from each projected valuation date.

Discount Rate

PERS: The discount rate used to measure the total pension liability at June 30, 2015 was 4.90% as of June 30, 2015. This single blended discount rate was based on the long term rate of return of 7.90% and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The contribution percentage is the

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

6. Pension Plans (continued)

average percentage of the annual actual contribution paid over the annual actuarially determined contribution during the most recent five-year period. Based on those assumptions, the pension Plan's fiduciary net position was projected to be available to make projected future benefit payments of current Plan members until fiscal year 2033.

TPAF: The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. 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 through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Expected rate of return on investments

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

6. Pension Plans (continued)

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
PERS:		
Cash	5.00%	1.04%
U.S. treasuries	1.75	1.64
Investment Grade Credit	10.00	1.79
Mortgages	2.10	1.62
High Yield Bonds	2.00	4.03
Inflation-Indexed Bonds	1.50	3.25
Broad US Equities	27.25	8.52
Developed Foreign Equities	12.00	6.88
Emerging Market Equities	6.40	10.00
Private Equity	9.25	12.41
Hedge Funds/Absolute Return	12.00	4.72
Real Estate (Property)	2.00	6.83
Commodities	1.00	5.32
Global Debt ex US	3.50	-0.40
REIT	4.25	5.12
TPAF:		
US Cash	5.00	0.53
US Government Bonds	1.75	1.39
US Credit Bonds	13.50	2.72
US Mortgages	2.10	2.54
US Inflation-Indexed Bonds	1.50	1.47
US High Yield Bonds	2.00	4.57
US Equity Market	27.25	5.63
Foreign-Developed Equity	12.00	6.22
Emerging Markets Equity	6.40	8.46
Private Real Estate Property	4.25	3.97
Timber	1.00	4.09
Farmland	1.00	4.61
Private Equity	9.25	9.15
Commodities	1.00	3.58
Hedge Funds – Multi Strategy	4.00	4.59
Hedge Funds – Equity Hedge	4.00	5.68
Hedge Funds - Distressed	4.00	4.30

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

6. Pension Plans (continued)

Sensitivity of the Commission’s proportionate share of the net pension liability to changes in the discount rate

The following presents the Commission’s proportionate share of the net pension liability calculated using the discount rate of 4.90% for PERS as well as the proportionate share of the net pension liability using a 1.00 percent increase or decrease from the current discount rate:

	1% Decrease (3.90%)	Discount Rate (4.90%)	1% Increase (5.90%)
PERS	\$ 28,096,616	\$ 22,606,100	\$ 18,002,891

Pension plan fiduciary net position

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

Defined Contribution Plan

The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a) et seq., and is a “governmental plan” within the meaning of IRC 414(d). The Plan is presently administered for the Division of Pensions and Benefits by Prudential Financial and the plan administrator maintains the Retirement Plan as a plan that qualifies for favorable income tax treatment under IRC 401(a). Assets of the Trust with respect to the Retirement Plan are used solely for the purpose of providing benefits under the Retirement Plan and for paying the administrative expenses of the Retirement Plan.

The DCRP was established July 1, 2007. The passage of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.) set up DCRP membership criteria including employees enrolled in TPAF or PERS on or after July 1, 2007 who earn a salary in excess of established “Maximum Compensation” limits, employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annually salary for PERS or TPAF Tier 2 enrollment (\$7,700) but who earn salary of at least \$5,000 annually, or employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010 who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 enrollment (32 hours per week for local education employees). Membership is mandatory for eligible employees, but PERS and TPAF members enrolled on or after July 1, 2007 who are eligible for DCRP participation upon reaching

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

6. Pension Plans (continued)

the annual maximum wage contribution base for Social Security pursuant to the Federal Insurance Contributions Act (\$106,800 in 2010 and 2011), may elect to waive participation in the DCRP. PERS and TPAF members who participate in the DCRP are immediately vested in the DCRP with a right to a benefit at retirement based on both employee and employer contribution. There is no minimum retirement age under the DCRP. The member will automatically be considered retired, regardless of age, if there is any distribution of mandatory contributions. However, lump-sum cash distributions to members under the age of 55 are limited to the member's contributions and earnings. The remaining employer contributions and earnings are only available after age 55. A member may take a distribution at any time after termination of employment; however, if member returns to public employment in New Jersey, member cannot participate in any State-administered retirement systems. The Commission's expense for the DCRP was \$140,064 and \$124,578 for the fiscal years ended June 30, 2016 and 2015, respectively.

7. Post-retirement Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, C.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pro-funding basis to a pas-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

8. Contingent Liabilities

The Commission is involved in various claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the Commission.

The Commission 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 Commission 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, 2016 may be impaired. In the opinion of the Commission, 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 financial statements for such contingencies.

9. Risk Management

The Commission contracts with Horizon Blue Cross/Blue Shield, Benecard and Delta Dental to provide claims administration and payment services for health benefits. Effective July 1, 2011, the Commission switched contracts with Horizon Blue Cross/Blue Shield from minimum premium funding plan to prospective funding plan. Therefore, the Commission has no liability for any incurred but not reported claims as of June 30, 2012.

Property and Liability Insurance

In addition, the Commission maintains commercial insurance coverage for property, liability, student accident and surety bonds and does not retain risk of loss. There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverage over the past three years.

New Jersey Unemployment Compensation Insurance

Prior to January 1, 2010, the Commission had elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the Commission 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 Commission is billed quarterly for amounts due to the State. Effective January 1, 2010, the Commission elected to switch from a

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

9. Risk Management (continued)

Reimbursable Unemployment Account to a Contributory Unemployment Account. The Employer Unemployment Compensation Insurance Contribution rate is 0.60% for the period January 1, 2010 to December 31, 2010 and the rate will be changed to 0.70% from the period January 1, 2011 to June 30, 2016. Based on final unemployment experience rate, the Commission was allocated to the Unemployment and Workforce Funds in the total amount of \$142,756 for fiscal year 2016.

10. Capital Reserve Account – Restricted Net position

Capital reserve accounts may be established for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. A 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 outlay expenditures and transfers of such funds for other uses are prohibited pursuant to N.J.S.A. 18A:22-8.2. The amount included in the Commission's capital reserve account at June 30, 2016 is \$216,392.

11. Inter-fund Receivables and Payables

The following inter-fund balances remained on the balance sheet at June 30, 2016:

Fund	Inter-fund Receivables	Inter-fund Payables
General Fund	\$ 1,676,363	\$ 252,275
Special Revenue Fund	–	1,644,027
Debt Service Fund	252,275	–
Proprietary Fund	5,730	20,054
Trust and Agency Fund – Payroll	42	18,054
	<u>\$ 1,934,410</u>	<u>\$ 1,934,410</u>

The general fund receivable represents funds owed from Special Revenue fund, Proprietary Fund and agency payroll fund. The general fund payable represents cash owed to the debt service for annual MCIA fee and trustee fee paid through debt service fund. The Commission expects to liquidate these Inter-funds within one year.

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

12. Transfers – Reconciliation

	Transfers In	Transfers Out
General Fund	\$ –	\$ 3,798,806
Special Revenue Fund	–	42,700
Capital Projects Fund	–	–
Debt Service Fund	3,893,565	–
Enterprise Fund – RDS/Bus Services/Pool	123,550	175,609
	<u>\$ 4,017,115</u>	<u>\$ 4,017,115</u>

The transfers represent an allocation to the various funds for debt service charges to pay for the Commission's interest and principal on its outstanding debt. The Commission does not have the ability to raise taxes and does not receive any debt service aid.

13. Fund Balance Components – General Fund

Of the \$24,623,706 of General Fund balance at June 30, 2016, \$216,392 has been classified as restricted for capital reserve; \$1,738,576 is classified as committed for encumbrances; \$29,200 has been classified as assigned for general liability claims; and the remaining \$22,639,538 is unassigned.

Required Supplementary Information
Part II

Budgetary Comparison Schedules

Educational Services Commission of New Jersey
General Fund

Budgetary Comparison Schedule

Year ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources:					
Tuition	\$ 31,457,894	\$ 1,307,345	\$ 32,765,239	\$ 32,765,239	\$ -
Transportation fees	33,220,720	4,071,427	37,292,147	37,292,147	-
Services provided to districts	9,985,186	4,991,591	14,976,777	14,976,777	-
Interest on investments	8,000	17,226	25,226	25,226	-
Miscellaneous	100,000	137,693	237,693	237,419	(274)
Total - local sources	74,771,800	10,525,282	85,297,082	85,296,808	(274)
State sources:					
Reimbursed TPAF social security and pension contributions (non-budgeted)				6,025,265	6,025,265
Total - state sources				6,025,265	6,025,265
Total revenues	74,771,800	10,525,282	85,297,082	91,322,073	6,024,991
Expenditures					
Current:					
Regular programs - Instruction					
Grades 9-12					
Salaries of teachers	181,000	1,982	182,982	182,982	-
Total instruction - regular programs	181,000	1,982	182,982	182,982	-
Home instruction:					
Salaries of teachers	370,000	125,577	495,577	495,577	-
Other objects	21,400	(12,020)	9,380	9,380	-
Total home instruction	391,400	113,557	504,957	504,957	-
Regular programs - Undistributed Instruction					
Other salaries of instruction	-	-	-	-	-
General supplies	6,960	(4,864)	2,096	2,096	-
Textbooks	182	(182)	-	-	-
Other objects	1,144	21,731	22,875	22,875	-
Total interim alternative education program	8,286	16,685	24,971	24,971	-
Total instruction - regular programs	580,686	132,224	712,910	712,910	-
Special education:					
Auditory Impairments program:					
Salaries of teachers	94,000	1,092	95,092	95,092	-
Purchased Instructional services	32,590	9,393	41,983	41,983	-
General supplies	1,910	(1,665)	245	245	-
Other Objects	7,500	(5,132)	2,368	2,368	-
Total Auditory Impairments program	136,000	3,688	139,688	139,688	-
Learning and/or language disabilities:					
Salaries of teachers	36,000	(36,000)	-	-	-
Total learning and/or language disabilities	36,000	(36,000)	-	-	-

Educational Services Commission of New Jersey
General Fund

Budgetary Comparison Schedule

Year ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
For Keeps Children's program:					
Salaries of teachers	\$ 54,000	\$ 37,188	\$ 91,188	\$ 91,188	\$ -
General supplies	500	(410)	90	90	-
Total For Keeps Children's program	54,500	36,778	91,278	91,278	-
Behavioral disabilities:					
Salaries of teachers	665,000	(58,260)	606,740	606,740	-
Other salaries of instruction	230,000	(21,081)	208,919	208,919	-
General supplies	20,580	270	20,850	20,850	-
Textbooks	21,070	(10,440)	10,630	10,630	-
Other objects	10,569	(75)	10,494	10,494	-
Total behavioral disabilities	947,219	(89,586)	857,633	857,633	-
Multiple disabilities:					
Salaries of teachers	1,925,000	(44,942)	1,880,059	1,879,799	260
Other salaries of instruction	1,107,500	(1,949)	1,105,552	1,105,552	-
General supplies	51,709	7,809	59,518	58,951	568
Textbooks	448	(300)	148	148	-
Other objects	42,335	(13,258)	29,077	29,077	-
Total multiple disabilities	3,126,992	(52,639)	3,074,353	3,073,526	828
Autism:					
Salaries of teachers	3,123,000	(163,668)	2,959,333	2,959,073	260
Other salaries of instruction	2,276,500	64,482	2,340,982	2,340,982	-
General supplies	75,229	4,862	80,091	78,278	1,814
Textbooks	875	3,820	4,695	4,695	-
Other objects	46,928	(15,374)	31,554	31,554	-
Total autism	5,522,532	(105,878)	5,416,654	5,414,581	2,074
Preschool:					
Salaries of teachers	291,000	51,413	342,413	342,413	-
Other salaries of instruction	285,000	(38,790)	246,210	246,210	-
General supplies	7,770	1,182	8,952	8,952	-
Textbooks	49	(49)	-	-	-
Other objects	1,517	(1,080)	437	437	-
Total preschool	585,336	12,676	598,012	598,012	-
Total special education	10,408,579	(230,961)	10,177,618	10,174,717	2,901
Total instruction	10,989,265	(98,737)	10,890,528	10,887,627	2,901
Undistributed expenditures:					
Health services:					
Salaries	432,000	(33,816)	398,184	398,184	-
Purchased professional and technical services	231,925	30,720	262,645	260,453	2,192
Supplies	20,435	(2,667)	17,768	17,768	-
Total health services	684,360	(5,763)	678,597	676,405	2,192
Other support services - students special services:					
Salaries of instruction (speech/otpt)	2,246,000	(203,619)	2,042,381	2,042,381	-
Purchased Professional - Ed. Services	2,205,931	174,340	2,380,271	2,380,271	-
Other salaries of instruction (1.1)	1,090,000	965,687	2,055,687	2,055,687	-
Other Purchased Prof. And Guidance Service	430,000	58,332	488,332	488,332	-
Other salaries of support Services	608,800	9,695	618,495	618,495	-
Other Purchased Prof. And Tech Services	1,077,987	569,848	1,647,835	1,616,626	31,209
Supplies and materials	6,035	(4,016)	2,019	2,019	-
Total other support services - students special services	7,664,753	1,570,267	9,235,020	9,203,811	31,209
Improvement of Instructional Services					
Other purchased services	84,100	(38,007)	46,093	46,093	-
Total Improvement of Instructional Services	84,100	(38,007)	46,093	46,093	-

Educational Services Commission of New Jersey
General Fund

Budgetary Comparison Schedule

Year ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Undistributed expenditures (continued):					
Support services - general administration:					
Salaries	\$ 490,700	\$ 17,169	\$ 507,869	\$ 507,869	\$ -
Legal services	27,000	5,167	32,167	32,167	-
Audit fess	59,650	71,998	131,648	66,631	65,017
Other purchased professional Services	41,000	6,679	47,679	47,679	-
Telephone	279,650	(40,438)	239,212	239,212	-
Supplies and materials	11,400	(675)	10,725	10,725	-
Other objects	68,042	20,153	88,195	88,195	-
Total support services - general administration	977,442	80,053	1,057,495	992,478	65,017
Support services - school administration:					
Salaries of principals/asst. principals	1,187,750	46,780	1,234,530	1,234,530	-
Salaries of secretarial and clerical assistants	485,000	(56,902)	428,098	428,098	-
Other purchased professional services	77,370	29,839	107,209	107,209	-
Supplies and materials	41,296	(7,177)	34,119	34,119	-
Other objects	19,360	(9,549)	9,811	9,711	100
Total support services - school administration	1,810,776	2,991	1,813,767	1,813,667	100
Central services:					
Salaries	1,119,800	(72,722)	1,047,078	1,047,078	-
Purchased professional services	77,000	53,556	130,556	90,543	40,013
Misc. purchased services (400-500 series)	106,142	18,436	124,578	110,872	13,706
Supplies and materials	22,300	4,612	26,912	26,912	-
Miscellaneous expenditures	20,200	43,339	63,539	60,952	2,587
Total central services	1,345,442	47,221	1,392,663	1,336,357	56,306
Admin. Infor. Technology:					
Salaries	256,800	(2,715)	254,085	254,085	-
Misc. purchased services (400-500 series)	195,200	(29,680)	165,520	165,520	-
Supplies, materials and other objects	28,900	1,011	29,911	29,911	-
Total admin. Infor. Technology	480,900	(31,384)	449,516	449,516	-
Required maintenance of school facilities:					
Salaries	504,000	44,445	548,445	548,445	-
Cleaning, repair, maintenance	242,000	140,724	382,724	302,598	80,126
General supplies	134,350	(9,654)	124,696	124,358	338
Total required maintenance of school facilities	880,350	175,515	1,055,865	975,401	80,464
Other operation and maintenance for plant:					
Salaries	86,000	(23,453)	62,547	62,547	-
Rent	-	7,650	7,650	7,650	-
Other Purchased Property Services	39,500	(1,821)	37,679	37,679	-
Insurance	95,000	4,338	99,338	99,338	-
Energy (heat and electricity)	577,800	(13,839)	563,961	563,961	-
Other objects	16,590	(14,409)	2,181	2,181	-
Total other operation and maintenance or plant	814,890	(41,534)	773,356	773,356	-

Educational Services Commission of New Jersey
General Fund

Budgetary Comparison Schedule

Year ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Undistributed expenditures (continued):					
Student transportation services:					
Salaries for pupil transportation (between home and school) - regular	\$ 92,000	\$ (2,019)	\$ 89,981	\$ 89,981	\$ -
Salaries of secretarial and clerical assistants	332,000	(135,752)	196,248	196,248	-
Contracted svc (bet. Home and Sch) -Vendors	32,750,000	4,343,644	37,093,644	36,838,911	254,733
Contracted svc (oth. Than bet. Home and Sch)	532,885	(302,644)	230,241	230,241	-
Contracted svc -Aide in Lieu Pymts -NP Sch	70,720	(8,398)	62,322	62,322	-
Supplies and materials & misc	22,750	(4,249)	18,501	18,501	-
Total student transportation services	33,800,355	3,890,582	37,690,937	37,436,204	254,733
Employee benefits:					
Social security	592,400	133,861	726,261	726,261	-
Other retirement contributions - regular	744,100	(62,984)	681,116	681,116	-
Unemployment compensation	117,100	(13,623)	103,477	103,477	-
Workmen's compensation	217,350	(23,530)	193,820	193,820	-
Health benefits	6,804,723	3,614,659	10,419,382	6,012,162	4,407,220
Tuition reimbursement	100,000	(36,475)	63,525	54,584	8,941
Other employee benefits	65,000	51,605	116,605	116,605	-
Total employee benefits	8,640,673	3,663,513	12,304,186	7,888,025	4,416,161
Reimbursed social security and pension contributions (non-budgeted)				6,025,265	(6,025,265)
Total				6,025,265	(6,025,265)
Total undistributed expenditures	57,184,041	9,313,454	66,497,495	67,616,578	(1,119,083)
Total expenditures - current	68,173,306	9,214,717	77,388,023	78,504,205	(1,116,182)
Capital outlay					
Equipment:					
Regular programs - instruction:					
Special education - instruction:					
Multiple disabilities	3,400	236,553	239,953	88,578	151,375
Behavioral disabilities	-	62,000	62,000	-	62,000
Autism	3,400	236,553	239,953	88,578	151,375
Special education - non-instruction:					
Multiple disabilities	-	402,658	402,658	125,818	276,840
Behavioral disabilities	-	789	789	789	-
Autism	-	402,658	402,658	125,818	276,840
Others	58,500	324,373	382,873	274,985	107,888
Total equipment	65,300	1,665,583	1,730,883	704,565	1,026,318
Facilities acquisition and construction services:					
Construction services	650,000	479,708	1,129,708	494,508	635,200
Total facilities acquisition and construction services	650,000	479,708	1,129,708	494,508	635,200
Total capital outlay	715,300	2,145,291	2,860,591	1,199,073	1,661,518

Educational Services Commission of New Jersey
General Fund

Budgetary Comparison Schedule

Year ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Special schools:					
Summer School - Instruction					
Salaries of teachers	\$ 674,048	\$ 7,882	\$ 681,930	\$ 681,930	\$ -
Other salaries of instruction	576,876	(2,305)	574,571	574,571	-
General supplies	34,940	(3,019)	31,921	31,921	-
Total summer school year - Instruction	1,285,864	2,558	1,288,422	1,288,422	-
Summer School - Support Services					
Salaries	644,917	(69,068)	575,849	575,849	-
Personal Services - Employee Benefits	278,555	280,856	559,411	557,555	1,856
Purch Pro & Tech Services	418,218	(51,694)	366,524	366,524	-
Other Purchased Services	34,440	(18,345)	16,095	16,095	-
Total summer school year - Support Services	1,376,130	141,749	1,517,879	1,516,023	1,856
Total special schools	2,661,994	144,307	2,806,301	2,804,445	1,856
Total expenditures	71,550,600	11,504,315	83,054,915	82,507,723	547,192
(Deficiency) excess of revenues (under) over expenditures	3,221,200	(979,033)	2,242,167	8,814,350	6,572,183
Other financing sources (uses):					
Transfers out	(3,221,200)	(630,068)	(3,851,268)	(3,798,806)	(52,462)
Total other financing sources (uses)	(3,221,200)	(630,068)	(3,851,268)	(3,798,806)	(52,462)
(Deficiency) excess of revenues (under) over expenditures and other financing sources (uses)	-	(1,609,101)	(1,609,101)	5,015,544	6,624,645
Fund balances, July 1	5,587,027	(6,403,824)	(816,797)	19,608,162	
Fund balances, June 30	\$ 5,587,027	\$ (8,012,925)	\$ (2,425,898)	\$ 24,623,706	\$ 6,624,645
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources (uses)					
Adjustment for prior year encumbrances	\$ -	\$ (1,374,101)	\$ (1,374,101)	\$ (1,374,101)	\$ -
Budgeted fund balance	-	(235,000)	(235,000)	6,389,645	6,624,645
Total	\$ -	\$ (1,609,101)	\$ (1,609,101)	\$ 5,015,544	\$ 6,624,645

Educational Services Commission of New Jersey
Special Revenue Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources	\$ -	\$ 7,354	\$ 7,354	\$ 7,354	\$ -
State sources	7,223,615	44,276	7,267,891	7,076,437	(191,454)
Federal sources	2,220,880	1,410,146	3,631,026	2,478,857	(1,152,169)
Total revenues	9,444,495	1,461,776	10,906,271	9,562,648	(1,343,623)
Expenditures					
Instruction:					
Salaries of teachers	2,147,500	(270,588)	1,876,912	1,876,912	-
Purchased professional and technical services	2,567,180	1,422,237	3,989,417	2,939,494	1,049,923
General supplies	477,600	(104,906)	372,694	357,627	15,067
Textbooks	793,372	(85,096)	708,276	689,308	18,968
Total instruction	5,985,652	961,647	6,947,299	5,863,341	1,083,958
Support services:					
Salaries of supervisors of instruction	216,200	18,272	234,472	234,472	-
Salaries of other professional staff	1,607,000	(58,421)	1,548,579	1,465,322	83,257
Salaries of secretarial and clerical employees	103,300	104,533	207,833	207,833	-
Personal services-employee benefits	795,647	119,410	915,057	897,863	17,194
Travel	15,000	(3,083)	11,917	11,917	-
Supplies and materials	85,620	259,655	345,275	319,451	25,824
Others	383,162	144,549	527,711	404,621	123,090
Total support services	3,205,929	584,915	3,790,844	3,541,479	249,365
Facilities acquisition and construction services:					
Instructional equipment	135,214	(85,489)	49,725	49,725	-
Noninstructional equipment	75,000	703	75,703	65,403	10,300
Total facilities acquisition and construction services	210,214	(84,786)	125,428	115,128	10,300
Total expenditures	9,401,795	1,461,776	10,863,571	9,519,948	1,343,623
Other financing uses:					
Transfers out	(42,700)	-	(42,700)	(42,700)	-
Total other financing uses	(42,700)	-	(42,700)	(42,700)	-
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	\$ -	\$ -	\$ -	\$ -	\$ -

Educational Services Commission of New Jersey
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2016

			<u>Special Revenue Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-2]	\$	9,562,648
Differences - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized			<u>68,518</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	<u>\$</u>	<u>9,631,166</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-2]	\$	9,562,648
Differences - budget to GAAP:			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes			68,518
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.			<u>(42,700)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$</u>	<u>9,588,466</u>

Schedules Related to Accounting and
Reporting for Pensions (GASB 68)

Educational Services Commission of New Jersey
 Schedule of the Commission's Proportionate Share of the Net Pension Liability

	PERS	
	2016	2015
Commission's portion of the net pension liability	0.10070%	0.10472%
Commission's proportionate share of the net pension liability	\$ 22,606,100	\$ 19,606,549
Commission's covered-employee payroll	\$ 6,859,933	\$ 6,756,533
Commission's proportionate share of the net pension liability as a percentage of its covered payroll	329.54%	290.19%
Plan fiduciary net position as a percentage of the total pension liability	38.21%	42.74%

	TPAF	
	2016	2015
Commission's Proportion of the net pension liability	0%	0%
Commission's proportionate share of the net pension liability	\$ -	\$ -
The State's proportionate share of the net pension liability associated with the Commission	\$ 82,330,907	\$ 70,761,329
Commission's covered-employee payroll	\$ 13,485,746	\$ 13,014,283
Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0%	0%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%

Educational Services Commission of New Jersey
 Schedule of the Commission's Contributions to the Public Employees's Retirement System (PERS)

	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 865,787	\$ 863,301	\$ 784,072	\$ 870,819	\$ 972,536	\$ 1,024,842	\$ 834,816	\$ 671,355
Contributions in relation to the contractually required contribution	865,787	863,301	784,072	870,819	972,536	1,024,842	834,816	671,355
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commission's covered employee payroll	\$ 6,834,840	\$ 6,859,933	\$ 6,756,533	\$ 6,996,216	\$ 7,003,742	\$ 7,852,556	\$ 8,408,353	\$ 8,646,377
Contributions as a percentage of covered employee payroll	12.67%	12.58%	11.60%	12.45%	13.89%	13.05%	9.93%	7.76%

Notes to Schedule:

Valuation Date:

Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which the contributions are reported

Methods and assumptions used to determine the actuarially determined employer contributions are as follows:

Actuarial Cost Method	Projected Unit Credit Method
Amortization Method	Level Dollar Amortization
Remaining Amortization Period	30 years
Asset Valuation Method	A five year average of market value
Investment Rate of Return	7.9% for 2015, 2014 and 2013, 7.95% for 2012, 8.25% for 2011, 2010 and 2009
Inflation	3.04%
Salary Increases	2.15%—4.40% for 2013 through 2016, 4.52% for 2012, 5.45% for 2011, 2010 and 2009

Mortality
 RP-2000 Employee Preretirement Mortality Table for male and female active participants. Mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2012 using a generational approach based on Projection Scale AA. Prior to 2012, the RP-2000 Employee Preretirement Mortality table was used and was set back 4 years for females.

Educational Services Commission of New Jersey
 Schedule of the Commission's Contributions to the Teachers' Pension and Annuity Fund (TPAF)

	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commission's covered employee payroll	\$ 13,930,180	\$ 13,485,746	\$ 13,014,283	\$ 12,645,247	\$ 12,077,716	\$ 12,230,295	\$ 12,591,251	\$ 12,766,664
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to Schedule:

Valuation Date:

Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which the contributions are reported

Methods and assumptions used to determine the actuarially determined employer contributions are as follows:

Actuarial Cost Method

Projected Unit Credit Method

Amortization Method

Level Dollar Amortization

Remaining Amortization Period

30 years until the June 30, 2019 valuation at which time the period declines by 1 each year until 20 years.

Asset Valuation Method

A five year average of market value

Investment Rate of Return

7.9% for 2015, 2014 and 2013, 7.95% for 2012, 8.25% for 2011, 2010 and 2009

Inflation

2.50%

Salary Increases

Varies by years of employment and valuation year.

Mortality

Based on experience of TPAF members reflecting mortality improvement for 7 years for post-retirement and 15 years for pre-retirement from each projected valuation date. Mortality improvements are projected using Scale AA from the base year 2000 until the valuation date plus 15 years to account for future mortality improvement.

Other Supplementary Information

School Level Schedules

Not Applicable.

Special Revenue Fund Detail Statements

The special revenue fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Educational Services Commission of New Jersey
Special Revenue Fund

Combining Schedule of Revenues and Expenditures –
Budgetary Basis

Year ended June 30, 2016

	State Grants									
	Compensatory Education	ESL	Home Instruction	Transportation	Supp. Instruct	Exam and Class	Speech Corr.	Text- Books	Nursing	
Revenues:										
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	1,319,668	168,844	38,568	293,882	594,060	974,517	584,081	689,308	1,756,086	
Federal sources	-	-	-	-	-	-	-	-	-	-
Total revenues	\$ 1,319,668	\$ 168,844	\$ 38,568	\$ 293,882	\$ 594,060	\$ 974,517	\$ 584,081	\$ 689,308	\$ 1,756,086	
Expenditures:										
Instruction:										
Salaries of teachers	\$ 804,553	\$ 134,695	\$ 20,910	\$ -	\$ -	\$ 22,802	\$ 541,774	\$ -	\$ -	\$ -
Purchased professional and technical services	-	-	9,415	-	-	674,770	-	-	-	-
General supplies/Misc	6,068	-	-	-	2,282	2,023	490	-	-	-
Textbooks	-	-	-	-	-	-	-	689,308	-	-
Total instruction	810,621	134,695	30,325	-	340,305	699,595	542,264	689,308	-	-
Support services:										
Salaries of supervisors of instruction	106,166	2,030	-	-	51,371	63,307	354	-	-	5,978
Salaries of other professional staff	75,445	1,443	-	47,599	36,505	44,988	251	-	-	1,250,299
Salaries of secretarial and clerical employees	61,703	1,180	1,103	38,929	29,856	36,793	205	-	-	29,650
Personal services - employee benefits	194,083	28,126	5,860	56,934	101,352	87,108	40,768	-	-	341,326
Travel	4,331	83	77	2,733	2,096	2,583	14	-	-	-
Supplies and materials	9,470	181	169	5,975	4,583	5,647	32	-	-	121,403
Other	57,849	1,107	1,034	141,712	27,992	34,496	193	-	-	7,430
Total support services	509,047	34,150	8,243	293,882	233,755	274,922	41,817	-	-	1,756,086
Facilities acquisition and construction services:										
Instructional equipment	-	-	-	-	-	-	-	-	-	-
Noninstructional equipment	-	-	-	-	-	-	-	-	-	-
Total facilities acquisition and construction services	-	-	-	-	-	-	-	-	-	-
Total expenditures	\$ 1,319,668	\$ 168,844	\$ 38,568	\$ 293,882	\$ 594,060	\$ 974,517	\$ 584,081	\$ 689,308	\$ 1,756,086	

Educational Services Commission of New Jersey
Special Revenue Fund

Combining Schedule of Revenues and Expenditures –
Budgetary Basis

Year ended June 30, 2016

	State Grants			Local			Federal Grants			Total
	Technology	Security	Safety	Title I Grant	Title III Grant	IDEA-B Regular	IDEA-B Regular	Title III Grant	IDEA-B Regular	
Revenues:										
Local sources	\$ -	\$ -	\$ 7,354	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,354
State sources	371,552	285,871	-	-	-	-	-	-	-	7,076,437
Federal sources	-	-	-	51,188	2,585	2,425,084	-	-	-	2,478,857
Total revenues	\$ 371,552	\$ 285,871	\$ 7,354	\$ 51,188	\$ 2,585	\$ 2,425,084	\$ -	\$ -	\$ -	\$ 9,562,648
Expenditures:										
Instruction:										
Salaries of teachers	\$ -	\$ -	\$ -	\$ 13,590	\$ 565	\$ -	\$ -	\$ -	\$ -	\$ 1,876,912
Purchased professional and technical services	-	-	-	-	-	2,255,309	-	-	-	2,939,494
General supplies/Misc.	302,497	-	-	-	-	44,267	-	-	-	357,627
Textbooks	-	-	-	-	-	-	-	-	-	689,308
Total instruction	302,497	-	-	13,590	565	2,299,576	-	-	-	5,863,341
Support services:										
Salaries of supervisors of instruction	-	-	-	4,997	269	-	-	-	-	234,472
Salaries of other professional staff	847	6,120	-	1,732	93	-	-	-	-	1,465,322
Salaries of secretarial and clerical employees	6,007	-	-	2,284	123	-	-	-	-	207,833
Personal services - employee benefits	11,772	1,530	-	27,525	1,479	-	-	-	-	897,863
Travel	-	-	-	-	-	-	-	-	-	11,917
Supplies and materials	704	171,991	-	-	-	-	-	-	-	319,451
Other	-	48,180	-	1,059	57	-	-	125,508	-	447,321
Total support services	19,330	227,821	-	37,598	2,020	-	-	125,508	-	3,584,179
Facilities acquisition and construction services:										
Instructional equipment	49,725	-	-	-	-	-	-	-	-	49,725
Noninstructional equipment	-	58,050	7,354	-	-	-	-	-	-	65,403
Total facilities acquisition and construction services	49,725	58,050	7,354	-	-	-	-	-	-	115,128
Total expenditures	\$ 371,552	\$ 285,871	\$ 7,354	\$ 51,188	\$ 2,585	\$ 2,425,084	\$ -	\$ -	\$ -	\$ 9,562,648

Educational Services Commission of New Jersey
Schedule of Demonstrably Effective Program Aid Expenditures -
Budgetary Basis
Year ended June 30, 2016

Not applicable.

Educational Services Commission of New Jersey
Schedule of Early Childhood Program Aid Expenditures -
Budgetary Basis

Year ended June 30, 2016

Not applicable.

Educational Services Commission of New Jersey
Schedule of Distance Learning Network Aid Expenditures -
Budgetary Basis
Year ended June 30, 2016

Not applicable.

Educational Services Commission of New Jersey
Schedule of Instructional Supplement Aid Expenditures -
Budgetary Basis

Year ended June 30, 2016

Not applicable.

Capital Projects Fund Detail Statements

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

Educational Services Commission of New Jersey
Capital Projects Fund

Summary Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budgetary Basis

Year ended June 30, 2016

Not Applicable

Educational Services Commission of New Jersey
Capital Projects Fund

Summary Schedule of Project Expenditures

Year ended June 30, 2016

Not Applicable

Enterprise Funds Detail Statements

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the Commission is that the costs of providing goods or services be financed through user charges.

Regional Day School Fund – This fund provides for the operation of the Regional Day School within the Commission.

Food Services Fund – This fund provides for the operation of food services in all schools within the Commission.

Pool Services Fund – This fund provides for the operation of the Aquatic and Fitness Programs within the Commission.

Educational Services Commission of New Jersey
Enterprise Funds

Combining Statement of Net Position

June 30, 2016

	Regional Day School Fund	Pool Services Fund	Food Services Fund	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,093,553	\$ 374,814	\$ 52,292	\$ 1,520,659
Intergovernmental accounts receivable:				
State	–	–	726	726
Federal	–	–	54,386	54,386
Other	452,735	11,472	–	464,207
Interfunds receivable	5,730	–	–	5,730
Total current assets	<u>1,552,018</u>	<u>386,286</u>	<u>107,404</u>	<u>2,045,708</u>
Capital assets:				
Site Improvement	959,027	–	–	959,027
Equipment	680,613	6,521	–	687,134
Accumulated depreciation	(702,456)	(199)	–	(702,655)
Total capital assets	<u>937,184</u>	<u>6,322</u>	<u>–</u>	<u>943,506</u>
Total assets	<u>2,489,202</u>	<u>392,608</u>	<u>107,404</u>	<u>2,989,214</u>
Liabilities				
Current liabilities:				
Accounts payable	29,836	62,834	791	93,461
Interfunds payable	–	42	20,012	20,054
Unearned revenues	–	46,802	4,271	51,073
Total current liabilities	<u>29,836</u>	<u>109,678</u>	<u>25,074</u>	<u>164,588</u>
Net Position				
Net Investment in capital assets	937,184	6,322	–	943,506
Unrestricted	1,522,182	276,608	82,330	1,881,120
Total net position	<u>\$ 2,459,366</u>	<u>\$ 282,930</u>	<u>\$ 82,330</u>	<u>\$ 2,824,626</u>

Amounts reported for *business-type activities* in the statement of net position (A-1) are different because:

Deferred outflows (12% of \$3,054,032) related to pension not reported in the funds.	366,484
Deferred inflows (12% of \$1,001,417) related to pension not reported in the funds.	(120,170)
Net Pension Liability (12% of \$22,606,100) which is due in the future period not reported in the funds.	(2,712,732)
Net position of business-type activities (A-1)	<u><u>\$ 358,208</u></u>

See accompanying notes.

Educational Services Commission of New Jersey
Enterprise Funds

Combining Statement of Revenues, Expenses
and Changes in Fund Net Position

Year ended June 30, 2016

	Regional Day School Fund	Pool Services Fund	Food Services Fund	Total
Operating revenues:				
Charges for services:				
Daily sales - reimbursable programs	\$ -	\$ -	\$ 68,626	\$ 68,626
Daily sales - non-reimbursable programs	-	-	1,096	1,096
Tuition	4,543,218	-	-	4,543,218
Services	650,034	985,383	-	1,635,417
Miscellaneous	652	2,913	-	3,565
Total operating revenues	5,193,904	988,296	69,722	6,251,922
Operating expenses:				
Cost of sales-reimbursable programs	-	-	287,249	287,249
Cost of sales-non-reimbursable programs	-	-	822	822
Salaries and wages	2,718,861	507,477	26,293	3,252,631
Employee benefits	1,391,914	110,504	-	1,502,418
Materials and supplies	48,532	108,645	-	157,177
Textbooks	1,506	-	-	1,506
Maintenance and repairs	49,057	30,640	-	79,697
Other professional services	522,341	27,972	-	550,313
Insurance	12,403	-	-	12,403
Telephone/Communications	29,197	-	-	29,197
Utilities	87,697	55,561	-	143,258
Depreciation	81,329	199	-	81,528
Miscellaneous	38,843	31,417	-	70,260
Total operating expenses	4,981,680	872,415	314,364	6,168,459
Operating income (loss)	212,224	115,881	(244,642)	83,463
Nonoperating revenues:				
State school lunch program	-	-	3,646	3,646
National breakfast program - federal	-	-	93,732	93,732
Federal school lunch program	-	-	168,100	168,100
Total nonoperating revenues	-	-	265,478	265,478
Income before transfers	212,224	115,881	20,836	348,941
Transfers in	-	123,550	-	123,550
Transfers out	(102,710)	(72,899)	-	(175,609)
Total Transfers	(102,710)	50,651	-	(52,059)
Change in net position	109,514	166,532	20,836	296,882
Net position, beginning	2,349,852	116,398	61,494	2,527,744
Net position, ending	\$ 2,459,366	\$ 282,930	\$ 82,330	\$ 2,824,626

**Reconciliation of combining statement of revenue,
expenses and changes in fund net position to the
statement of activities**

Total change in net position (G-2): **296,882**

Amounts reported for business-type activities in the statement
of activities (A-2) are different because:

In the statement of activities, pension expense in the statement of activities
is accrued, regardless of when due. In the governmental funds, pension
expense is reported when due. This amount is the net effect of pension
expense differences. (12% of \$501,641(=\$1,367,396+\$32-\$865,787))

Change in net position of business-type activities (A-2) **(60,197)**

\$ 236,685

See accompanying notes.

Educational Services Commission of New Jersey
Proprietary Fund - Enterprise Funds

Combining Statement of Cash Flows

Year ended June 30, 2016

	Regional Day School Fund	Pool Services Fund	Food Services Fund	Total
Cash flows from operating activities				
Receipts from customers	\$ 5,227,393	\$ 984,574	\$ 73,171	\$ 6,285,138
Payments to employees	(2,718,861)	(507,477)	(26,293)	(3,252,631)
Payments for employee benefits	(1,391,914)	(110,504)	-	(1,502,418)
Payments to suppliers	(804,521)	(230,525)	(287,293)	(1,322,339)
Net cash provided by (used in) operating activities	312,097	136,068	(240,415)	207,750
Cash flows from noncapital financing activities				
State sources	-	-	3,644	3,644
Federal sources	-	-	260,974	260,974
Operating subsidies and transfers to/from other funds	(130,891)	162,924	(3,921)	28,112
Net cash (used in) provided by noncapital financing activities	(130,891)	162,924	260,697	292,730
Cash flows from capital and related financing				
Purchases of capital assets	(77,438)	(6,521)	-	(83,959)
Net cash used in capital and related financing activities	(77,438)	(6,521)	-	(83,959)
Net decrease in cash and cash equivalents	103,768	292,471	20,282	416,521
Balances—beginning of year	989,785	82,343	32,010	1,104,138
Balances—end of year	\$ 1,093,553	\$ 374,814	\$ 52,292	\$ 1,520,659
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 212,224	\$ 115,881	\$ (244,642)	\$ 83,463
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation and net amortization	81,329	199	-	81,528
Change in assets and liabilities:				
(Increase) Decrease in accounts receivable, net	33,589	(4,105)	-	29,484
(Decrease) Increase in accounts payable, net	(14,945)	23,710	(44)	8,721
(Decrease) Increase in deferred revenue, net	(100)	383	4,271	4,554
Net cash provided by (used in) operating activities	\$ 312,097	\$ 136,068	\$ (240,415)	\$ 207,750

Fiduciary Funds Detail Statements

Trust funds are used to account for gifts and bequests to the Commission for a specific purpose.

Unemployment Compensation Trust Fund – This trust fund is used to account for deductions from employee’s salaries or contributions from the Commission which are utilized to pay unemployment compensation insurance claims as they arise.

Agency funds are used to account for assets held by the Commission as an agent for individuals, private organizations, other governments and/or other funds.

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

Payroll Fund – This agency fund is used to account for the payroll and payroll agency related transactions of the Commission.

Educational Services Commission of New Jersey
Trust and Agency Funds

Combining Statement of Fiduciary Net Position

June 30, 2016

	Trust	Agency		Total Agency
	Unemployment Compensation	Student Activity	Payroll	
Assets				
Cash and cash equivalents	\$ 313,704	\$ 7,763	\$ 268,763	\$ 276,526
Interfund receivable	-	-	42	42
Accounts receivable - other	-	-	65	65
Total assets	\$ 313,704	\$ 7,763	\$ 268,870	\$ 276,633
Liabilities				
Accounts payable	\$ -	\$ -	\$ 250,816	\$ 250,816
Interfund payable	-	-	18,054	18,054
Due to student groups	-	7,763	-	7,763
Total liabilities	\$ -	\$ 7,763	\$ 268,870	\$ 276,633
 Net position held in trust for unemployment claims	 \$ 313,704			

Educational Services Commission of New Jersey
Trust Funds

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2016

	Unemployment Compensation Trust Fund
Additions:	
Contributions	\$ 142,756
Interest on investments	404
Total additions	143,160
Deductions:	
Payment of claims	142,756
Total deductions	142,756
Change in net position	404
Net position - beginning	313,300
Net position - ending	\$ 313,704

Educational Services Commission of New Jersey
Student Activity Agency Fund

Schedule of Receipts and Disbursements

Year ended June 30, 2016

	Balance July 1, 2015	Cash Receipts	Cash Disbursements	Balance June 30, 2016
Raritan Valley Academy				
Student activity	\$ 324	\$ 1	\$ –	\$ 325
Year book	158	–	–	158
Total	482	1	–	483
Piscataway Regional Day School				
Student activity	1,831	4,308	4,142	1,997
Total	1,831	4,308	4,142	1,997
Academy Learning Center				
Student activity	3,469	3,858	6,492	835
Total	3,469	3,858	6,492	835
Bright Beginning Learning Center				
Student activity	1,224	3,835	2,537	2,522
Total	1,224	3,835	2,537	2,522
Center for Lifelong Learning				
Student activity	1,788	338	200	1,926
Year Book	45	–	45	–
Total	1,833	338	245	1,926
Total of all schools	\$ 8,839	\$ 12,340	\$13,416	\$ 7,763

Educational Services Commission of New Jersey
Payroll Agency Fund

Schedule of Cash Receipts and Disbursements

Year ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Assets				
Cash and cash equivalents	\$ 185,553	\$ 32,441,359	\$ 32,358,149	\$ 268,763
Interfund receivable	23	42	23	42
Accounts receivable - other	1,656	65	1,656	65
Total assets	\$ 187,232	\$ 32,441,466	\$ 32,359,828	\$ 268,870
Liabilities				
Accounts payable	\$ 173,411	\$ 250,816	\$ 173,411	\$ 250,816
Interfund payable	13,821	18,054	13,821	18,054
Payroll, payroll deductions and withholdings payable	-	32,172,596	32,172,596	-
Total liabilities	\$ 187,232	\$ 32,441,466	\$ 32,359,828	\$ 268,870

Long-Term Debt

Educational Services Commission of New Jersey
Long-Term Debt

Schedule of Bonds/Loans Payable

June 30, 2016

Description	Interest Rate Payable	Amount of Issue	Balance July 1, 2015	Issued	Retired	Balance June 30, 2016
Bonds/loan payable –						
Middlesex County Improvement Authority - 2008	Various	\$ 40,000,000	\$ 4,850,000	\$ –	\$ 1,135,000	\$ 3,715,000
Middlesex County Improvement Authority - 2010	Various	5,300,000	2,980,000	–	550,000	2,430,000
Middlesex County Improvement Authority - 2014	Various	9,385,000	9,385,000	–	645,000	8,740,000
Middlesex County Improvement Authority - 2014A	Various	30,170,000	30,170,000	–	100,000	30,070,000
Loans payable -						
TD Equipment Finance Inc. -2012	1.52%	500,000	152,337		101,174	51,163
			\$ 47,537,337	\$ –	\$ 2,531,174	\$ 45,006,163

Educational Services Commission of New Jersey
Long-Term Debt

Schedule of Obligations Under Capital Leases

June 30, 2016

Not Applicable

Educational Services Commission of New Jersey
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Actual to Final
Revenues:					
Interest earned	\$ -	\$ 68	\$ 68	\$ 68	\$ -
Total revenues	-	68	68	68	-
Expenditures:					
Regular debt service:					
Interest	1,765,414	196,050	1,961,464	1,961,464	-
Principal	1,396,175	1,134,999	2,531,174	2,531,174	-
Total expenditures	3,161,589	1,331,049	4,492,638	4,492,638	-
(Deficiency) excess of revenues (under) over expenditures	(3,161,589)	(1,330,981)	(4,492,570)	(4,492,570)	-
Other financing sources:					
Transfers in	3,161,589	1,330,981	4,492,570	3,893,565	599,005
Total other financing sources (uses)	3,161,589	1,330,981	4,492,570	3,893,565	599,005
Excess (deficiency) of revenues and other financing sources over (under) expenditures	-	-	-	(599,005)	(599,005)
Fund balance, July 1	4,937,974	-	4,937,974	4,937,974	-
Fund balance, June 30	\$ 4,937,974	\$ -	\$ 4,937,974	\$ 4,338,969	\$ (599,005)

Statistical Section
(Unaudited)

Financial Trends

Educational Services Commission of New Jersey
 Net Assets by Component,
 Last Ten Fiscal Years
 (Accrual basis of accounting)
 Unaudited

	Fiscal Year Ending, June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 74,310	\$ (907,884)	\$ 3,533,402	\$ 11,861,037	\$ 13,000,522	\$ 13,575,508	\$ 13,740,089	\$ 14,499,327	\$ 14,336,092	\$ 16,281,147
Restricted for:										
Capital projects and reserve	2,346,234	8,312,635	4,036,257	751,545	231,255	236,824	236,825	216,392	216,392	216,392
Debt service	6,445,100	2,619,217	2,993,928	2,278,154	2,650,293	2,705,422	2,874,638	2,715,406	4,937,974	4,338,969
Committed - Encumbrances	959,782	1,091,094	1,220,140	930,684	1,267,891	999,035	2,035,178	529,558	1,374,102	1,738,576
Assigned	1,000,000	-	-	-	-	173,633	-	-	-	-
Unassigned	5,488,515	7,151,486	6,940,353	4,027,647	4,771,597	6,757,405	9,637,427	14,715,000	128,973	4,364,743
Total governmental activities net position	\$ 16,313,941	\$ 18,266,548	\$ 18,724,080	\$ 19,849,067	\$ 21,921,558	\$ 24,447,827	\$ 28,524,157	\$ 32,675,683	\$ 20,993,533	\$ 26,939,827
Business-type activities										
Net investment in capital assets	\$ 658,070	\$ 806,809	\$ 1,119,901	\$ 1,083,451	\$ 955,897	\$ 924,861	\$ 922,350	\$ 878,927	\$ 941,075	\$ 943,506
Unrestricted	1,025,166	1,328,970	1,530,675	605,244	640,588	813,654	785,052	998,669	(819,552)	(585,298)
Total business-type activities net position	\$ 1,683,236	\$ 2,135,779	\$ 2,650,576	\$ 1,688,695	\$ 1,596,485	\$ 1,738,515	\$ 1,707,402	\$ 1,877,596	\$ 121,523	\$ 358,208
District-wide										
Net investment in capital assets	\$ 732,380	\$ (101,075)	\$ 4,653,303	\$ 12,944,488	\$ 13,956,419	\$ 14,500,369	\$ 14,662,439	\$ 15,378,254	\$ 15,277,167	\$ 17,224,653
Restricted for:										
Capital projects and reserve	2,346,234	8,312,635	4,036,257	751,545	14,863	236,824	236,825	216,392	216,392	216,392
Debt service	6,445,100	2,619,217	2,993,928	2,278,154	2,650,293	2,705,422	2,874,638	2,715,406	4,937,974	4,338,969
Unrestricted	8,473,463	9,571,550	9,691,168	5,563,575	6,896,468	8,743,727	12,457,657	16,243,227	683,523	5,518,021
Total district net position	\$ 17,997,177	\$ 20,402,327	\$ 21,374,656	\$ 21,537,762	\$ 23,518,043	\$ 26,186,342	\$ 30,231,559	\$ 34,553,279	\$ 21,115,056	\$ 27,298,035

Source: CAFR Schedule A-1

Educational Services Commission of New Jersey
Changes in Net Assets, Last Ten Fiscal Years
(Accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction	\$ 154,272,298	\$ 17,820,197	\$ 18,188,241	\$ 17,929,049	\$ 17,099,823	\$ 16,024,030	\$ 17,164,004	\$ 17,965,699	\$ 19,035,846	\$ 20,294,800
Support Services:										
Health services	590,115	681,759	650,633	744,761	739,248	697,076	681,030	707,233	717,186	803,556
Student & instruction related services	82,802,536	6,225,338	6,788,050	10,496,291	10,172,638	10,081,083	10,818,703	11,895,280	13,684,624	15,214,106
General administrative services	680,020	654,386	712,561	772,495	748,892	933,886	897,651	1,095,506	1,130,539	1,179,015
School administrative services	1,508,333	1,443,203	1,519,283	1,578,352	1,758,552	1,730,998	1,969,486	1,991,362	1,769,994	2,154,548
Central services	1,051,071	949,542	1,001,380	992,939	1,018,260	1,037,913	1,180,180	1,366,905	1,386,170	1,587,527
Admin. Infor. Technology	113,310	196,642	98,180	298,674	331,041	302,361	278,071	373,711	453,329	534,003
Plant operations and maintenance	1,648,465	1,708,230	1,765,962	2,388,865	1,859,022	1,765,373	1,905,235	1,967,843	1,985,498	2,077,438
Employee benefits	23,906,263	25,427,834	24,969,636	25,611,438	26,235,508	30,174,878	34,105,560	37,069,323	39,881,596	44,472,581
Capital outlay	707,911	786,720	748,137	1,369,252	980,225	1,375,376	1,216,465	1,379,358	1,540,066	1,948,191
Special Schools	1,878,674	1,843,872	3,249,424	3,049,985	3,049,985	3,049,985	3,049,985	3,049,985	3,049,985	3,049,985
Interest on long-term debt	1,201,209	1,827,814	1,843,387	2,362,021	2,452,436	2,632,132	2,915,348	2,473,384	2,917,335	2,894,445
	1,271,981	1,276,317	2,143,540	2,255,304	2,601,147	2,671,147	2,603,541	2,697,814	2,920,805	1,021,105
Total governmental activities expenses	\$ 57,624,246	\$ 60,439,521	\$ 61,438,891	\$ 66,713,448	\$ 66,539,055	\$ 69,488,280	\$ 76,121,225	\$ 81,122,059	\$ 87,443,811	\$ 95,059,072
Business-type activities:										
Regional Day School	\$ 4,929,321	\$ 5,264,305	\$ 5,516,538	\$ 5,996,920	\$ 5,536,555	\$ 5,384,440	\$ 4,666,512	\$ 4,429,114	\$ 4,815,142	\$ 5,041,877
Bus Services	163,003	190,337	20,998	20,998	21,62	5,351	--	--	--	--
Early Childhood Program	4,966,436	5,577,675	5,382,667	5,211,889	782,64	782,64	--	--	--	--
Pistol service	231,250	274,427	298,867	311,229	278,054	292,893	312,229	311,148	323,522	315,542
Food service	11,279,410	11,388,209	11,388,209	6,735,137	6,681,448	6,432,754	5,633,171	5,478,325	5,955,013	6,227,834
Total business-type activities expense	\$ 67,251,253	\$ 71,718,934	\$ 72,827,100	\$ 73,448,585	\$ 73,220,503	\$ 75,881,034	\$ 81,754,396	\$ 86,600,384	\$ 93,998,824	\$ 101,286,906
Total district expense	\$ 124,875,500	\$ 132,158,455	\$ 134,265,991	\$ 140,162,033	\$ 140,759,558	\$ 145,369,314	\$ 157,875,621	\$ 167,722,443	\$ 181,442,660	\$ 196,345,978
Program Revenues										
Governmental activities:										
Charges for services:										
Pupil transportation	\$ 21,521,584	\$ 22,552,408	\$ 21,849,114	\$ 22,014,291	\$ 22,506,936	\$ 25,959,911	\$ 29,200,853	\$ 31,624,558	\$ 33,420,236	\$ 37,292,147
Operating grants and contributions	9,518,615	9,322,936	9,050,390	9,033,329	8,465,057	6,567,329	6,931,101	7,378,259	8,600,511	9,631,166
Total governmental activities program revenues	\$ 31,040,199	\$ 31,875,344	\$ 30,899,504	\$ 31,047,620	\$ 30,971,993	\$ 32,527,240	\$ 36,131,954	\$ 39,002,817	\$ 42,020,747	\$ 46,923,313
Business-type activities:										
Charges for services:										
Regional Day School	\$ 5,343,578	\$ 5,662,998	\$ 5,898,870	\$ 5,709,075	\$ 5,634,551	\$ 5,599,225	\$ 4,660,530	\$ 4,740,445	\$ 5,428,678	\$ 5,193,904
Bus service	156,198	156,198	118,042	11,154	755	6,390	--	--	--	--
Newsletter/Services program	4,949,768	5,505,367	5,459,793	371,737	--	--	--	--	--	--
Pool service	67,827	72,933	72,888	276,333	575,609	656,928	554,933	633,974	900,343	988,296
Food service	393,316	478,357	477,438	478,357	478,357	478,357	241,718	263,220	272,112	265,478
Operating grants and contributions	11,875,489	11,875,489	12,026,531	6,998,532	6,515,757	6,526,018	5,699,716	5,699,716	6,664,633	6,516,578
Total business-type activities program revenues	\$ 10,799,468	\$ 13,555,332	\$ 13,825,326	\$ 12,902,058	\$ 13,120,270	\$ 13,167,272	\$ 11,586,281	\$ 11,670,426	\$ 13,377,729	\$ 13,939,891
Total district revenue	\$ 41,839,667	\$ 45,430,676	\$ 44,724,830	\$ 43,949,678	\$ 44,092,263	\$ 45,694,512	\$ 47,718,235	\$ 50,673,243	\$ 55,400,476	\$ 60,863,204
Net (Expense)/Revenue	\$ (16,251,233)	\$ (16,727,934)	\$ (19,841,161)	\$ (23,212,365)	\$ (23,767,503)	\$ (22,845,084)	\$ (11,747,390)	\$ (17,049,199)	\$ (26,042,184)	\$ (35,482,674)
Governmental activities	\$ 26,584,047	\$ (28,564,180)	\$ (30,539,387)	\$ (35,665,927)	\$ (35,567,062)	\$ (36,955,040)	\$ (39,989,270)	\$ (42,119,242)	\$ (45,423,064)	\$ (48,135,759)
Business-type activities	627,482	596,443	638,322	650,503	(165,691)	142,823	(107,153)	221,391	709,620	288,744
Total district-wide net expense	\$ (25,956,565)	\$ (27,967,737)	\$ (29,901,065)	\$ (35,015,422)	\$ (35,732,753)	\$ (36,812,217)	\$ (40,096,423)	\$ (41,897,851)	\$ (44,713,444)	\$ (47,847,015)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Federal and state aid not restricted	\$ 1,638,362	\$ 1,837,857	\$ 1,826,690	\$ 1,835,723	\$ 1,827,530	\$ 2,189,991	\$ 2,655,091	\$ 2,447,550	\$ 4,788,742	\$ 6,025,265
Tuition received	20,478,439	22,827,836	23,150,645	26,186,392	27,207,213	27,809,066	30,247,995	32,136,205	32,716,393	32,763,259
Services provided to districts	5,164,915	5,282,055	5,672,066	7,620,980	8,433,509	9,249,949	10,785,815	12,268,807	13,160,428	14,976,777
Interest income	654,726	561,994	120,398	21,818	121,176	9,909	9,326	9,783	12,827	25,294
Special items	--	--	--	--	--	--	--	--	--	--
Miscellaneous income	200,335	163,145	103,565	200,725	232,606	222,386	443,414	133,836	484,794	237,419
Transfers	150,000	143,900	123,525	925,226	(73,481)	706,000	791,337	511,997	791,337	52,059
Total governmental activities	\$ 28,286,777	\$ 30,516,787	\$ 30,996,914	\$ 36,790,914	\$ 37,639,553	\$ 39,481,309	\$ 44,065,601	\$ 47,047,378	\$ 51,242,321	\$ 54,082,083
Business-type activities:										
Services provided to districts	86,061	--	--	--	--	--	--	--	--	--
Miscellaneous income	3,228	--	--	--	--	--	--	--	--	--
Transfers	(150,000)	(143,900)	(123,525)	(925,226)	73,481	(706,000)	(791,337)	(511,997)	(791,337)	(52,059)
Total business-type activities	\$ (60,711)	\$ (143,900)	\$ (143,900)	\$ (925,226)	\$ 73,481	\$ (706,000)	\$ (791,337)	\$ (511,997)	\$ (791,337)	\$ (52,059)
Total district-wide	\$ 28,226,066	\$ 30,372,887	\$ 30,853,014	\$ 35,865,688	\$ 37,713,034	\$ 38,775,309	\$ 43,274,264	\$ 46,535,381	\$ 50,451,084	\$ 53,929,924
Change in Net Position	\$ 1,702,730	\$ 1,952,607	\$ 457,532	\$ 1,124,987	\$ 2,072,491	\$ 2,526,269	\$ 4,076,331	\$ 4,928,136	\$ 5,819,257	\$ 5,946,294
Governmental activities	\$ 566,771	\$ 452,543	\$ 101,881	\$ 514,297	\$ 1,021,210	\$ 1,424,830	\$ 3,113,133	\$ 4,076,331	\$ 5,819,257	\$ 5,946,294
Business-type activities	\$ 2,269,501	\$ 2,405,150	\$ 1,631,106	\$ 1,980,281	\$ 2,072,491	\$ 2,689,269	\$ 4,045,218	\$ 5,098,330	\$ 6,449,740	\$ 6,182,979

Source: CAFR Schedule A-2.

Educational Services Commission of New Jersey
 Fund Balances, Governmental Funds,
 Last Ten Fiscal Years
 (Modified accrual basis of accounting)
 Unaudited

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Nonspendable: Invested in CA										
Restricted for:										
Other Purposes	\$ 954,158	\$ 1,307,486	\$ 1,436,532	\$ 371,031	\$ 216,392	\$ 216,392	\$ 216,392	\$ 216,392	\$ 216,392	\$ 216,392
Committed: Encumbrance	959,782	941,351	302,631	930,684	1,267,891	999,035	2,035,178	529,558	1,374,102	1,738,576
Assigned	1,000,000	—	—	—	163,501	173,633	149,373	29,200	29,200	29,200
Unassigned	5,437,915	7,104,967	7,922,372	4,535,312	5,036,204	7,184,958	9,919,008	14,935,187	17,988,468	22,639,538
Total general fund	\$ 8,351,855	\$ 9,353,804	\$ 9,661,535	\$ 5,837,027	\$ 6,683,988	\$ 8,574,018	\$ 12,319,951	\$ 15,710,337	\$ 19,608,162	\$ 24,623,706
All Other Governmental Funds										
Restricted for:										
Debt service fund	\$ 2,129,842	\$ 2,619,217	\$ 2,993,928	\$ 2,278,154	\$ 2,650,293	\$ 2,705,422	\$ 2,874,638	\$ 2,715,406	\$ 4,937,974	\$ 4,338,969
Capital projects fund	6,445,100	8,096,243	3,819,865	535,153	14,863	20,432	20,433	—	—	—
Total all other governmental funds	\$ 8,574,942	\$ 10,715,460	\$ 6,813,793	\$ 2,813,307	\$ 2,665,156	\$ 2,725,854	\$ 2,895,071	\$ 2,715,406	\$ 4,937,974	\$ 4,338,969
Total Governmental Funds	\$ 16,926,797	\$ 20,069,264	\$ 16,475,328	\$ 8,650,334	\$ 9,349,144	\$ 11,299,872	\$ 15,215,022	\$ 18,425,743	\$ 24,546,136	\$ 28,962,675

Source: CAFR Schedule B-1

Educational Services Commission of New Jersey
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
Unaudited

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Revenues										
Local sources:										
Tuition	204,784,439	22,527,856	23,150,645	26,186,392	27,207,213	27,809,066	30,247,995	32,136,205	32,716,393	32,765,239
Transportation fees	21,521,584	22,552,408	21,849,114	22,014,291	22,506,936	25,935,911	29,200,853	31,624,588	33,420,236	37,292,147
Services provided to districts	5,164,915	5,282,055	5,672,096	7,620,980	8,433,509	9,249,964	10,785,815	12,268,807	13,160,428	14,976,777
Interest on investments	488,423	301,628	79,951	21,600	12,077	8,871	9,287	133,856	12,772	25,226
Miscellaneous	200,335	165,145	105,565	200,725	232,606	222,586	443,414	484,794	484,794	237,419
Total - Local sources	47,853,696	50,827,072	50,855,351	56,043,988	58,392,341	65,226,398	76,687,364	76,173,144	79,794,623	85,296,808
State sources										
Reimbursed TPAF S.S. Contributions	892,882	923,795	966,784	967,981	910,176	953,223	946,962	969,128	981,118	998,222
On-behalf TPAF pension Contributions	745,480	914,062	859,906	867,742	917,354	1,236,768	1,708,129	1,478,422	3,807,624	5,027,043
Total - State sources	1,638,362	1,837,857	1,826,690	1,835,723	1,827,530	2,189,991	2,655,091	2,447,550	4,788,742	6,025,265
Total revenue	49,492,058	52,664,929	52,682,041	57,879,711	60,219,871	67,416,389	79,342,455	78,620,694	84,583,365	91,322,073
Expenditures										
Instruction	9,222,342	10,275,667	10,434,360	9,140,843	9,236,148	9,259,286	10,135,939	10,495,818	10,605,100	10,887,627
Support Services:										
Health services	539,185	614,484	581,568	649,995	643,950	607,982	589,017	610,528	606,879	676,405
Student & instruction related services	3,026,688	2,889,039	3,152,844	6,614,327	6,111,787	6,755,318	7,067,113	7,706,612	8,315,851	9,249,904
General administrative services	601,229	589,813	636,922	674,201	652,351	814,525	776,371	945,537	955,080	992,478
School Administrative services	1,195,417	1,300,790	1,358,009	1,377,518	1,531,779	1,508,972	1,651,473	1,650,008	1,496,293	1,813,667
Capital outlay	960,358	855,843	895,083	866,595	886,994	905,256	1,020,728	1,179,998	1,171,038	1,336,357
Admin. Infor. Technology	103,531	177,237	87,758	258,924	288,365	263,715	240,501	322,611	382,973	449,516
Required/maint for school facilities	665,132	646,093	662,166	862,916	707,884	765,797	925,595	913,923	909,697	975,401
Operation of plant	841,080	893,563	915,533	1,134,707	942,846	776,994	722,227	784,842	767,654	773,356
Pupil transportation	21,843,023	22,918,661	22,205,448	22,352,560	22,833,243	26,318,186	29,497,624	32,000,567	33,692,013	37,456,204
Unallocated employee benefits	2,920,262	3,630,383	4,050,962	3,845,920	5,881,886	5,786,788	6,618,812	7,623,501	7,579,806	7,888,025
Reimbursed S.S. contributions	892,882	923,795	966,784	967,981	910,176	953,223	946,962	969,128	981,118	998,222
On-behalf TPAF pension contributions	745,480	914,062	859,906	867,742	917,354	1,236,768	1,708,129	1,478,422	3,807,624	5,027,043
Capital outlay	990,311	883,017	601,797	220,453	220,453	103,616	515,286	433,476	735,096	1,199,073
Special Schools	1,702,299	1,827,514	1,843,787	2,328,007	2,522,036	2,623,432	2,715,991	2,678,384	2,917,332	2,804,445
Total expenditures	46,549,219	49,339,961	49,312,927	54,162,689	54,294,222	58,679,858	65,131,768	69,842,355	74,921,574	82,207,723
Excess (Deficiency) of revenues over (under) expenditures	2,942,839	3,324,968	3,369,114	3,717,022	5,925,649	6,736,531	8,210,687	8,778,339	9,661,791	8,814,350
Other Financing sources (uses)										
Transfers in	152,590	221,510	37,958	621,370	46,179	-	-	20,433	-	-
Transfers out	(1,697,105)	(2,544,529)	(3,099,341)	(8,162,900)	(5,124,867)	(4,846,501)	(4,664,754)	(5,408,386)	(5,763,966)	(3,798,806)
Proceeds from Loan	-	-	-	-	-	-	500,000	-	-	-
Total other financing sources (uses)	(1,544,515)	(2,323,019)	(3,061,383)	(7,541,530)	(5,078,688)	(4,846,501)	(4,464,754)	(5,387,953)	(5,763,966)	(3,798,806)
Net change in fund balances, General Fund	1,398,324	1,001,949	307,731	(3,824,508)	846,961	1,890,030	3,745,933	3,300,386	3,897,825	5,015,544
Special Revenue Fund										
Revenues										
Local sources										
State sources	6,466,443	6,610,896	6,339,625	5,592,407	5,141,173	4,350,609	4,905,494	5,490,621	6,871,156	7,126,094
Federal sources	3,052,172	2,709,040	2,705,765	3,171,419	3,032,414	2,195,846	2,005,844	1,887,638	1,707,431	2,505,072
Total revenue	9,518,615	9,322,936	9,045,390	8,763,826	8,173,587	6,546,455	6,911,338	7,378,259	8,578,587	9,631,166
Expenditures										
Instruction	4,423,864	5,612,782	5,606,452	6,209,229	5,489,149	4,420,463	4,450,245	4,718,315	5,180,722	5,878,076
Other support - special	4,539,193	3,172,655	2,896,769	2,546,384	2,749,469	2,037,288	2,289,896	2,562,141	3,244,933	3,557,109
Capital outlay	381,133	377,642	365,169	131,883	43,179	20,418	122,624	31,219	123,917	153,281
Total expenditures	9,344,190	9,162,079	8,868,390	9,087,496	8,281,797	6,478,169	6,862,765	7,311,675	8,549,572	9,588,466
Excess (Deficiency) of revenues over (under) expenditures	174,425	159,857	182,000	145,733	183,260	89,160	68,336	66,584	50,939	42,700
Other Financing sources (uses)										
Transfers in	(174,425)	(159,857)	(182,000)	(145,733)	(183,260)	(89,160)	(68,336)	(66,584)	(50,939)	(42,700)
Total other financing sources (uses)	(174,425)	(159,857)	(182,000)	(145,733)	(183,260)	(89,160)	(68,336)	(66,584)	(50,939)	(42,700)
Net change in fund balances, Special Revenue fund	-	-	-	-	-	-	-	-	-	-

Educational Services Commission of New Jersey
 Changes in Fund Balances, Governmental Funds,
 Last Ten Fiscal Years

Unaudited

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Capital Projects Fund										
Revenues	\$ 152,590	\$ 221,510	\$ 37,958	\$ 158	\$ 158	\$ 55	\$ 2	\$ 1	\$ -	\$ -
Interest Earned	152,590	221,510	37,958	158	158	55	2	1	-	-
Total revenue										
Expenditures	4,098,243	8,348,857	23,291,986	7,928,491	620,902	244,433	-	-	-	-
Capital outlay										
Total expenditures	4,098,243	8,348,857	23,291,986	7,928,491	620,902	244,433	-	-	-	-
Excess (Deficiency) of revenues over (under) expenditures	(3,945,653)	(8,127,347)	(23,254,028)	(7,928,333)	(620,847)	(244,431)	1	-	-	-
Other Financing sources (uses)	500,000	-	333,254	4,643,621	127,018	250,000	-	-	-	-
Transfers in	(152,590)	(221,510)	(37,958)	-	(26,461)	-	-	(20,433)	-	-
Transfers out	10,000,000	10,000,000	18,682,354	-	-	-	-	-	-	-
Proceeds - Bonds	10,347,410	9,778,490	18,977,650	4,643,621	100,557	250,000	-	(20,433)	-	-
Total other financing sources (uses)	6,401,787	1,651,143	(4,276,378)	(3,284,712)	(520,290)	5,569	1	(20,433)	-	-
Net change in fund balances, Capital projects fund										
Revenues	\$ 13,713	\$ 38,856	\$ 2,509	\$ 60	\$ 44	\$ 36	\$ 38	\$ 45	\$ 55	\$ 68
Interest Earned	13,713	38,856	2,509	60	44	36	38	45	55	68
Total revenue										
Expenditures	985,200	11,031,699	21,073,587	1,920,883	2,178,534	2,090,000	2,314,838	2,333,166	1,729,659	2,531,174
Principal	1,011,840	1,366,068	2,813,546	2,763,869	2,559,972	2,541,361	2,473,034	2,395,459	1,958,584	1,961,464
Interest	1,997,040	12,397,767	23,887,133	4,684,752	4,738,506	4,631,361	4,787,872	4,728,605	3,688,243	4,492,638
Total expenditures	(1,983,327)	(12,358,911)	(23,884,624)	(4,684,692)	(4,738,462)	(4,631,325)	(4,787,834)	(4,728,560)	(3,688,188)	(4,492,570)
Excess (Deficiency) of revenues over (under) expenditures	2,021,530	2,848,286	3,404,866	4,468,918	5,207,629	4,936,454	4,957,050	5,526,167	5,894,042	3,893,565
Other Financing sources (uses)	(500,000)	-	(333,254)	(500,000)	(119,719)	(250,000)	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Proceeds - Loans	-	-	-	-	-	-	-	-	-	-
Proceeds from principal	-	10,000,000	21,187,723	22,691	-	-	-	10,511,398	30,170,000	-
Proceeds from premium	-	-	-	-	-	-	-	-	3,923,921	-
Cost of Insurance	-	-	-	-	-	-	-	-	(423,102)	-
Advanced Refunding Escrow	-	-	-	-	-	-	-	(1,011,254)	(4,429,105)	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(10,456,983)	(29,225,000)	-
Total other financing sources (uses)	1,521,530	12,848,286	24,259,335	3,968,918	5,110,601	4,686,454	4,957,050	4,569,328	5,910,756	3,893,565
Net change in fund balances, Debt Svc Fund										
Revenues	\$ (461,797)	\$ 489,375	\$ 374,711	\$ (715,774)	\$ 372,139	\$ 55,129	\$ 169,216	\$ (159,232)	\$ 2,222,568	\$ (599,005)
Interest Earned	(461,797)	489,375	374,711	(715,774)	372,139	55,129	169,216	(159,232)	2,222,568	(599,005)
Total revenue										
Expenditures	73,338,284	3,142,467	(3,593,936)	(7,824,994)	698,810	1,950,728	3,915,150	3,210,721	6,120,393	4,416,539
Total expenditures	73,338,284	3,142,467	(3,593,936)	(7,824,994)	698,810	1,950,728	3,915,150	3,210,721	6,120,393	4,416,539
Net change in fund balances, Governmental Fund										

Source: CAFR Schedule B-2

Educational Services Commission of New Jersey
 General Fund - Other Local Revenue by source,
 Last Ten Fiscal Years
 Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Miscellaneous Revenue										
Sale of property	\$ -	\$ 21,131	\$ 34,490	\$ 5,965	\$ 28,800	\$ -	\$ 104,300	\$ 27,284	\$ 9,279	\$ -
Insurance proceeds	-	5,173	11,672	12,842	1,590	-	102,261	2,215	27,019	96,663
Refunds	93,349	16,776	10,448	17,839	5,841	22,033	5,656	(93,095)	4,136	50,945
Cancellation of aging liabilities	728	86,935	45,102	84,560	130,655	54,633	38,744	104,688	117,609	(96,387)
E-rate reimbursement	52,214	33,130	1,853	79,520	65,720	68,689	88,702	92,744	227,969	131,899
Other	54,044	163,145	103,565	200,726	232,606	77,231	103,751	92,744	98,782	54,299
Total Other Local Revenue	\$ 200,335	\$ 163,145	\$ 103,565	\$ 200,726	\$ 232,606	\$ 222,586	\$ 443,414	\$ 133,836	\$ 484,794	\$ 237,419

Source: Commission records

Revenue Capacity

**Educational Services Commission of New Jersey
Assessed Value and Actual Value of Taxable Property**

Exhibit J-6

Not Applicable

**Educational Services Commission of New Jersey
Direct and Overlapping Property Tax Rates**

Exhibit J-7

Not Applicable

**Educational Services Commission of New Jersey
Principal Property Tax Payers**

Exhibit J-8

Not Applicable

**Educational Services Commission of New Jersey
Property Tax Levies and Collections**

Exhibit J-9

Not Applicable

Debt Capacity

Educational Services Commission of New Jersey
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities				Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Capital Leases	Promissory Notes				
2007	\$ 32,065,000	\$ -	\$ 429,703	\$	32,494,703	0.14%	46,674
2008	41,130,000	-	333,004		41,463,004	0.12%	48,854
2009	60,160,000	-	229,417		60,389,417	0.08%	47,392
2010	58,350,000	-	118,534		58,468,534	0.08%	48,256
2011	56,405,000	-	-		56,405,000	0.09%	49,203
2012	54,315,000	-	-		54,315,000	0.10%	52,108
2013	52,150,000	350,162	-		52,500,162	0.10%	52,291
2014	48,070,000	251,996	-		48,321,996	0.11%	52,486
2015	47,385,000	152,337	-		47,537,337	N/A	N/A
2016	44,955,000	51,163	-		45,006,163	N/A	N/A

Source: District CAFR Schedules I-1, I-2

Note: Details regarding the Commission's outstanding debt can be found in the L-T Debt notes to the financial statements.

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

**Educational Services Commission of New Jersey
Ratios of Net General Bonded Debt Outstanding**

Exhibit J-11

Not Applicable

**Educational Services Commission of New Jersey
Ratios of Overlapping Governmental Activities Debt**

Exhibit J-12

Not Applicable

**Educational Services Commission of New Jersey
Legal Debt Margin Information**

Exhibit J-13

Not Applicable

Demographic and Economic Statistics

**Educational Services Commission of New Jersey
Middlesex County, New Jersey
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited**

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2007	783,029	\$ 36,546,831	\$ 46,674	3.9%
2008	785,324	38,052,466	48,454	5.0%
2009	790,738	37,474,546	47,392	8.7%
2010	810,747	39,115,365	48,246	8.7%
2011	814,217	40,061,864	49,203	8.5%
2012	823,041	42,886,730	52,108	8.5%
2013	830,815	43,444,147	52,291	7.4%
2014	836,297	43,893,884	52,486	6.0%
2015	840,900	N/A	N/A	5.0%
2016	N/A	N/A	N/A	N/A

Source:

a Population based on annual Est of the Resident Population for Municipalities in NJ, by County July 1, 2006 to July 1, 2015

b Personal income was based on Per Capita Personal income times Poplution.

c Per Capita based on the PerCapital Personal Income for New Jersey 2005-2014

d Unemployment data based on the NJ Dept of Labor and Workforce Development, April 15, 2016

**Educational Services Commission of New Jersey
Principal Employers**

Exhibit J-15

Not Applicable

Operating Information

Educational Services Commission of New Jersey
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction										
PL192/193	37.30	36.20	29.20	29.10	30.00	22.90	22.79	21.29	25.77	32.72
RVA	19.47	16.50	16.40	17.50	16.21	13.36	9.69	9.27	8.44	-
NuView Annex	-	-	-	-	-	-	-	-	-	8.32
NuView	7.00	7.30	12.70	14.00	13.21	15.52	13.52	14.30	15.35	18.30
Piscataway Regional Day School	77.43	79.70	80.54	77.54	70.74	68.40	44.00	47.35	48.75	52.35
Academy Learning Center	86.24	86.08	87.11	86.11	86.11	84.78	82.80	79.85	79.85	83.05
Academy Learning Center Annex I	-	2.00	6.25	-	-	-	-	-	-	-
Title I	1.00	1.00	0.40	0.40	0.40	-	-	-	-	-
Middlesex County Academy High School	4.70	4.90	4.90	5.00	5.16	4.10	3.75	3.07	2.68	2.80
Bright Beginnings Learning Center	67.03	65.60	68.18	68.88	68.53	57.10	74.50	78.45	78.65	88.45
Bright Beginnings Learning Center Annex II	14.00	24.55	25.55	-	-	-	-	-	-	-
Bright Beginnings Learning Center Annex	25.63	24.60	22.35	-	-	-	-	-	-	-
IDEA B	65.90	65.90	65.27	45.13	57.88	28.00	37.27	34.89	28.55	34.40
Carteret Collaborative Services	-	-	-	-	-	13.00	12.00	12.45	20.15	15.83
Edison Collaborative Services	17.50	18.15	-	-	-	-	-	-	-	-
Sayreville Collaborative Services	14.40	16.40	13.05	9.00	-	-	-	-	-	-
PIC-C	-	1.00	1.00	1.00	1.00	-	-	-	-	-
Early Childhood Program	54.00	56.33	53.00	52.00	-	-	-	-	-	-
Center for Lifelong Learning	-	-	-	72.68	101.50	109.10	106.80	115.40	120.90	128.00
Health Services:										
RVA	0.67	0.95	0.95	0.95	1.00	1.00	0.30	0.20	0.20	-
NuView Annex	-	-	-	-	-	-	-	-	-	0.20
Piscataway Regional Day School	2.00	2.00	2.00	2.00	2.00	2.00	1.20	1.50	2.00	2.00
Academy Learning Center	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Academy Learning Center Annex I	-	-	0.20	-	-	-	-	-	-	-
Non-Public Nursing	43.00	38.87	40.60	40.60	40.00	42.00	45.00	48.00	66.00	77.00
Middlesex County Academy High School	-	-	-	-	-	-	0.10	0.10	0.05	0.10
Bright Beginnings Learning Center	2.00	2.00	2.00	2.00	2.00	2.00	2.40	2.20	2.25	2.25
Bright Beginnings Learning Center Annex II	1.00	1.00	1.00	-	-	-	-	-	-	-
Bright Beginnings Learning Center Annex	0.33	0.05	0.05	-	-	-	-	-	-	-
Edison Collaborative Services	1.00	1.00	-	-	-	-	-	-	-	-
Sayreville Collaborative Services	0.25	0.25	0.20	0.40	-	-	-	-	-	-
Center for Lifelong Learning	-	-	-	1.60	2.00	2.00	2.00	2.00	2.00	2.00
Support Services:										
RVA	5.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00	-
NuView Annex	-	-	-	-	-	-	-	-	-	2.00
Piscataway Regional Day School	2.00	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.50
Academy Learning Center	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Academy Learning Center Annex I	-	-	0.20	-	-	-	-	-	-	-
Middlesex County Academy High School	0.50	0.44	0.44	0.45	0.44	0.44	0.30	-	-	-
Bright Beginnings Learning Center	2.00	2.00	2.00	2.00	1.00	1.00	1.50	2.00	2.00	3.00
Bright Beginnings Learning Center Annex II	0.50	0.50	0.50	-	-	-	-	-	-	-
Bright Beginnings Learning Center Annex	0.55	0.50	0.50	-	-	-	-	-	-	-
IDEA B	1.00	1.00	1.00	-	-	-	-	-	-	-
Carteret Collaborative Services	-	-	-	-	-	3.00	3.00	4.00	-	-
Sayreville Collaborative Services	-	-	0.60	0.60	-	-	-	-	-	-
PIC-C	-	3.31	3.31	3.50	3.50	-	-	-	-	-
Early Childhood Program	13.22	9.00	8.00	8.00	-	-	-	-	-	-
Center for Lifelong Learning	-	-	-	2.40	4.50	5.50	7.50	8.30	10.00	9.00
General Administration										
	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.75	4.75	5.00
School Administration										
PL192/193	6.07	4.53	4.87	5.15	5.63	5.63	3.85	4.55	3.19	3.35
RVA	3.03	2.13	2.13	2.12	2.12	2.12	1.62	1.52	1.52	-
NuView Annex	-	-	-	-	-	-	-	-	-	1.27
NuView	2.00	2.00	2.00	2.17	2.15	2.15	2.18	2.03	2.03	2.03
Piscataway Regional Day School	3.92	3.78	3.90	3.94	3.94	3.94	3.12	2.20	2.45	3.08
Academy Learning Center	4.03	3.48	3.93	3.97	3.97	3.97	4.19	4.02	4.02	4.02
Academy Learning Center Annex I	-	-	0.37	-	-	-	-	-	-	-
Title I	0.20	0.10	0.12	0.12	0.21	0.21	0.10	0.08	0.15	0.10
Non-Public Textbook	0.45	0.42	0.23	0.23	0.25	0.25	0.23	0.27	0.27	0.27
Non-Public Nursing	0.35	0.55	0.40	0.35	0.30	0.30	0.40	0.40	0.62	0.65
Professional Development Program	1.00	1.60	1.40	1.00	1.00	0.40	0.40	0.15	0.40	0.10
ESC-(CSH, CST, Charter)	-	-	-	-	1.20	1.20	2.34	2.29	4.21	4.35
Middlesex County Academy High School	2.00	2.00	2.00	2.00	2.00	2.00	1.50	1.00	1.00	0.75
Bright Beginnings Learning Center	3.79	3.73	3.91	3.95	3.95	3.95	5.10	5.35	4.93	4.58
Bright Beginnings Learning Center Annex II	2.15	1.65	1.34	-	-	-	-	-	-	-
Bright Beginnings Learning Center Annex	1.33	1.15	0.84	-	-	-	-	-	-	-
Non-Public Technology	0.31	0.27	0.28	-	-	-	-	0.16	0.15	0.26
IDEA B	1.50	1.45	1.67	1.47	0.99	0.99	1.42	-	-	-
Edison Collaborative Services	0.15	0.15	-	-	-	-	-	-	-	-
Sayreville Collaborative Services	1.00	0.50	0.54	0.30	-	-	-	-	-	-
Carteret Collaborative Services	-	-	-	-	-	1.00	1.00	1.00	1.00	1.00
Early Childhood Program	7.50	7.00	6.00	6.00	-	-	-	-	-	-
Center for Lifelong Learning	-	-	-	3.87	3.97	3.97	4.37	4.11	4.11	6.11
Center for Lifelong Learning- Pool	-	-	-	-	-	-	2.00	2.00	2.00	1.00
Central Services										
	16.66	17.50	19.50	19.50	20.65	19.50	19.50	22.00	20.00	20.00
Operations & Maintenance										
PL192/193	2.20	3.30	2.20	2.20	1.15	1.25	1.65	1.65	1.15	1.15
RVA	3.20	2.75	2.20	2.20	2.13	2.23	1.13	1.13	1.63	-
NuView Annex	-	-	-	-	-	-	-	-	-	1.63
NuView	0.50	0.60	1.00	1.00	1.50	1.23	1.00	1.13	1.13	1.13
Piscataway Regional Day School	2.70	2.70	2.70	2.20	2.15	2.25	2.15	2.15	2.15	2.15
Academy Learning Center	2.20	2.30	2.20	2.20	2.15	2.25	2.15	2.15	2.15	2.15
Middlesex County Academy High School	0.50	0.60	0.40	0.25	0.25	0.25	1.25	1.00	0.25	0.25
ESC-General	-	-	-	-	1.00	1.30	1.75	2.00	2.00	2.00
Bright Beginnings Learning Center	2.20	2.25	2.20	2.20	2.15	2.25	2.15	2.15	2.40	2.40
Bright Beginnings Learning Center Annex II	0.20	0.20	-	-	-	-	-	-	-	-
Bright Beginnings Learning Center Annex	0.50	0.50	1.00	-	-	-	-	-	-	-
Sayreville Collaborative Services	-	-	-	0.25	0.25	-	-	-	-	-
Early Childhood Program	1.65	3.33	3.00	4.00	4.00	-	-	-	-	-
Center for Lifelong Learning	-	-	-	3.00	4.15	4.25	4.15	4.15	4.15	4.15
Student Transportation										
Student Transportation - Bus driver	5.50	5.50	5.50	5.50	6.50	6.50	6.50	6.50	6.50	6.50
	5.00	2.00	4.80	4.80	-	-	-	-	-	-
Business Services										
Total	659.41	664.10	647.08	643.78	600.89	564.54	560.62	574.51	601.90	648.70

Source: Based on Commission budget record.

Educational Services Commission of New Jersey
 Operating Statistics
 Last Ten Fiscal Years
 Unaudited

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Other Staff ^c	Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
2007	1,041	\$ 54,521,965	\$ 52,375	(18.04)%	240	345	1,037.00	905.70	35.01%	87.34%
2008	1,055	57,242,381	54,258	0.04	211	429	1,110.80	963.60	7.12%	86.75%
2009	1,008	57,214,351	56,760	4.61%	196	441	1,076.80	941.00	-3.06%	87.39%
2010	731	62,697,849	85,770	51.11%	186	406	730.30	648.00	-32.18%	88.73%
2011	710	62,325,417	87,782	2.35%	195	424	735.20	646.90	0.67%	87.99%
2012	719	65,033,993	90,451	3.04%	188	410	727.60	649.30	-1.03%	89.24%
2013	744	71,356,623	95,909	6.04%	199	412	738.20	661.90	1.46%	89.66%
2014	754	76,689,335	101,710	6.05%	215	460	749.90	658.00	1.58%	87.75%
2015	732	82,612,133	112,858	10.96%	208	477	752.00	665.00	0.28%	88.43%
2016	722	90,743,835	125,684	11.36%	232	463	717.00	641.00	-4.65%	89.40%

Sources: Commission records.

Note: Revised enrollment for 2006-2008 was based on actual enrollment as of June.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule B-2
- b Teaching staff includes only full-time equivalents of certificated staff. prior GASB44 J-15
- c Other staff includes only full-time equivalents of other staffs- all 12 month. prior GASB 44 J-15 (All 12 mo. Staffs - Administrator, Custodians, family workers, food workers, secretary. 10 mo.- chapter 226 nurse, aides)
- d Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS). prior GASB 44 J-13

Educational Services Commission of New Jersey
School Building Information
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Unaudited										
District Building										
NuView Academy, 1690 Stelton Rd, Piscataway										
(September 1997, name changed from RVA to NVVA on 09/01/2016)										
RVA/NVA	42,755	42,755	42,755	48,525	48,525	44,149	38,379	38,379	38,379	38,379
Square Feet	132	132	132	174	174	114	72	72	72	72
Capacity (students)	70	70	66	66	53	41	41	40	25	25
Enrollment										
MCA						4,376	4,376	4,376	4,376	4,376
Square Feet						60	60	60	60	60
Capacity (students)						35	22	31	20	20
Enrollment										
BB Secondary	5,770	5,770	5,770				5,770	5,770	5,770	5,770
Square Feet	42	42	42				42	42	42	42
Capacity (students)	40	40	37				23	32	41	41
Enrollment										
Nonpublic	2360	2360	2360	2360	2360	2360	2360	2360	1,415	1,415
Square Feet										
Transportation									945	945
Square Feet (moved from BB 3/2014)										
Nuview Academy, 1 Park Ave, Piscataway										
(September 2001, September 2008)										
NV	6,000	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500
Square Feet	48	72	72	72	72	72	73	73	73	73
Capacity (students)	34	45	60	60	67	63	73	66	60	60
Enrollment										
Academy Learning Center, 145 Pergola Ave, Monroe										
(September 2000)										
ALC	42,516	42,516	42,516	42,516	42,516	42,516	42,516	42,516	42,516	42,516
Square Feet	148	148	148	148	148	148	148	148	148	148
Capacity (students)	138	138	143	143	141	142	141	144	142	142
Enrollment										
Bright Beginnings Learning Center, 1660 Stelton Rd, Piscataway										
(September 1998, September 2002)										
BBLC	36,422	36,422	36,422	36,422	36,422	36,422	36,422	36,422	36,422	36,422
Square Feet	130	130	130	130	130	130	130	130	130	130
Capacity (students)	127	127	126	126	121	130	124	128	119	119
Enrollment										
Central Office	7,583	7,583	7,583	7,583	7,583	7,583	7,583	7,583	8,503	8,503
Square Feet	920	920	920	920	920	920	920	920	-	-
Transportation										
Square Feet (moved to RVA-NP 3/2014)										
Center for Lifelong Learning, 333 Cheesecake Rd, Parlin										
(September 2009)										
CLL/AFC	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000
Square Feet	288	288	288	288	288	288	288	288	288	288
Capacity (students)	N/A	N/A	N/A	153	170	183	208	209	206	206
Enrollment										

Source: Commission records.
Note: Year of original construction is shown in parentheses. The increases in square footage and capacity are the result of renovation addition. Enrollment is based on the annual district count.

Educational Services Commission of New Jersey
General Fund
Schedule of Required Maintenance for School Facilities
Last Ten Fiscal Years
Unaudited

Undistributed expenditures - Required Maintenance for School Facilities
11-000-261-XXX

School Facilities	Project # (s) #	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
RVA	N/A	\$ 149,482	\$ 180,604	\$ 157,056	\$ 147,118	\$ 132,440	\$ 74,646	\$ 83,454	\$ 134,629	\$ 108,808	\$ 492
ALC	N/A	181,094	180,619	185,851	188,796	146,036	181,696	145,269	130,937	165,516	161,624
ALC Annex I		-	554	1,097	-	-	-	-	-	-	-
Transportation	N/A	537	5,959	2,663	2,678	1,510	4,114	1,550	2,183	431	615
ESC - General	N/A	8,152	9,820	14,098	62,815	69,034	99,350	194,362	178,259	148,669	167,200
ESC - MCA	N/A	33,884	27,785	17,090	12,947	8,234	39,170	51,925	35,126	23,593	17,496
BBLC	N/A	146,414	160,791	146,614	144,413	130,425	124,586	141,799	138,914	182,484	154,216
BBLC Annex II		9,259	7,835	23,034	-	-	-	-	-	-	-
BBLC Annex I	N/A	38,237	28,429	42,512	-	-	-	-	-	-	-
Edison Collaborative	N/A	5,693	7,350	307	-	-	-	-	-	-	-
Sayreville Collaborative	N/A	8,117	7,123	10,107	11,256	-	-	-	-	-	-
Nuview	N/A	82,263	29,224	61,737	72,324	64,724	83,947	83,297	86,402	98,808	117,674
Nuview Annex	N/A	-	-	-	-	-	-	-	-	-	-
Center for Lifelong Learning	N/A	-	-	-	220,569	155,481	158,288	223,939	207,473	181,388	209,955
Total School Facilities		\$ 663,132	\$ 646,093	\$ 662,166	\$ 862,916	\$ 707,884	\$ 765,797	\$ 925,595	\$ 913,923	\$ 909,697	\$ 975,401

Source: Commission records

Educational Services Commission of New Jersey
Insurance Schedule
For the Fiscal Year Ended June 30, 2016
Unaudited

Exhibit J-20

Company	Type of Coverage	Coverage	Deductible
NJSIG	MULTI PERIL PACKAGE POLICY		
	Property:		
	Blanket building and contents	\$ 101,084,066	\$ 5,000
	Extra Expense	50,000,000	
	Musical Instruments	Incl in prop limit	
	Misc Equipment	Incl in prop limit	
	Computer equipment	1,000,000	
	Loss of Rents	2,583,668	
	Flood	Various limits	10,000
	Energy Systems:	100,000,000	
	Spoilage	500,000	
	Commercial Liability:		
	Per occurrence	11,000,000	
	Sexual molestation	11,000,000/17,000,000	
	Fire damage	11,000,000	
	Medical expense (excludes students)	10,000	
	Employee benefits programs	11,000,000	
	Crime:		
	Money & Securities	50,000	
	Employee Dishonesty	1,000,000	
	Dopositors Forgery	1,000,000	
	Computer Fraud	500,000	
	Automobile		
	Bodily injury/property damage	11,000,000	
	Personal injury protection	Statutory	
	Underinsured/uninsured	1,000,000	
	Private passenger	10,000	
	Comprehensive deductible		1,000
	Collision deductible		1,000
NJSBAIG	SCHOOL BOARD LEGAL	11,000,000	5,000
Firemans Fund	CAP		
	Limit of liability	50,000,000	
NJSIG	WORKERS COMPENSATION		
	Section B limits	2,000,000	
Chubb	SUPPLEMENTARY WORKERS COMP		
	Weekly maximum	1,750	
AIG	ENVIRONMENTAL IMPAIRMENT	1,000,000/1,000,000	
NJSIG	BONDS		
	Business Administrator - Patrick Moran	350,000	
McCloskey	STUDENT ACCIDENT		
	Medical Benefit	5,000,000	

Source: Commission Records

Single Audit Section

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

Honorable President and Members
of the Board of Directors
Educational Services Commission of New Jersey
County of Middlesex, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Educational Services Commission of New Jersey (the “Commission”) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements, and have issued our report thereon dated November 14, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission’s internal control.

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

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

Compliance and Other Matters

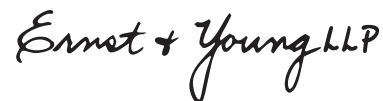
As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Louis M. Roberts
Licensed Public School Accountant
No. 224900



November 14, 2016



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Report of Independent Auditors on Compliance for Each Major Federal and State Program and Report on Internal Control Over Compliance Required by Uniform Guidance and New Jersey OMB Circular 15-08

Honorable President and Members
of the Board of Directors
Educational Services Commission of New Jersey
County of Middlesex, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Educational Services Commission of New Jersey's (the "Commission") compliance with the types of compliance requirements described in the US Office of Management and Budget (OMB) *Compliance Supplement* and the New Jersey *State Grant Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal and state programs for the year ended June 30, 2016. The Commission's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Commission's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Those standards, the Uniform Guidance, and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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



Louis M. Roberts
Licensed Public School Accountant
No. 224900



November 14, 2016

Educational Services Commission of New Jersey
Schedule of Expenditures of State Financial Assistance
For The Fiscal Year ended June 30, 2016

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grand Period From To	Balance at June 30, 2015		Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Deferred Revenue	Balance at June 30, 2016		Cumulative Total Expenditures
				(Accounts Receivable)	Due to Districts						Due to Grantor	Due to Districts	
State Department of Education													
General Fund:													
Reimbursed TPAF Social Security Contributions	495-034-5095-050	\$ 981,118	7/1/2014	6/30/2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursed TPAF Social Security Contributions	495-034-5095-050	998,222	7/1/2015	6/30/2016	-	948,331	(998,222)	-	-	-	(49,891)	-	(998,222)
On-Behalf TPAF Pension Contribution (GASB 68)	595-034-5095-051	5,027,043	7/1/2015	6/30/2016	-	5,027,043	(5,027,043)	-	-	-	(49,891)	-	(5,027,043)
Total General Fund					(47,892)	6,023,266	(6,023,265)	-	-	-	(49,891)	-	(6,023,265)
State Department of Education-Passed-Through													
Middlesex County School Districts													
Special Revenue Fund:													
N.J. Nonpublic Aid:													
Textbooks Aid	100-034-5120-064	742,126	7/1/2014	6/30/2015	-	65,570	-	-	(39,625)	-	-	-	-
Textbooks Aid	100-034-5120-064	689,308	7/1/2015	6/30/2016	-	682,890	(689,308)	-	-	-	(26,847)	-	(689,308)
Nursing Services Aid	100-034-5120-070	1,341,735	7/1/2013	6/30/2014	-	(2,896)	-	-	-	-	-	-	-
Nursing Services Aid	100-034-5120-070	1,698,577	7/1/2014	6/30/2015	-	(295,490)	-	-	(75,984)	-	-	-	-
Nursing Services Aid	100-034-5120-070	1,756,086	7/1/2015	6/30/2016	-	(1)	(1,756,086)	(1)	(29,691)	-	(117,690)	-	(1,756,086)
Technology Initiative	100-034-5120-070	476,134	7/1/2014	6/30/2015	-	(84,752)	-	-	-	-	(106)	-	-
Technology Initiative	100-034-5120-070	371,552	7/1/2015	6/30/2016	-	342,049	(371,552)	-	-	-	(44,792)	-	(371,552)
Security Aid Program	100-034-5120-070	285,871	7/1/2015	6/30/2016	-	316,733	(285,871)	1	-	-	(20,739)	-	(285,871)
Auxiliary services (Chapter 192):													
Compensatory Education	1,227,052	7/1/2013	6/30/2014	6/30/2015	2,061	-	(2,061)	-	(856)	-	-	-	(2,061)
Compensatory Education	1,431,885	7/1/2014	6/30/2015	6/30/2016	-	(61,771)	-	2,772	(11,407)	2,757	-	-	-
Compensatory Education	1,317,607	7/1/2015	6/30/2016	6/30/2016	-	23,397	(1,317,607)	-	-	-	(145,715)	-	(1,317,607)
English as a Second Language	152,533	7/1/2012	6/30/2013	6/30/2014	-	170	-	(170)	-	-	-	-	-
English as a Second Language	184,009	7/1/2013	6/30/2014	6/30/2015	-	(4,434)	-	-	-	-	(4,434)	-	-
English as a Second Language	165,166	7/1/2014	6/30/2015	6/30/2016	-	(86,675)	-	170	-	-	-	-	-
English as a Second Language	168,844	7/1/2015	6/30/2016	6/30/2016	-	185,729	(168,844)	-	-	-	(3,886)	-	(168,844)
Transportation	281,916	7/1/2012	6/30/2013	6/30/2014	-	171	-	(171)	-	-	-	-	-
Transportation	282,644	7/1/2014	6/30/2015	6/30/2016	-	(183,168)	-	174	-	-	-	-	-
Transportation	293,882	7/1/2015	6/30/2016	6/30/2016	-	211,480	(293,882)	-	-	-	(83,066)	-	(293,882)
Nonpublic Home Instruction	222,339	7/1/2013	6/30/2014	6/30/2015	-	(1,944)	-	32	-	-	(1,912)	-	-
Nonpublic Home Instruction	609,338	7/1/2014	6/30/2015	6/30/2016	-	(54,532)	-	-	-	-	(5,407)	-	-
Nonpublic Home Instruction	385,568	7/1/2015	6/30/2016	6/30/2016	-	2,069	(385,568)	-	-	-	(36,499)	-	(385,568)
Handicapped services (Chapter 193):													
Supplemental Instruction	379,253	7/1/2012	6/30/2013	6/30/2014	-	852	-	(852)	-	-	-	-	-
Supplemental Instruction	593,074	7/1/2014	6/30/2015	6/30/2016	-	(276,102)	-	850	(194)	-	-	-	-
Supplemental Instruction	594,060	7/1/2015	6/30/2016	6/30/2016	-	518,239	(594,060)	-	-	-	(78,708)	-	(594,060)
Examination and Classification	721,104	7/1/2013	6/30/2014	6/30/2015	-	(558)	-	(57)	(1,057)	-	-	-	-
Examination and Classification	896,481	7/1/2014	6/30/2015	6/30/2016	-	1,114	(896,481)	(5)	(1,518)	-	(1,260)	-	-
Examination and Classification	974,517	7/1/2015	6/30/2016	6/30/2016	-	404,263	(974,517)	-	-	-	(570,254)	-	(974,517)
Corrective Speech	491,139	7/1/2012	6/30/2013	6/30/2014	-	(847)	-	847	-	-	-	-	-
Corrective Speech	631,357	7/1/2014	6/30/2015	6/30/2016	-	(286,511)	-	(790)	(3,603)	-	(177)	-	-
Corrective Speech	584,081	7/1/2015	6/30/2016	6/30/2016	-	497,855	(584,081)	-	-	-	(89,118)	-	(584,081)
Total State Department of Education-passed-through Middlesex County School Districts					2,061	(2,361,151)	(7,076,437)	2,800	(163,935)	2,757	(1,230,610)	215,844	(7,076,437)
Total Special Revenue Fund					2,061	(2,361,151)	(7,076,437)	2,800	(163,935)	2,757	(1,230,610)	215,844	(7,076,437)
State Department of Agriculture													
Enterprise Fund:													
National School Lunch Program (State share)	100-010-3360-067	3,637	7/1/2014	6/30/2015	-	(724)	-	-	-	-	-	-	-
National School Lunch Program (State share)	100-010-3360-067	3,646	7/1/2015	6/30/2016	-	2,920	(3,646)	-	-	-	(726)	-	(3,646)
Total Enterprise Fund					-	724	(3,646)	-	-	-	(726)	-	(3,646)
Total State Financial Assistance					\$ 2,061	\$ (2,409,767)	\$ (13,105,348)	\$ 2,800	\$ (163,935)	\$ 2,757	\$ (1,281,227)	\$ 215,844	\$ (13,105,348)
Less: On-Behalf TPAF Pension Systems Contributions						5,027,043	(5,027,043)						
Total for State Financial Assistance- Major Program Determination						\$ 9,398,349	\$ (8,078,305)						

See accompanying notes to schedules of expenditures of federal and state awards.

Educational Services Commission of New Jersey

Notes to Schedules of Expenditures of Federal
and State Awards

June 30, 2016

1. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state award activity of the Educational Services Commission of New Jersey (the "Commission") under programs of the federal and State of New Jersey governments for the year ended June 30, 2016. The information in this Schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Because the Schedules present only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Commission.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedules are presented using the modified accrual basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in Note 1 of the Commission's basic financial statements. Such expenditures are recognized following, as applicable, either the cost principles of OMB Circular A-87, *Cost Principles for State, Local and Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Commission has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. Relationship to Basic Financial Statements

Amounts reported in the accompanying Schedules agree with amounts reported in the Commission's basic financial statements. The basic financial statements present the special revenue fund on both a GAAP basis and a budgetary basis. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(68,518).

Educational Services Commission of New Jersey

Notes to Schedules of Expenditures of Federal
and State Awards (continued)

A budgetary comparison schedule (RSI) at C-3 is presented for the special revenue fund to demonstrate. Federal and state award revenues are reported in the Commission's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	\$ 2,478,857	\$ 6,025,265	\$ 8,504,122
Special Revenue Fund		7,076,437	7,076,437
Enterprise Fund	261,832	3,646	265,478
Total financial award expenditures	<u>\$ 2,740,689</u>	<u>\$ 13,105,348</u>	<u>\$ 15,846,037</u>

4. Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

5. Cancellations and Adjustments

The cancellations and adjustments represent cancellations of prior year purchase orders and/or refunds received from District's serviced by the Commission.

6. Other

TPAF Social Security and pension contributions represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

The State of New Jersey also makes TPAF post-retirement medical and pension contribution expenditures on behalf of the Commission. These expenditures are not subject to New Jersey OMB Circular 15-08 because the contributions are made by the State directly and do not have any compliance related requirements, and therefore have not been included in the Schedule of State Awards, as directed by the funding agency.

Educational Services Commission of New Jersey

Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

Part I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP (*unmodified, qualified, adverse or disclaimer*):

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No
None

Significant deficiency(ies) identified?

_____ Yes X Reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

_____ Yes X No
None

Significant deficiency(ies) identified?

_____ Yes X Reported

Type of auditor’s report issued on compliance for major federal programs (*unmodified, qualified, adverse or disclaimer*):

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
	Special Education Cluster (IDEA):
84.027	Special Education - Grants to States (IDEA, Part B)
84.173	Special Education - Preschool Grants (IDEA Preschool)

Educational Services Commission of New Jersey

Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

Part I – Summary of Auditor’s Results (continued)

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

State Awards

Internal control over compliance:

Material weakness(es) identified? Yes X No
None Reported

Significant deficiency(ies) identified? Yes X Reported

Type of auditor’s report on compliance for major state programs (unmodified, qualified, adverse or disclaimer): Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 15-08? Yes X No

Identification of major state programs:

GMIS Number	Name of State Program or Cluster
State Grant Number	
495-034-5095-050	Reimbursed TPAF Social Security Contributions
100-034-5120-066	N.J. Nonpublic Aid - Handicapped services (Chapter 193)

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

Educational Services Commission of New Jersey

Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

Part II – Schedule of Financial Statement Findings

None reported.

Educational Services Commission of New Jersey

Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

**Part III – Schedule of Federal and State Award Findings
and Questioned Costs**

None reported.

Educational **S**ervices **C**ommission of **N**ew **J**ersey

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Mark J. Finkelstein
Superintendent

Gary E. Molenaar
*Assistant Superintendent for
Learning/Educational Services*



Patrick M. Moran
*Business Administrator/
Board Secretary*

Educational Services Commission of New Jersey

*Summary Schedule of Prior Audit Findings and Questioned Costs as Prepared by Management

Year Ended June 30, 2016

Not applicable.

* Ernst & Young LLP does not express an opinion or provide any assurance on this schedule.