

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, 2017

Educational Services Commission of New Jersey
Piscataway, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017

Prepared by

Educational Services Commission of New Jersey
Business Office

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1
Organizational Chart	15
Roster of Officials	16
Consultants, Independent Auditors and Advisors	17
FINANCIAL SECTION	
Report of Independent Auditors	18
Required Supplementary Information – Part I	
Management’s Discussion and Analysis	21
Basic Financial Statements	
District-wide Financial Statements:	
A-1 Statement of Net Position	34
A-2 Statement of Activities	35
Fund Financial Statements	
Governmental Funds:	
B-1 Balance Sheet	36
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balance	37
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	38
Proprietary Funds:	
B-4 Statement of Net Position	39
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	40
B-6 Statement of Cash Flows	41
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	42
B-8 Statement of Changes in Fiduciary Net Position	43
Notes to Financial Statements	44

Table of Contents (continued)

	<u>Page</u>
FINANCIAL SECTION (continued)	
Required Supplementary Information – Part II	
Budgetary Comparison Schedules:	
C-1	Budgetary Comparison Schedule – General Fund 74
C-2	Budgetary Comparison Schedule – Special Revenue Fund 78
C-3	Note to Required Supplementary Information – Budget to GAAP Reconciliation 79
Schedules Related to Accounting and Reporting for Pensions (GASB 68):	
C-4	Schedule of the Commission’s Proportionate Share of the Net Pension Liability 80
C-5	Schedule of the Commission’s Contributions– PERS 81
C-6	Schedule of the Commission’s Contributions – TPAF 82
Other Supplementary Information	
D	School Level Schedules – Not Applicable
Special Revenue Fund:	
E-1	Combining Schedule of Revenues and Expenditures – Budgetary Basis 83
E-2	Schedule of Demonstrably Effective Program Aid Expenditures – Budgetary Basis – Not Applicable 85
E-3	Schedule of Early Childhood Program Aid Expenditures – Budgetary Basis – Not Applicable 86
E-4	Schedule of Distance Learning Network Aid Expenditures – Budgetary Basis – Not Applicable 87
E-5	Schedule of Instructional Supplement Aid Expenditures – Budgetary Basis – Not Applicable 88
Capital Projects Fund:	
F-1	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis 89
F-2	Summary Schedule of Project Expenditures 90
Enterprise Funds:	
G-1	Combining Statement of Net Position 91
G-2	Combining Statement of Revenues, Expenses, and Changes in Fund Net Position 92
G-3	Combining Statement of Cash Flows 93

Table of Contents (continued)

	<u>Page</u>
FINANCIAL SECTION (continued)	
Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	94
H-2 Combining Statement of Changes in Fiduciary Net Position	95
H-3 Schedule of Cash Receipts and Disbursements – Student Activity Agency Fund	96
H-4 Schedule of Cash Receipts and Disbursements – Payroll Agency Fund	97
Long-Term Debt:	
I-1 Schedule of Bonds/Loans Payable	98
I-2 Schedule of Obligations Under Capital Leases – Not Applicable	99
I-3 Budgetary Comparison Schedule – Debt Service Fund	100
STATISTICAL SECTION (Unaudited)	
Financial Trends:	
J-1 Net Position by Component	101
J-2 Changes in Net Position	102
J-3 Fund Balances – Government Funds	103
J-4 Changes in Fund Balances – Governmental Funds	104
J-5 General Fund Other Local Revenue by Source	106
Revenue Capacity:	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	107
J-7 Direct and Overlapping Property Tax Rates	108
J-8 Principal Property Taxpayers	109
J-9 Property Tax levies and Collections	110
Debt Capacity:	
J-10 Ratios of Outstanding Debt by Type	111
J-11 Ratios of General Bonded Debt Outstanding	112
J-12 Ratios of Overlapping Governmental Activities Debt	113
J-13 Legal Debt Margin Information	114
Demographic and Economic Information:	
J-14 Demographic and Economic Statistics	115
J-15 Principal Employers	116
Operating Information:	
J-16 Full-time Equivalent District Employees by Function/Program	117
J-17 Operating Statistics	118
J-18 School Building Information	119
J-19 Schedule of Required Maintenance for School Facilities	120
J-20 Insurance Schedule	121

Table of Contents (continued)

	<u>Page</u>
SINGLE AUDIT SECTION	
K-1 Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	122
K-2 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	124
K-3 Schedule A – Schedule of Expenditures of Federal Awards	127
K-4 Schedule B – Schedule of Expenditures of State Awards	128
K-5 Notes to Schedules of Expenditures of Federal and State Awards	129
K-6 Schedule of Findings and Questioned Costs	131
K-7 Summary Schedule of Prior Audit Findings and Questioned Costs as Prepared by Management	135

Introductory Section

EDUCATIONAL SERVICES COMMISSION OF NEW JERSEY

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November 21, 2017

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, 2017, 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 *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 2017 (FY2017). 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 FY2017:

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

In addition, approximately one hundred seventy (170) non-member districts contracted with the Commission for educational services and programs during the FY2017 school year.

The following educational services and programs were provided during the FY2017 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, 2017 the following services were provided:

Compensatory Education	1,947 services
English as a Second Language	198 services
Home Instruction	1,070 hours
Examination/Classification	1,410 services
Supplemental Instruction	894 services
Speech Correction	698 services
Speech Evaluations	14 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 FY2017, NuView Academy Annex served fifty-two (52) students from twenty (20) sending districts within five (5) 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 FY2017, NuView Academy served ninety-five (95) students from thirty-five (35) sending districts within six (6) 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 sixteen (116) disabled students received educational services at the PRDS during the FY2017 school year.

PRDS EXTENDED SCHOOL YEAR PROGRAM

During the summer of 2017, ninety-eight (98) 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 adjoining observation room for parents to observe their son/daughter in the classroom, a storage room and a bathroom. The school serves approximately one hundred forty-four (138) 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 the 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, afternoon and evening inservice trainings 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 minimum of 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 each year. 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 the 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 2017 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 FY2017, one hundred fifty-seven (157) services were provided to one hundred eight (108) students from seven (7) 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 eleven thousand one hundred (11,100) students to and from over two hundred seventy-four (274) destinations each day from forty-seven (47) districts before-and-after-care transportation and work-study program transportation and mid-day shuttles between schools. Additionally, approximately two thousand (2,000) 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 FY2017 school year, eighty-one (81) nonpublic schools, located within twenty-two (22) 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 FY2017 school year, one hundred twenty (120) nonpublic schools located within thirty-three (33) districts have benefited from this service.

NONPUBLIC SECURITY AID

The Nonpublic School Security Aid Program is an entitlement program which funds security needs for nonpublic schools in Middlesex, Somerset, Mercer, Ocean, and Monmouth Counties. The Nonpublic School Security Statue (P.L.2016,C.49) was signed into law in September of 2016 as part of the Secure Schools for All Children Act. The Commission collates, prepares/issues purchase orders, processes payments for all completed orders, and arranges for delivery of orders for nonpublic school security needs. These needs may include security services such as alarm systems, video security surveillance systems or security guards. I can also be utilized to purchase security equipment in the form of security vestibules, window tinting, signs, locks/doors and signage for parking lots. 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 FY2017 school year, eighty-five (85) nonpublic schools located in twenty-two (22) 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 FY2017 school year, ninety-four (94) nonpublic schools located in twenty-eight (28) 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 four hundred twenty-two (422) public school students from thirty (30) school districts in and out of Middlesex County during the FY2017 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 five (5) public school districts during the FY2017 school year. The Commission provided forty-nine (49) OT/PT evaluations for nine (9) districts during the FY2017 school year.

PROFESSIONAL DEVELOPMENT ACADEMY (PDA)

The PDA completed its thirteenth full year of operation in June 2017. The PDA provided learning opportunities to approximately one thousand (1,000) educators.

During the FY2017 school year Commission staff participated in professional development opportunities offered through the PDA, which was designed to address current trends in instructional differentiation and the infusion of technology into the classroom. In addition to regular programs and services, the PDA developed a comprehensive catalog for the Brick Public Schools open to Brick faculty, as well as faculty for other Ocean County districts. 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.

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 development catalog.

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-three (23) 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-nine (29) 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 seventy-four (174) students, ages 3 to 21 years, were enrolled at BBLC during the FY 2017 school year.

The sixteen (16) 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.

The BBLC Secondary program located in the NuView Academy Annex (NVAA) building provides services to older BBLC students. This program currently has twelve (12) available classrooms and serves approximately fifty-three (53) students. In an effort to better serve the needs of our members, the Commission will be developing a program for higher functioning autistic students by expanding the NVAA building. The new addition will have twelve (12) additional classrooms along with a new gymnasium, space for related services and Community-Based Instruction, along with a Professional Development Center capable of seating three hundred (300) attendees.

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 sixty-eight (168) students participated in 2017.

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 FY2017 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 2017, 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 FY2017. The Commission provides services to thirty-two (32) districts and fifty-five (55) nonpublic schools.

THE ESCNJ COOPERATIVE PRICING SYSTEM

The Commission has operated a State approved Cooperative Pricing System since 1996. During FY2017, the Commission expanded this program to include the following bids and expanded its membership to include over one thousand one hundred (1,100) 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)	Pest Control Svs. w/IPM Mgmt.
ACT Telecommunications	Flexible Spending Acct. Mgmt.	Playground Equipment
ACT Wide Area Network Services	Flooring	Playground Surfacing
Apple Educational Products	Furniture	Pool Supplies
Athletic Equip. Recond. & Repair	Gaggle Software Service	Printing Services
Athletic Equip. & Supplies	General Office Supplies	Radios, Motorola/Vertex
Automotive Fluids and Lubricants	Generator Equipment & Maintenance	Recycling Containers
Bleacher (Int/Ext) Syst. Purch. & Instal.	Grounds Equipment	Roofing/Bldg. Envelope
Boiler, Maintenance & Repair	Gym Floors-Repair/Refinishing/T&M	Safety and Security Window Film
Building Access & Security Systems	H.V.A.C. – Airdale	School Buses
Carpet	H.V.A.C. Time & Material	School Bus Surveillance Cameras
Ceiling Tiles	Hybrid Phone Systems	Scoreboards (Ext/Int , Marquee, Equipment and Installation
Classroom Supplies	Integrated Cloud Based Bldg. Access	Share911.com-Private Social Network for Workplace Emergencies Product
Classroom Supplies – Cosmetology	Job Order Contracting: Repair/Maint. Electric; General; HVAC; Plumbing; Paving	Shredding & Disposal of Records
Copy Machines/Printers & Related Svs.	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	Lead Testing Consultant Services RFQ	Staffing Services (Non-Certified)
Demand Response	Learning Management System	Stage Curtains-Install. & Repair
Diesel/Gasoline	LED/Other Lighting Supplies & Equip.	Technology Supplies & Services
Digital Curriculum Solutions	Lockers-Purchase/Refurbishment	Toilet Partitions
Digital Readiness for Learning & Assmt Broadband Component, Wide Area Network & Internet Coop Purchasing Initiative (DRLAP)	Locking Hardware & Keying Systems	Toner and Ink Cartridges
Digital Resources	Maintenance Equipment	Tracks/Courts–Athletic Surfacing
Disaster Recovery	Maintenance, Repair & Operation	Trip Hazard Removal Services
Document Mgmt. for Records Retention and Disposal RFP	Medical Supplies	Truck Maintenance & Repair
Document Management Services	Musical Instruments	Trucks – Class 8
Electrician-Time & Material	Musical Instrument Repair	Turf-Synthetic-Repair, Maint. & Replacement
Electricity-Supply of	Natural Gas-Supply of	Utility Bill Audit/Cost Recovery
Environmental/Mold Insurance	Nursing Services	Walkthrough Metal Detectors
Facility Management Software	Occupational & Physical Therapy	Water Testing Services
Fire Alarm Systems	Paint & Supplies	Wireless Duress Monitoring Sys.

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
- 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, 2017.

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 2. 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 FY2017 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 one hundred (1,100) 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 in all programs. 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 the Governor Educator of the Year Program for the FY2017 school year:

Colleen Patterson	Academy Learning Center
Lindsey Medeiros	Bright Beginnings Learning Center
Kazumi Tomizawa	Center for Lifelong Learning
Nancy Begarney	Center for Lifelong Learning
Marie Phelan	Piscataway Regional Day School
Marlanna Pierce	Piscataway Regional Day School
Patrick Downes	Nonpublic Department
Susan Brennan	Nonpublic Department

Student Recognition Program – Five (5) students from the Commission were honored in February 2017 at the Annual Unsung Heroes and Heroines Student Recognition Dinner. The students were as follows:

Christopher Freeman	Academy Learning Center
Joseph Carter	Bright Beginnings Learning Center
John MacArthur	Center for Lifelong Learning
David Palazzi	Piscataway Regional Day School
Sarah Matula	Piscataway Regional Day School

Services – Other significant developments and acknowledgments during the FY2017 school year:

- Approval of curricula as follows – September 2016
 - Academy Learning Center, Bright Beginnings Learning Center, Center for Lifelong Learning, Piscataway Regional Day School
 - Next Generation Science Standards Grades 6 – 12
 - Social Skills
 - Swimming Program
 - Academy Learning Center, Bright Beginnings Learning Center, Center for Lifelong Learning, Middlesex County Academy, NuView Academy, NuView Academy Annex, Piscataway Regional Day School
 - Next Generation Science Standards Grades 6 – 12
 - NJSLS ELA Realignment
 - NJSLS Mathematics Realignment

11. For the Future

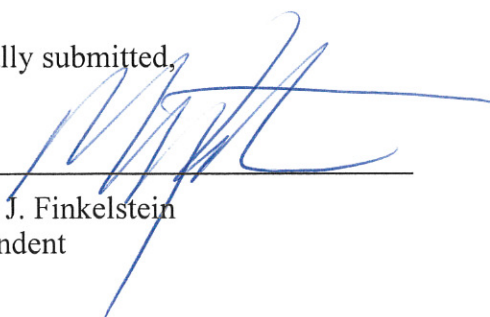
The Commission is presently in excellent financial condition and continues to expand service offerings to its participating districts.

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,



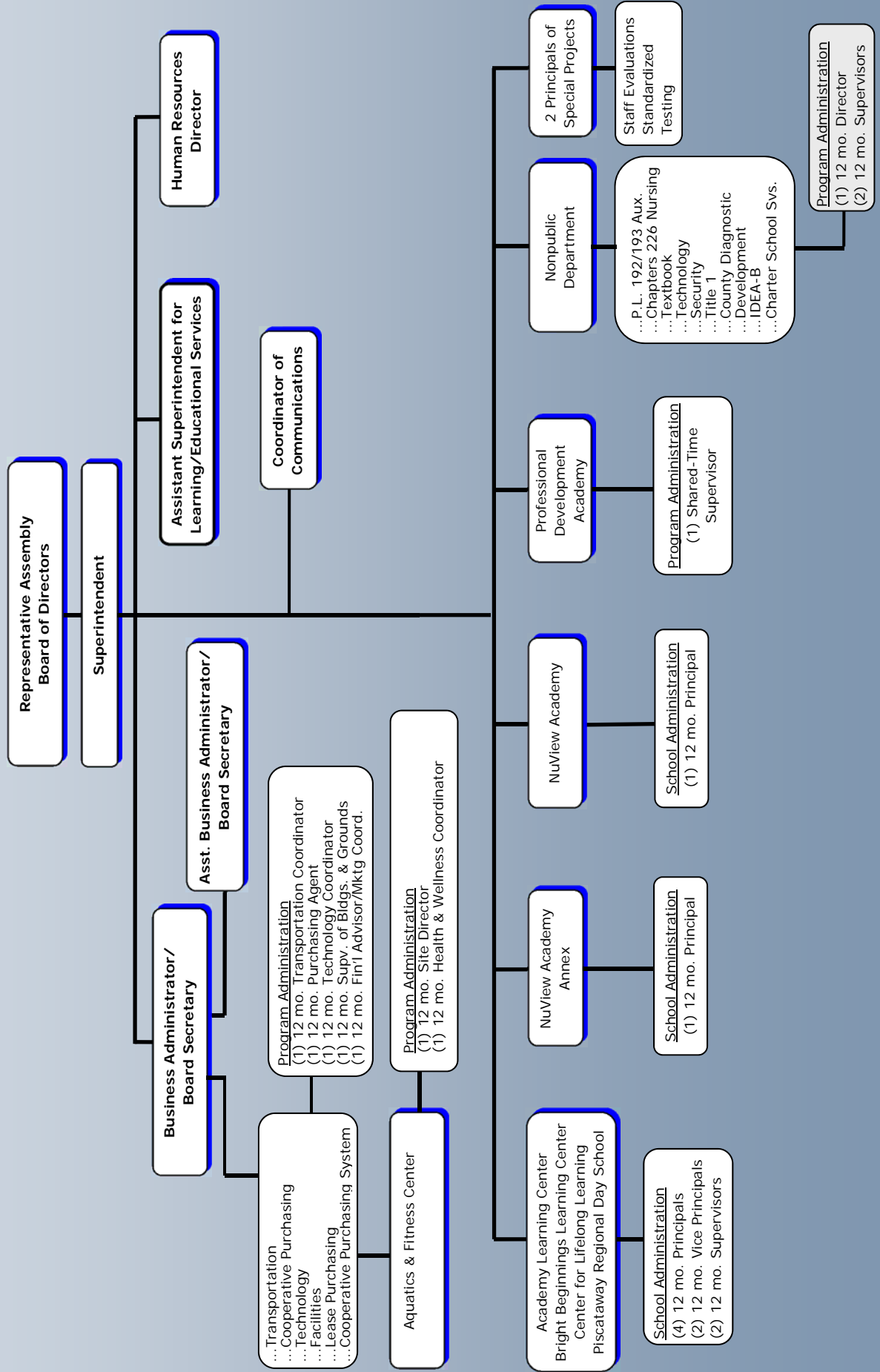
Mr. Mark J. Finkelstein
Superintendent



Mr. Patrick M. Moran
Business Administrator/Board Secretary

Educational Services Commission of New Jersey
Piscataway, New Jersey

Organizational Chart
June 30, 2017



Educational Services Commission of New Jersey
Piscataway, New Jersey

Roster of Officials

June 30, 2017

Members of the Board of Directors

Name of School District

Dr. Howard Lerner	Bergen County Vo. Tech./Spec. Svs.
Ms. Barbara Makoski	Cape May County/Spec. Svs.
Mr. Kevin Ahearn	Carteret
Dr. Susan Genco	Cranbury
Mr. Eugene Mosley	Dunellen
Dr. Victor Valeski	East Brunswick
Dr. Frank Heelen	Edison
Dr. Scott Taylor	Highland Park
Mr. Brian Betze	Jamesburg
Mrs. Merrill Lunt	Metuchen
Dr. Linda Madison	Middlesex
Mr. Bill Petscavage	Milltown
Dr. Michael Kozak	Monroe
Dr. Dale Caldwell	New Brunswick
Dr. Brian Zychowski	North Brunswick
Dr. Donna Andriani	Old Bridge
Mr. Tony Trongone	Pemberton
Dr. David Roman	Perth Amboy
Mr. Ralph Johnson	Piscataway
Mr. John Walsh	Sayreville
Dr. Frances Wood	Somerset Hills Regional
Vacant	South Amboy
Dr. Gary McCartney	South Brunswick
Dr. Noreen Lishak	South Plainfield
Mr. Michael Pfister	South River
Dr. Scott Rocco	Spotswood
Mr. Raymond Brosel	Voorhees Township
Dr. Robert Zega	Woodbridge
Mr. Brian Loughlin	Middlesex County Vo. Tech.

ESCNJ Officials

Mr. Mark J. Finkelstein, Superintendent
Mr. Gary Molenaar, Assistant Superintendent for Learning/Educational Services
Mr. Patrick M. Moran, Business Administrator/Board Secretary
Mrs. Kai-Li Pao, Assistant Business Administrator/Board Secretary
Mrs. Lorraine Small, Director of Human Resources

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P.O. Box 751
Iselin, New Jersey 08830-0471

Labor Consultant

Raymond A. Cassetta
P.O. Box 1035
Highland Lakes, NJ 07422

Official Depository

TD Bank
1906 Lincoln Highway
Edison, New Jersey 08817

Architects

USA Architects
20 North Doughty Avenue
Somerville, New Jersey 08876

Financial Section



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Metropark
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Fax: +1 732 516 4429
ey.com

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, 2017, 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, 2017, and the respective changes in financial position and 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) and Teachers' Pension and Annuity Fund (TPAF) 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* and the other information which includes the introductory and statistical sections 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 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 21, 2017 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 21, 2017

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, 2017. 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 2017 are as follows:

- General revenues accounted for \$19,950,984 or 18.27 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$89,242,313 or 81.73 percent of total revenues of \$109,193,297.
- The Commission had \$103,577,041 in expenses (governmental and business-type activities); \$89,242,313 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 \$19,950,984 were adequate to provide for these programs.
- Among major funds, the General Fund had \$92,171,284 in revenues and transfers in and \$92,546,721 in expenditures and transfers out. The General Fund's fund balance decreased (\$375,437) over 2016. This decrease was mainly the result of transfers out of funds into the Capital Project fund in the amount of \$5,000,000 for 2017 for the NuView Academy Annex Project.
- In total, net position increased \$5,616,256 or 20.57 percent.

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, 2017 with certain comparisons to the year ended June 30, 2016. 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 \$29,807,804 at the close of the most recent fiscal year.

The largest portion of the Commission's net position reflects net investment in capital assets. 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 2016 to 2017.

	Governmental		Table 1 – Net Position Business-Type		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	\$ 35,664,659	\$ 30,362,835	\$ 2,119,378	\$ 2,025,654	\$ 37,784,037	\$ 32,388,489
Capital assets, net of depreciation	61,982,022	61,413,373	1,160,614	943,506	63,142,636	62,356,879
Total assets	97,646,681	91,776,208	3,279,992	2,969,160	100,926,673	94,745,368
Deferred outflow of resources	12,184,508	7,226,387	–	366,484	12,184,508	7,592,871
Liabilities						
Other liabilities	2,808,858	1,453,595	173,505	144,534	2,982,363	1,598,129
Long-term liabilities	76,711,733	69,727,926	–	2,712,732	76,711,733	72,440,658
Total liabilities	79,520,591	71,181,521	173,505	2,857,266	79,694,096	74,038,787
Deferred inflow of resources	502,794	881,247	–	120,170	502,794	1,001,417
Net position						
Net investment in capital assets	19,515,282	16,281,147	1,160,614	943,506	20,675,896	17,224,653
Restricted	8,870,516	4,555,361	–	–	8,870,516	4,555,361
Unrestricted	1,422,006	6,103,319	1,945,873	(585,298)	3,367,879	5,518,021
Total net position	\$ 29,807,804	\$ 26,939,827	\$ 3,106,487	\$ 358,208	\$ 32,914,291	\$ 27,298,035

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 of \$1,422,006 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, increased mainly due to increases in capital assets acquisitions related to the NuView Academy Annex renovation project.

Total other liabilities increased mainly due to increases in estimate and the incurred but not reported (IBNR) health benefit claim liability at year-end.

Restricted Net Position increased mainly due to increases in Capital Projects compared to fiscal year 2016.

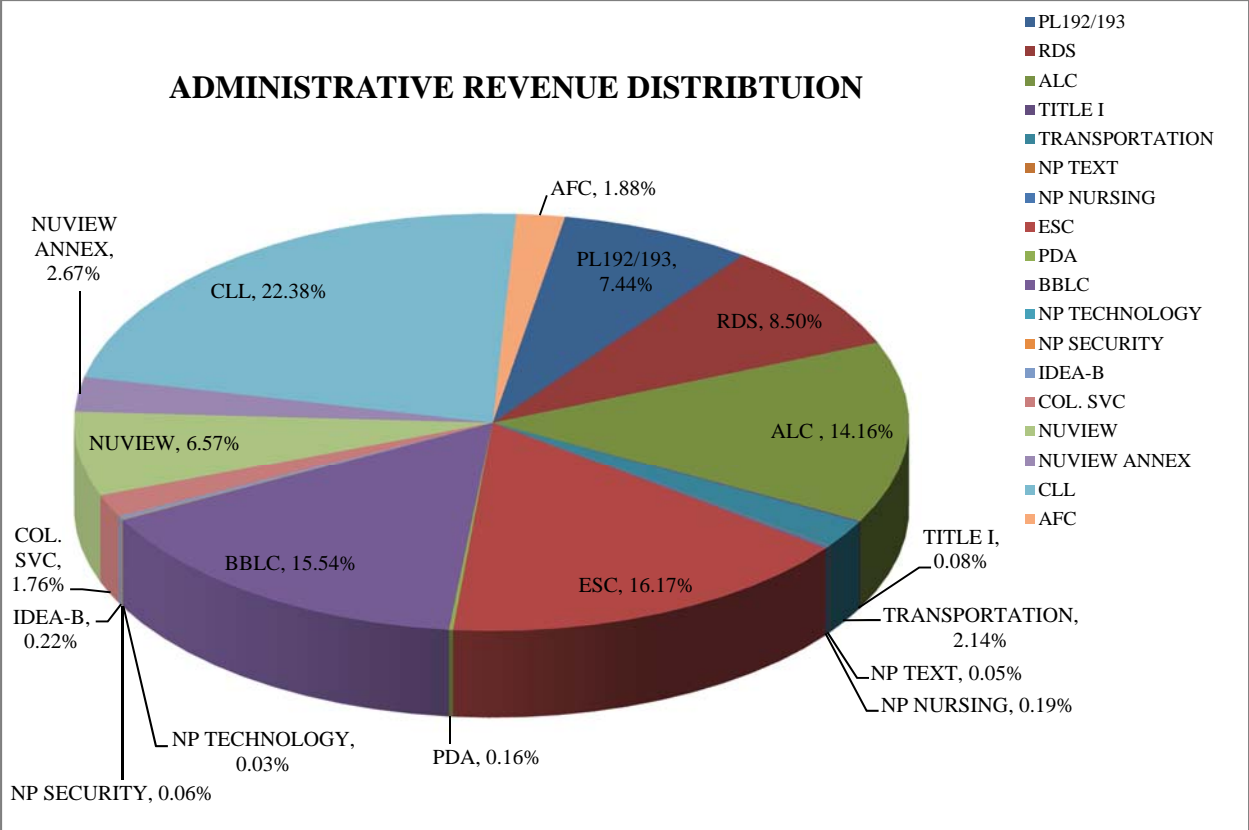
Unrestricted Net Position increased mainly due to an excess of revenues over expenditures of \$5,149,342 and other financing sources of Governmental funds.

Table 2 shows the changes in net position from fiscal year 2016 to 2017.

Government-Wide Activities

	Table 2 – Changes in Net Position					
	Governmental		Business-Type		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services	\$ 37,962,302	\$ 37,292,147	\$ 6,340,405	\$ 6,251,922	\$ 44,302,707	\$ 43,544,069
Operating grants and contributions	10,397,989	9,631,166	283,497	265,478	10,681,486	9,896,644
Tuition	34,258,120	32,765,239	–	–	34,258,120	32,765,239
General revenues:						
Services provided to other districts	15,910,374	14,976,777	–	–	15,910,374	14,976,777
Grants and entitlements	3,773,676	6,025,265	–	–	3,773,676	6,025,265
Other	266,934	262,713	–	–	266,934	262,713
Total revenues	102,569,395	100,953,307	6,623,902	6,517,400	109,193,297	107,470,707
Program expenses						
Instruction	20,321,034	20,294,800	–	–	20,321,034	20,294,800
Support services:						
Pupils and instructional staff	17,060,760	16,017,642	–	–	17,060,760	16,017,642
General administration, school administration	3,241,988	3,333,563	–	–	3,241,988	3,333,563
Central services	1,761,051	1,587,527	–	–	1,761,051	1,587,527
Admin. Infor. Technology	348,565	534,003	–	–	348,565	534,003
Operations and maintenance of facilities	2,164,998	2,077,438	–	–	2,164,998	2,077,438
Pupil transportation	44,192,693	44,472,381	–	–	44,192,693	44,472,381
Business and other support svcs	3,584,437	2,016,168	–	–	3,584,437	2,016,168
Special schools	2,902,818	2,804,445	–	–	2,902,818	2,804,445
Interest on debt	1,841,709	1,921,105	–	–	1,841,709	1,921,105
Regional Day School	–	–	4,909,676	5,041,877	4,909,676	5,041,877
Pool Service	–	–	928,535	872,415	928,535	872,415
Food Service	–	–	318,777	314,364	318,777	314,364
Total program expenses	97,420,053	95,059,072	6,156,988	6,228,656	103,577,041	101,287,728
Excess before transfers	5,149,342	5,894,235	466,914	288,744	5,616,256	6,182,979
Transfers	(2,281,365)	52,059	2,281,365	(52,059)	–	–
Change in net position	2,867,977	5,946,294	2,748,279	236,685	5,616,256	6,182,979
Beginning net position	26,939,827	20,993,533	358,208	121,523	27,298,035	21,115,056
Ending net position	\$ 29,807,804	\$ 26,939,827	\$ 3,106,487	\$ 358,208	\$ 32,914,291	\$ 27,298,035

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, 2017 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 2016	Percentage of Increase
Local sources	\$ 88,414,051	86.20%	\$ 3,117,175	3.65%
State sources	11,846,312	11.55	1,450,454	13.95
Federal sources	2,309,032	2.25	(196,040)	(7.83)
Total	\$ 102,569,395	100.00%	\$ 4,371,589	4.45%

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 increases in Non-public PL192/193, Security Services and on behalf of TPAF Pension contributions from State source. The decrease in Federal sources is mainly attributable to deferred revenue recognition in IDEA Part B services.

The following schedule presents a summary of general fund, special revenue fund, capital projects fund and debt service fund expenditures for the fiscal year ended June 30, 2017 and the amount and percentages of increases (decreases) in relation to the prior year's expenditures.

Expenditures	Amount	Percentage of Total	Increase (Decrease) from 2016	Percentage of Increase (Decrease)
Current:				
Instruction	\$ 17,197,968	17.40%	\$ 432,265	2.58%
Undistributed expenditures	71,494,356	72.35	3,076,170	4.50
Capital outlay	2,705,550	2.74	1,353,196	100.06
Special schools	2,902,818	2.94	98,373	3.51
Debt service:				
Principal	2,646,163	2.68	114,989	4.54
Interest	1,867,875	1.89	(93,589)	(4.77)
Total	\$ 98,814,730	100.00%	\$ 4,981,404	5.31%

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, Non-public PL193/193 and Security services provided to districts. The increase in major capital outlay is mainly related to the acquisition of technology equipment, replacement of flooring, and the NuView Academy Annex renovation project. The increase in special schools is mainly attributable to reclassification of extended school year programs based on GAAP.

The increase in principal on debt is mainly attributable to the increase in principal amount retired, primarily related to the 2008 Series in accordance with the debt service schedule.

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 \$32,902,393, an increase of \$3,939,718 in comparison with the prior year. Approximately \$26,367,384 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 \$23,109,569 while total fund balance reached \$24,248,269. 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 24.97 percent of total general fund expenditures, while total fund balances represent 26.20 percent of that same amount.

The total fund balance of the Commission's general fund decreased by (\$375,437) during the current fiscal year and the undesignated fund balance increased by \$470,031 during the current fiscal year. The total fund balance decrease is mainly related to a transfer of \$5,000,000 from the General Fund to the Capital Projects Fund and the undesignated fund balance increase is mainly related to the reclassification of extended school year programs based on GAAP in fiscal year 2017.

The capital projects fund has a total fund balance and net increase from prior year of \$4,193,206, of which \$935,391 was committed encumbrances and \$3,257,815 was unassigned for Nuview Academy Annex Renovation capital projects.

The debt service fund has a total fund balance of \$4,460,918, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$121,949.

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 2017 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 2017 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 \$88,397,608, \$8,103,625 over original budgeted estimates of \$80,293,983. 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 \$255,374. These increases are directly related to the actual salaries paid and are related to the actual number of services requested by districts compared to the original budget estimates.
2. Other salaries of instruction for Multiple Disabled Students were decreased by (\$78,912). These decreases are directly related to other salaries paid to actual paraprofessionals' positions and are related to the collaborative Carteret aide and IDEAB aide service as compared to the original budget estimates.
3. Other salaries of instruction for Autism were decreased by (\$164,097). These decreases are directly related to salaries paid to paraprofessionals and are related to the reorganization of the Academy Learning Center, the Bright Beginning Learning Center Secondary and the Center for Lifelong Learning as compared to the original budget estimates
4. Purchased professional and technical services for Health services were increased by \$73,218. These increases are directly related to the cost paid to agency and related to the on-site clinical support at NuView Academy and NuView Academy Annex as compared to the original budget estimates.
5. Other Support Services for Students salary line for instruction decreased (\$61,345). This decrease is directly related to the actual salaries paid as compared to the original budget estimates for speech services and for the additional Occupational Therapy position hired at the Center for Lifelong Learning.

6. Other Support Services for Students line for Purchased Professional Educational Services was increased by \$205,016. This increase was directly related to the actual cost paid as compared to the original budget estimates for Occupational and Physical Therapy Services.
7. Other Support Services for Students salary line for instructional 1.1 aides increased \$832,811. This increase was primarily related to conservative revenue estimates for additional 1.1 aide services provided to all districts.
8. Other Support Services for Students line for other salaries of Support Services was decreased by (\$71,955). This decrease was directly related to the actual cost paid related to transition of on-site clinic support services provided by the agency for the case manager positions for the NuView Academy Annex program.
9. Other Support Services for Students line for Other Purchased Professional and Technical Services was increased by \$155,988. This increase was primarily related to the expansion of County Diagnostic services, Charter school services provided to the districts and the cooperative DRLAP professional services.
10. Support Services for general administration line for Audit fees was increased by \$67,952. This increase was directly related to the timing difference between funds encumbered and recognized expenditures.
11. Support Services for central services salary line was decreased by (\$60,334). This decrease is directly related to the actual salary and overtime paid as compared to the original budget estimates for the Business Office and Human Resources.
12. Support Services for central services purchased professional services line was increased by \$136,835. This increase was mainly directly related to the purchase of professional services to develop integrated transportation software.
13. Supplies, materials and other objects for Admin. Information Technology line was decreased by (\$114,014). This decrease was mainly directly related to the actual cost paid to the technology professional services as compared to the original budget estimates.
14. Required maintenance of school facilities for cleaning, repair and maintenance line was increased by \$165,569. This increase is directly related to the actual cost paid as compared to the original budget estimates for all schools.
15. Other operation and maintenance for plant for Energy line was decreased by (\$54,336). This decrease is directly related to the actual cost paid as compared to the original budget estimates for natural gas and electricity.
16. Salaries of secretarial and clerical assistant line under Student Transportation services decreased (\$63,135). This decrease is directly related to the actual salaries and overtime paid as compared to the original budget estimates for the transportation secretarial positions.

17. Student Transportation Contracted Services between Home and School line increased \$2,224,849. 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 (\$374,784). 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 \$137,441. This increase is directly related to the actual social security tax paid as compared to the original budget estimates for all programs.
20. Employee Benefits for Other retirement regular contributions line decreased (\$80,548). This decrease is directly related to the actual cost paid as compared to the original budget estimates.
21. Employee Benefits for Workmen's compensation line increased \$50,053. This increase is directly related to the actual cost paid as compared to the original budget estimates for all programs.
22. Health Benefits increased \$4,019,366. This increase represents the distribution of additional revenue for increases in services, tuition and actual health benefits costs exceeding the original budget estimates.
23. Employee Benefits for Other employee benefits line increased \$110,388. This increase is directly related to the actual cost paid to retirees' unused sick and vacation benefits.
24. Capital outlay for total Equipment line increased by \$1,623,886. This increase is mainly related to the purpose of upgrading technology, replacement of security, fire alarm system, flooring and office furniture.
25. Capital outlay for construction services line increased by \$493,001. This increase is mainly related to the NuView Academy Annex renovation project.
26. Summer School instruction services line for salaries of teachers increased \$127,169. This increase is mainly related to the actual salaries paid to extended school teachers as compared to the original budget and re-classification extended school programs based on GAAP.
27. Summer School instruction services line for other salaries increased \$189,267. This increase is mainly related to the actual salaries paid to extended school paraprofessionals as compared to the original budget and re-classification extended school programs based on GAAP.
28. Summer School Support Services line for Personal Services – Employee Benefits increased \$478,214. This increase is directly related to surplus funds balance transferred into the health benefit account to close out the year-end book.

29. Summer School Support Services line for Purchased professional and Technical Services increased \$195,378. This increase is directly related to the actual cost paid to Agency for occupational and physical therapeutic services as compared to the original budget estimates and re-classification extended school programs based on GAAP.

The General Fund expenditures and other financing sources (uses) exceed revenues of the Commission by approximately (\$375,437).

Capital Assets – Governmental Activities

At the end of the fiscal year 2017, the Commission had \$61,982,022 (net) investment in land, buildings, furniture and equipment, and vehicles and construction in progress. Table 3 shows a comparison of capital assets (net of depreciation) from fiscal year 2016 to 2017.

Table 3 – Capital Assets (Net of Depreciation)

	<u>2017</u>	<u>2016</u>
Land and land improvements	\$ 5,523,185	\$ 5,571,276
Construction in progress	845,502	-
Buildings and improvements	52,986,134	53,732,293
Machinery, equipment and vehicles	2,627,201	2,109,804
Totals	<u>\$ 61,982,022</u>	<u>\$ 61,413,373</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, 2017, the Commission had \$42,360,000 in outstanding loans payable 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, 2017.

Educational Services Commission of New Jersey

Statement of Net Position

June 30, 2017

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 16,231,768	\$ 1,197,055	\$ 17,428,823
Cash and cash equivalents-restricted	1,315,755	-	1,315,755
Cash held by fiscal agent	247,342	-	247,342
Receivables, net	17,925,105	867,012	18,792,117
Internal balances	(55,311)	55,311	-
Capital assets, nondepreciable	6,077,116	-	6,077,116
Capital assets, depreciable, net	55,904,906	1,160,614	57,065,520
Total assets	<u>97,646,681</u>	<u>3,279,992</u>	<u>100,926,673</u>
Deferred outflows of resources			
Deferred loss on refunding	4,228,760	-	4,228,760
Deferred outflows related to pension	7,955,748	-	7,955,748
Total deferred outflows of resources	<u>12,184,508</u>	<u>-</u>	<u>12,184,508</u>
Liabilities			
Accounts payable	1,999,151	110,493	2,109,644
Accrued interest payable	46,592	-	46,592
Intergovernmental accounts payable:			
Districts	372,998	-	372,998
Unearned revenue	390,117	63,012	453,129
Noncurrent liabilities:			
Due within one year	2,731,618	-	2,731,618
Due beyond one year	73,980,115	-	73,980,115
Total liabilities	<u>79,520,591</u>	<u>173,505</u>	<u>79,694,096</u>
Deferred inflows of resources			
Deferred inflows related to pension	502,794	-	502,794
Net Position			
Net investment in capital assets	19,515,282	1,160,614	20,675,896
Restricted for:			
Capital projects	4,193,206	-	4,193,206
Capital reserve	216,392	-	216,392
Debt service	4,460,918	-	4,460,918
Unrestricted	1,422,006	1,945,873	3,367,879
Total net position	<u>\$ 29,807,804</u>	<u>\$ 3,106,487</u>	<u>\$ 32,914,291</u>

Educational Services Commission of New Jersey
Statement of Activities

Year ended June 30, 2017

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	\$ 20,321,034	\$ 34,258,120	\$ 6,063,374	\$ 20,000,460	\$ —	\$ 20,000,460
Support services:						
Health services	988,093	—	—	(988,093)	—	(988,093)
Student and instruction related services	16,072,667	—	4,139,791	(11,932,876)	—	(11,932,876)
General and business administrative services	1,095,716	—	—	(1,095,716)	—	(1,095,716)
School administrative services	2,146,272	—	—	(2,146,272)	—	(2,146,272)
Central services	1,761,051	—	—	(1,761,051)	—	(1,761,051)
Admin. Infor. Technology	348,565	—	—	(348,565)	—	(348,565)
Plant operations and maintenance	2,164,998	—	—	(2,164,998)	—	(2,164,998)
Pupil transportation	44,192,693	37,962,302	—	(6,230,391)	—	(6,230,391)
Employee benefits	3,441,362	—	—	(3,441,362)	—	(3,441,362)
Capital outlay	143,075	—	194,824	51,749	—	51,749
Special schools	2,902,818	—	—	(2,902,818)	—	(2,902,818)
Interest on long-term debt	1,841,709	—	—	(1,841,709)	—	(1,841,709)
Total governmental activities	97,420,033	72,220,422	10,397,989	(14,801,642)	—	(14,801,642)
Business-type activities						
Regional Day School	4,909,676	5,250,786	—	—	341,110	341,110
Pool services	928,535	1,023,269	—	—	94,734	94,734
Food service	318,777	66,350	283,497	—	31,070	31,070
Total business-type activities	6,156,988	6,340,405	283,497	—	466,914	466,914
Total primary government	\$ 103,577,041	\$ 78,560,827	\$ 10,681,486	(14,801,642)	466,914	(14,334,728)
General revenues:						
Federal and state aid not restricted				3,773,676	—	3,773,676
Services provided to districts				15,910,374	—	15,910,374
Interest income				61,142	—	61,142
Miscellaneous income				205,792	—	205,792
Transfers				(2,281,365)	2,281,365	—
Total general revenues and transfers, net				17,669,619	2,281,365	19,950,984
Change in net position				2,867,977	2,748,279	5,616,256
Net position—beginning				26,939,827	358,208	27,298,035
Net position—ending				\$ 29,807,804	\$ 3,106,487	\$ 32,914,291

See accompanying notes.

Fund Financial Statements

Governmental Funds

Educational Services Commission of New Jersey
Governmental Funds

Balance Sheet

June 30, 2017

	Major Funds				Total Governmental Funds
	General	Special Revenue	Capital Projects	Debt Service	
Assets					
Cash and cash equivalents	\$ 8,626,156	\$ 172,068	\$ 4,382,129	\$ 3,051,415	\$ 16,231,768
Cash and cash equivalents-restricted	216,392	-	-	1,099,363	1,315,755
Cash held by fiscal agent-restricted	247,342	-	-	-	247,342
Intergovernmental accounts receivable:					
State	50,567	-	-	-	50,567
Other districts	15,676,854	2,145,318	-	-	17,822,172
Other accounts receivable	28,624	-	-	-	28,624
Interfund receivable	1,689,886	-	-	310,140	2,000,026
Total assets	<u>\$ 26,535,821</u>	<u>\$ 2,317,386</u>	<u>\$ 4,382,129</u>	<u>\$ 4,460,918</u>	<u>\$ 37,696,254</u>
Liabilities					
Accounts payable	\$ 1,695,967	\$ 114,261	\$ 188,923	\$ -	\$ 1,999,151
Intergovernmental accounts payable:					
Other districts	124,523	248,475	-	-	372,998
Interfunds payable	386,768	1,644,827	-	-	2,031,595
Unearned revenue	80,294	309,823	-	-	390,117
Total liabilities	<u>2,287,552</u>	<u>2,317,386</u>	<u>188,923</u>	<u>-</u>	<u>4,793,861</u>
Fund balances					
Restricted for:					
Capital reserve	216,392	-	-	-	216,392
Debt service	-	-	-	4,460,918	4,460,918
Committed – Encumbrances	674,966	-	935,391	-	1,610,357
Assigned	247,342	-	-	-	247,342
Unassigned	23,109,569	-	3,257,815	-	26,367,384
Total fund balances	<u>24,248,269</u>	<u>-</u>	<u>4,193,206</u>	<u>4,460,918</u>	<u>32,902,393</u>
Total liabilities and fund balances	<u>\$ 26,535,821</u>	<u>\$ 2,317,386</u>	<u>\$ 4,382,129</u>	<u>\$ 4,460,918</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 \$83,299,779 and the accumulated depreciation is \$21,317,757.	61,982,022
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.	(46,592)
Deferred outflows related to pension not reported in the funds.	7,955,748
Deferred inflows related to pension not reported in the funds.	(502,794)
Deferred Inflows of Resources not reported as an Assets in the funds.	4,228,760
Net Pension Liability which is due in the future period not reported in the funds.	(29,847,941)
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.	(46,863,792)
Net position of governmental activities (A-1)	<u>\$ 29,807,804</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, 2017

	Major Funds				Total
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Revenues:					
Local sources:					
Tuition from districts	\$ 34,258,120	\$ -	\$ -	\$ -	\$ 34,258,120
Transportation fees	37,962,302	-	-	-	37,962,302
Services provided to districts	15,910,374	-	-	-	15,910,374
Interest on investments	61,020	-	-	122	61,142
Miscellaneous	205,792	-	-	-	205,792
Total revenues-local sources	88,397,608	-	-	122	88,397,730
Local sources	-	16,321	-	-	16,321
State sources	3,773,676	8,072,636	-	-	11,846,312
Federal sources	-	2,309,032	-	-	2,309,032
Total revenues	92,171,284	10,397,989	-	122	102,569,395
Expenditures:					
Current:					
Instruction	11,134,594	6,063,374	-	-	17,197,968
Undistributed:					
Health services	852,975	-	-	-	852,975
Other support: special	9,787,094	4,087,691	-	-	13,874,785
General administration	945,881	-	-	-	945,881
School administration	1,852,777	-	-	-	1,852,777
Central Services	1,520,233	-	-	-	1,520,233
Admin. Info. Technology	300,900	-	-	-	300,900
Required maintenance for school facilities	1,073,422	-	-	-	1,073,422
Operation of plant	795,520	-	-	-	795,520
Student transportation	38,149,495	-	-	-	38,149,495
Employee benefits	8,354,692	-	-	-	8,354,692
Reimbursement TPAF social security and pension (non-budgeted)	3,773,676	-	-	-	3,773,676
Capital outlay	1,703,932	194,824	806,794	-	2,705,550
Special schools	2,902,818	-	-	-	2,902,818
Debt service:					
Principal	-	-	-	2,646,163	2,646,163
Interest	-	-	-	1,867,875	1,867,875
Total expenditures	83,148,009	10,345,889	806,794	4,514,038	98,814,730
Excess (deficiency) of revenues over (under) expenditures	9,023,275	52,100	(806,794)	(4,513,916)	3,754,665
Other financing sources (uses):					
Transfers in	-	-	5,000,000	4,635,865	9,635,865
Transfers out	(9,398,712)	(52,100)	-	-	(9,450,812)
Total other financing (uses) sources	(9,398,712)	(52,100)	5,000,000	4,635,865	185,053
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	(375,437)	-	4,193,206	121,949	3,939,718
Fund balances, July 1	24,623,706	-	-	4,338,969	28,962,675
Fund balances, June 30	\$ 24,248,269	\$ -	\$ 4,193,206	\$ 4,460,918	\$ 32,902,393

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, 2017

Total net change in fund balances - governmental funds (B-2) \$ 3,939,718

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

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

	Depreciation expense	\$ (1,993,826)		
	Capital outlays	<u>2,562,475</u>		568,649

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.

2,665,486

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.

6,843

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.

(4,799)

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.

(1,841,502)

In the statement of activities, a transfer in the statement of activities was made to reallocate the net pension liability previously recorded in the business-type activities to the governmental activities. In the governmental funds, pension expense is reported when due.

(2,466,418)

Change in net position of governmental activities (A-2)

\$ 2,867,977

See accompanying notes.

Proprietary Funds

Educational Services Commission of New Jersey
Proprietary Funds

Statement of Net Position

June 30, 2017

	Regional Day School Fund	Pool Services Fund	Food Services Fund	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 766,305	\$ 386,578	\$ 44,172	\$ 1,197,055
Intergovernmental accounts receivable:				
State	–	–	329	329
Federal	–	–	25,585	25,585
Other districts	828,992	12,106	–	841,098
Interfund receivable	5,934	–	76,628	82,562
Total current assets	<u>1,601,231</u>	<u>398,684</u>	<u>146,714</u>	<u>2,146,629</u>
Capital assets:				
Site Improvement	1,025,309	–	–	1,025,309
Equipment	935,889	6,521	–	942,410
Accumulated depreciation	(806,471)	(634)	–	(807,105)
Total capital assets	<u>1,154,727</u>	<u>5,887</u>	<u>–</u>	<u>1,160,614</u>
Total assets	<u>2,755,958</u>	<u>404,571</u>	<u>146,714</u>	<u>3,307,243</u>
Liabilities				
Current liabilities:				
Accounts payable	56,164	53,538	791	110,493
Interfunds payable	–	38	27,213	27,251
Unearned revenues	–	57,702	5,310	63,012
Total current liabilities	<u>56,164</u>	<u>111,278</u>	<u>33,314</u>	<u>200,756</u>
Net Position				
Net investment in capital assets	1,154,727	5,887	–	1,160,614
Unrestricted	1,545,067	287,406	113,400	1,945,873
Total net position	<u>\$ 2,699,794</u>	<u>\$ 293,293</u>	<u>\$ 113,400</u>	<u>\$ 3,106,487</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, 2017

	Regional Day School Fund	Pool Services Fund	Food Services Fund	Total
Operating revenues:				
Charges for services:				
Daily sales - reimbursable programs	\$ -	\$ -	\$ 63,029	\$ 63,029
Daily sales - non-reimbursable programs	-	-	3,321	3,321
Tuition	4,587,810	-	-	4,587,810
Services	662,859	1,022,947	-	1,685,806
Miscellaneous	117	322	-	439
Total operating revenues	<u>5,250,786</u>	<u>1,023,269</u>	<u>66,350</u>	<u>6,340,405</u>
Operating expenses:				
Cost of sales - reimbursable programs	-	-	289,360	289,360
Cost of sales - non-reimbursable programs	-	-	2,204	2,204
Salaries and wages	2,879,768	559,849	27,213	3,466,830
Employee benefits	1,151,029	101,676	-	1,252,705
Materials and supplies	44,904	104,459	-	149,363
Textbooks	395	-	-	395
Maintenance and repairs	44,427	37,874	-	82,301
Other professional services	530,353	21,691	-	552,044
Insurance	13,121	-	-	13,121
Telephone/Communications	21,731	1,632	-	23,363
Utilities	88,297	69,964	-	158,261
Depreciation	104,015	435	-	104,450
Miscellaneous	31,636	30,955	-	62,591
Total operating expenses	<u>4,909,676</u>	<u>928,535</u>	<u>318,777</u>	<u>6,156,988</u>
Operating income (loss)	341,110	94,734	(252,427)	183,417
Nonoperating revenues:				
State school lunch program	-	-	3,605	3,605
National breakfast program - federal	-	-	98,086	98,086
Federal school lunch program	-	-	181,806	181,806
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>283,497</u>	<u>283,497</u>
Income before transfers	341,110	94,734	31,070	466,914
Transfers in	-	135,450	-	135,450
Transfers out	(100,682)	(219,821)	-	(320,503)
Total transfer	<u>(100,682)</u>	<u>(84,371)</u>	<u>-</u>	<u>(185,053)</u>
Change in net position	240,428	10,363	31,070	281,861
Net position, beginning	2,459,366	282,930	82,330	2,824,626
Net position, ending	<u>\$ 2,699,794</u>	<u>\$ 293,293</u>	<u>\$ 113,400</u>	<u>\$ 3,106,487</u>

See accompanying notes.

Educational Services Commission of New Jersey
Proprietary Fund

Statement of Cash Flows

Year ended June 30, 2017

	Regional Day School Fund	Pool Services Fund	Food Services Fund	Total
Cash flows from operating activities				
Receipts from customers	\$ 4,874,529	\$ 1,033,535	\$ 67,389	\$ 5,975,453
Payments to employees	(2,879,768)	(559,849)	(27,213)	(3,466,830)
Payments for employee benefits	(1,151,029)	(101,676)	-	(1,252,705)
Payments to suppliers	(748,536)	(275,871)	(291,564)	(1,315,971)
Net cash provided by (used in) operating activities	95,196	96,139	(251,388)	(60,053)
Cash flows from noncapital financing activities				
State sources	-	-	4,002	4,002
Federal sources	-	-	308,693	308,693
Operating subsidies and transfers to other funds	(100,886)	(84,375)	(69,427)	(254,688)
Net cash (used in) provided by noncapital financing activities	(100,886)	(84,375)	243,268	58,007
Cash flows from capital and related financing				
Purchases of capital assets	(321,558)	-	-	(321,558)
Net cash used in capital and related financing activities	(321,558)	-	-	(321,558)
Net decrease in cash and cash equivalents	(327,248)	11,764	(8,120)	(323,604)
Balances – beginning of year	1,093,553	374,814	52,292	1,520,659
Balances – end of year	\$ 766,305	\$ 386,578	\$ 44,172	\$ 1,197,055
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 341,110	\$ 94,734	\$ (252,427)	\$ 183,417
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation and net amortization	104,015	435	-	104,450
Change in assets and liabilities:				
Increase in accounts receivable, net	(376,257)	(634)	-	(376,891)
Increase (Decrease) in accounts payable, net	26,328	(9,296)	-	17,032
Increase in unearned revenue, net	-	10,900	1,039	11,939
Net cash provided by (used in) operating activities	\$ 95,196	\$ 96,139	\$ (251,388)	\$ (60,053)

See accompanying notes.

Fiduciary Funds

Educational Services Commission of New Jersey
Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2017

	Unemployment Compensation Trust Fund	Agency Fund
Assets		
Cash and cash equivalents	\$ 314,488	\$ 207,922
Interfund receivable	–	38
Accounts receivable- other	–	2,311
Total assets	\$ 314,488	\$ 210,271
Liabilities		
Account payable	\$ –	\$ 175,314
Interfunds payable	–	23,780
Due to student groups	–	11,177
Total liabilities	\$ –	\$ 210,271
Net Position		
Held in trust for unemployment claims	\$ 314,488	

See accompanying notes.

Educational Services Commission of New Jersey
Fiduciary Funds

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2017

	<u>Unemployment Compensation Trust Fund</u>
Additions	
Contributions	\$ 150,294
Interest on investments	784
Total additions	<u>151,078</u>
Deductions	
Payment of claims	<u>150,294</u>
Total deductions	<u>150,294</u>
Change in net position	784
Net position- beginning	<u>313,704</u>
Net position - ending	<u><u>\$ 314,488</u></u>

See accompanying notes.

Educational Services Commission of New Jersey

Notes to Financial Statements

June 30, 2017

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.

Capital Projects Fund: The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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, 2017 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, 2017, 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 March 2016, GASB issued statement No. 82, *Pension Issues*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The adoption of this standard had an impact on the Commission's required supplementary information only.

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

P. Accounting Standards Issued But Not Yet Adopted

GASB Statement No. 84, *Fiduciary Activities*, was issued in January 2017. The primary objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The Statement is effective for fiscal years beginning after December 15, 2018. The Commission is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 85, *Omnibus 2017*, was issued in March 2017. The primary objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (OPEB). Among the various topics that may pertain to The Commission financial reporting include; blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation, measuring certain money market investments and participating interest-earning investment contracts at amortized cost, timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus, and classifying employer-paid member contributions for OPEB.

The Statement is effective for fiscal years beginning after June 15, 2017. The Commission is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment*, was issued in May 2017. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole-purpose of extinguishing debt. This Statement also

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The Statement is effective for fiscal years beginning after June 15, 2017. The Commission is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 87, *Leases*, was issued in June 2017. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lease is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The Statement is effective for fiscal years beginning after December 15, 2019. The Commission is in the process of evaluating the impact of its adoption on the financial statements.

2. Reconciliation of District-Wide and Fund Financial Statements

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

The governmental fund balance sheets includes reconciliation between fund balance/net position – total governmental funds and net position– governmental 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 \$76,711,733 difference are as follows:

Bonds/loans payable	\$ 42,360,000
Less:	
Unamortized bond issuance premium (discount)	4,335,500
Compensated absences	168,292
Net pension liability- governmental activities	29,847,941
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 76,711,733</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, 2017, the carrying amount of the Commission's deposits was \$18,167,627 and the bank balance was \$29,022,975. Of the bank balance, \$250,000 was covered by the Federal Depository Insurance and \$28,772,975 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), 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.

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

3. Deposits (continued)

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, 2017.

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,231,614	\$ -	\$ -	\$ 5,231,614
Construction in progress	-	845,502	-	845,502
Total capital assets, not being depreciated	5,231,614	845,502	-	6,077,116
Capital assets, being depreciated:				
Buildings and building improvements	68,521,362	768,227	-	69,289,589
Land improvements	1,192,854	-	-	1,192,854
Vehicles	1,060,349	-	-	1,060,349
Machinery and equipment	4,731,125	948,746	-	5,679,871
Total capital assets, being depreciated	75,505,690	1,716,973	-	77,222,663
Less accumulated depreciation for:				
Buildings and building improvements	(14,789,069)	(1,514,386)	-	(16,303,455)
Land improvements	(853,192)	(48,091)	-	(901,283)
Vehicles	(786,599)	(50,504)	-	(837,103)
Machinery and equipment	(2,895,071)	(380,845)	-	(3,275,916)
Total accumulated depreciation	(19,323,931)	(1,993,826)	-	(21,317,757)
Total capital assets, being depreciated, net	56,181,759	(276,853)	-	55,904,906
Governmental activities capital assets, net	<u>\$ 61,413,373</u>	<u>\$ 568,649</u>	<u>\$ -</u>	<u>\$ 61,982,022</u>

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

Instruction	\$ 398,765
Business and other support services	1,595,061
Total allocated depreciation	<u>\$ 1,993,826</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, 2017.

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, being depreciated:				
Building and building improvements	\$ 952,864	\$ 66,282	\$ –	\$ 1,019,146
Land improvements	6,163	–	–	6,163
Machinery and equipment	687,134	255,276	–	942,410
Total capital assets being depreciated	1,646,161	321,558	–	1,967,719
Less accumulated depreciation for:				
Land improvements	(242,286)	(53,488)	–	(295,774)
Building and building improvements	(3,788)	(308)	–	(4,096)
Machinery and equipment	(456,581)	(50,654)	–	(507,235)
Total accumulated depreciation	(702,655)	(104,450)	–	(807,105)
Total capital assets, being depreciated, net	943,506	217,108	–	1,160,614
Business-type activities capital assets, net	\$ 943,506	\$ 217,108	\$ –	\$ 1,160,614

5. Long-Term Liabilities

Changes in Long-term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activity					
Compensated absences payable	\$ 163,493	\$ 6,462	\$ (1,663)	\$ 168,292	\$ 36,618
MCIA loans payable	44,955,000	–	(2,595,000)	42,360,000	2,695,000
TD equipment loans payable	51,163	–	(51,163)	–	–
Less deferred amounts:					
Unamortized premium	4,664,902	–	(329,402)	4,335,500	–
Net pension liability	19,893,368	9,954,573	–	29,847,941	–
	69,727,926	9,961,035	(2,977,228)	76,711,733	2,731,618
Business-type Activity					
Net pension liability	2,712,732	–	(2,712,732)	–	–
Total	\$ 72,440,658	\$ 9,961,035	\$ (5,689,960)	\$ 76,711,733	\$ 2,731,618

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, 2017 is \$1,855,000.

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.

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, 2017 is \$8,005,000.

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, 2017 is \$2,530,000 and \$29,970,000 respectively.

As of June 30, 2017, \$50,330,000 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	Series 2008		Series 2010	
	Principal	Interest	Principal	Interest
2018	\$ 1,240,000	\$ 89,300	\$ 600,000	\$ 54,450
2019	1,290,000	32,250	620,000	33,925
2020	–	–	635,000	12,700
Totals	\$ 2,530,000	\$ 121,550	\$ 1,855,000	\$ 101,075

Year Ending June 30	Series 2014		Series 2014A		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
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	815,000	271,850	1,420,000	1,249,138	2,870,000	1,533,688	4,403,688
2021-2025	4,605,000	804,900	8,185,000	5,120,562	12,790,000	5,925,462	18,715,462
2026-2030	1,045,000	26,125	10,265,000	2,989,063	11,310,000	3,015,188	14,325,188
2031-2035	–	–	9,900,000	640,681	9,900,000	640,681	10,540,681
Totals	\$ 8,005,000	\$ 1,741,375	\$ 29,970,000	\$ 12,560,518	\$ 42,360,000	\$ 14,524,518	\$ 56,884,518

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:

Tier Definition

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

Service retirement benefits of 1/55th 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 7.20% in State fiscal year 2017. 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, 2017, was 13.20% 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 \$895,309 for the year ended June 30, 2017.

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 \$82,330,907 as measured on June 30, 2015 and \$101,879,217 as measured on June 30, 2016. The Commission's contractually required contribution rate for the year ended June 30, 2016, was 0.00% 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 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, 2017, the Commission reported a liability of \$29,847,941 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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. 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, 2017, the Commission's proportion was .10078 percent for PERS. The change in proportion since the prior measurement date was .00008 percent for PERS.

For the year ended June 30, 2017, the Commission recognized pension expense of \$2,758,452 and revenue of \$2,758,452 for on-behalf TPAF contributions provided by the State. The Commission recognized pension expense of \$2,736,811 for PERS. During 2017, the Commission elected to record the entire amount of the net pension liability in the governmental activities and no longer allocate a portion to the business-type activities. 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, 2017, 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	\$ 1,138,129	\$ —
Changes of assumptions	6,182,899	—
Differences between expected and actual performance	555,081	—
Changes in proportion	79,639	502,794
	<u>\$ 7,955,748</u>	<u>\$ 502,794</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 (2018)	\$ 1,626,740
Year 2 (2019)	1,626,740
Year 3 (2020)	1,918,851
Year 4 (2021)	1,729,518
Year 5 (2022)	551,105
	<u>\$ 7,452,954</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, 2016 measurement date was determined by an actuarial valuation of July 1, 2015, which was rolled forward to June 30, 2016. The key actuarial assumptions are summarized below:

Inflation:	3.08%
Salary increase:	1.65%–5.15%
Investment rate of return:	7.65%
Cost of living adjustment	No cost of living adjustment is assumed

Pre-retirement mortality rates were based on the RP-2000 Pre-retirement Mortality Table and Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables. The tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Plan actuary's modified MP-2014 projection scale.

TPAF: The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation of July 1, 2015, which was rolled forward to June 30, 2016. The key actuarial assumptions are summarized below:

Inflation:	2.50%
Salary increase:	Varies by years of employment and valuation year
Investment rate of return:	7.65%
Cost of living adjustment	No cost of living adjustment is assumed

Pre-retirement, post retirement and disabled Mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

6. Pension Plans (continued)

Discount Rate

PERS: The discount rate used to measure the total pension liability at June 30, 2016 was 3.98% as of June 30, 2016. This single blended discount rate was based on the long term rate of return of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016, 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 contribution from employers will be made based on the contribution rate in the most recent fiscal year. 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 2034.

TPAF: The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 contribution rate in the most recent fiscal year. 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, 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%	0.87%
U.S. treasuries	1.50	1.74
Investment Grade Credit	8.00	1.79
Mortgages	2.00	1.67
High Yield Bonds	2.00	4.56
Inflation-Indexed Bonds	1.50	3.44
Broad US Equities	26.00	8.53
Developed Foreign Equities	13.25	6.83
Emerging Market Equities	6.50	9.95
Private Equity	9.00	12.40
Hedge Funds/Absolute Return	12.50	4.68
Real Estate (Property)	2.00	6.91
Commodities	0.50	5.45
Global Debt ex US	5.00	-0.25
REIT	5.25	5.63
TPAF:		
US Cash	5.00	0.39
US Government Bonds	1.50	1.28
US Credit Bonds	13.00	2.76
US Mortgages	2.00	2.38
US Inflation-Indexed Bonds	1.50	1.41
US High Yield Bonds	2.00	4.70
US Equity Market	26.00	5.14
Foreign-Developed Equity	13.25	5.91
Emerging Markets Equity	6.50	8.16
Private Real Estate Property	5.25	3.64
Timber	1.00	3.86
Farmland	1.00	4.39
Private Equity	9.00	8.97
Commodities	0.50	2.87
Hedge Funds – Multi Strategy	5.00	3.70
Hedge Funds – Equity Hedge	3.75	4.72
Hedge Funds - Distressed	3.75	3.49

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 3.98% 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 (2.98%)	Discount Rate (3.98%)	1% Increase (4.98%)
PERS	\$ 36,575,168	\$ 29,847,941	\$ 24,294,032

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 (\$127,200 in 2017), 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 \$163,666 and \$140,064 for the fiscal years ended June 30, 2017 and 2016, 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, 2017 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 (ended September 30, 2016), SynchronyRX (effective Oct. 1, 2016) and Delta Dental to provide claims administration and payment services for health benefits. Effective September 1, 2016, the Commission switched contracts with Horizon Blue Cross/Blue Shield from a prospective funding plan to a self-insured plan with advance weekly deposits of \$218,142. As of June 30, 2017, the Commission included an estimate of \$543,000 within accounts payable for incurred but not reported (IBNR) claims which was developed and calculated by an independent actuary.

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 0.70% from the period January 1, 2011 to June 30, 2017. Based on final unemployment experience rate, the Commission was allocated to the Unemployment and Workforce Funds in the total amount of \$150,294 for fiscal year 2017.

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, 2017 is \$216,392.

11. Interfund Receivables and Payables

The following inter-fund balances remained on the balance sheet at June 30, 2017:

Fund	Inter-fund Receivables	Inter-fund Payables
General Fund	\$ 1,689,886	\$ 386,768
Special Revenue Fund	–	1,644,827
Debt Service Fund	310,140	–
Proprietary Fund	82,562	27,251
Trust and Agency Fund – Payroll	38	23,780
	<u>\$ 2,082,626</u>	<u>\$ 2,082,626</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 Interfunds within one year.

Educational Services Commission of New Jersey

Notes to Financial Statements (continued)

12. Transfers – Reconciliation

	Transfers In	Transfers Out
General Fund	\$ –	\$ 9,398,712
Special Revenue Fund	–	52,100
Capital Projects Fund	5,000,000	–
Debt Service Fund	4,635,865	–
Enterprise Fund – RDS/Bus Services/Pool	135,450	320,503
Total	<u>\$ 9,771,315</u>	<u>\$ 9,771,315</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.

As discussed in Note 6, during 2017, the Commission elected to record the entire amount of its net pension liability in the governmental activities and no longer allocate a portion to the business-type activities. Accordingly, the Commission transferred \$2,446,418 from the governmental activities to the business-type activities to reflect this change.

13. Fund Balance Components – General Fund

Of the \$24,248,269 of General Fund balance at June 30, 2017, \$216,392 has been classified as restricted for capital reserve; \$674,966 is classified as committed for encumbrances; \$247,342 has been classified as assigned for general liability claims; and the remaining \$23,109,569 is unassigned.

14. Subsequent Events

On August 31, 2017, the Middlesex County Improvement Authority issued the Middlesex County Guaranteed Lease Revenue Bonds, Series 2017 (Educational Services Commission of New Jersey Projects), these bonds were issued in the Par amount of \$13,170,000 maturing July 15, 2018 to 2037 with interest rates that vary from 3.00% to 5.00% with terms of the loan repayment call for semi-annual interest and annual principal repayments.

Required Supplementary Information
Part II

Budgetary Comparison Schedules

Educational Services Commission of New Jersey
General Fund

Budgetary Comparison Schedule

Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources:					
Tuition	\$ 32,491,166	\$ 1,766,954	\$ 34,258,120	\$ 34,258,120	\$ -
Transportation fees	36,070,720	1,891,582	37,962,302	37,962,302	-
Services provided to districts	11,564,497	4,345,877	15,910,374	15,910,374	-
Interest on investments	12,000	49,020	61,020	61,020	-
Miscellaneous	155,600	50,192	205,792	205,792	-
Total – local sources	80,293,983	8,103,625	88,397,608	88,397,608	-
State sources:					
Reimbursed TPAF social security and pension contributions (non-budgeted)				3,773,676	3,773,676
Total – state sources				3,773,676	3,773,676
Total revenues	80,293,983	8,103,625	88,397,608	92,171,284	3,773,676
Expenditures					
Current:					
Home instruction:					
Salaries of teachers	362,500	255,374	617,874	617,874	-
Other objects	10,500	(6,598)	3,902	3,902	-
Total home instruction	373,000	248,776	621,776	621,776	-
Total instruction – regular programs	373,000	248,776	621,776	621,776	-
Special education:					
Auditory Impairments program:					
Salaries of teachers	59,000	32,112	91,112	91,112	-
Purchased Instructional services	45,000	(2,684)	42,316	42,316	-
General supplies	1,000	(279)	721	721	-
Other Objects	5,000	(3,073)	1,927	1,927	-
Total Auditory Impairments program	110,000	26,076	136,076	136,076	-
Learning and/or language disabilities:					
Salaries of teachers	6,000	(6,000)	-	-	-
Total learning and/or language disabilities	6,000	(6,000)	-	-	-
For Keeps Children's program:					
Salaries of teachers	86,300	(9,817)	76,483	76,483	-
General supplies	500	(430)	70	70	-
Total For Keeps Children's program	86,800	(10,247)	76,553	76,553	-
Behavioral disabilities:					
Salaries of teachers	723,600	(44,896)	678,704	678,704	-
Other salaries of instruction	267,800	(3,057)	264,743	264,743	-
General supplies	21,000	(2,128)	18,872	18,872	-
Textbooks	21,500	(8,601)	12,899	12,899	-
Other objects	10,800	(6,085)	4,715	4,715	-
Total behavioral disabilities	1,044,700	(64,767)	979,933	979,933	-
Multiple disabilities:					
Salaries of teachers	1,903,550	23,436	1,926,986	1,926,986	-
Other salaries of instruction	1,157,300	(78,912)	1,078,388	1,078,388	-
General supplies	50,370	(3,952)	46,418	45,346	1,072
Textbooks	413	(273)	140	140	-
Other objects	41,681	(12,283)	29,398	29,398	-
Total multiple disabilities	3,153,314	(71,984)	3,081,330	3,080,258	1,072
Autism:					
Salaries of teachers	3,270,950	(650)	3,270,300	3,270,300	-
Other salaries of instruction	2,423,800	(164,097)	2,259,703	2,259,703	-
General supplies	80,400	(3,596)	76,804	75,367	1,437
Textbooks	896	(896)	-	-	-
Other objects	47,544	(16,792)	30,752	30,752	-
Total autism	5,823,590	(186,031)	5,637,559	5,636,122	1,437

Educational Services Commission of New Jersey
General Fund

Budgetary Comparison Schedule

Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Preschool:					
Salaries of teachers	\$ 294,900	\$ 49,943	\$ 344,843	\$ 344,843	\$ -
Other salaries of instruction	292,900	(49,120)	243,780	243,780	-
General supplies	8,190	6,238	14,428	14,428	-
Textbooks	63	(63)	-	-	-
Other objects	1,599	(774)	825	825	-
Total preschool	597,652	6,224	603,876	603,876	-
Total special education	10,822,056	(306,729)	10,515,327	10,512,818	2,509
Total instruction	11,195,056	(57,953)	11,137,103	11,134,594	2,509
Undistributed expenditures:					
Health services:					
Salaries	424,400	38,037	462,437	462,437	-
Purchased professional and technical services	302,480	73,218	375,698	375,698	-
Supplies	21,650	(6,810)	14,840	14,840	-
Total health services	748,530	104,445	852,975	852,975	-
Other support services – students special services:					
Salaries of instruction (speech/otpt)	2,216,300	(61,345)	2,154,955	2,154,955	-
Purchased Professional – Ed. Services	2,187,518	205,016	2,392,534	2,392,534	-
Other salaries of instruction (1.1)	1,434,700	832,811	2,267,511	2,267,511	-
Other Purchased Prof. And Guidance Service	560,000	11,159	571,159	571,159	-
Other salaries of support Services	606,000	(71,955)	534,045	534,045	-
Other Purchased Prof. And Tech Services	1,688,071	155,988	1,844,059	1,817,836	26,223
Supplies and materials	5,940	(1,722)	4,218	3,718	500
Total other support services – students special services	8,698,529	1,069,952	9,768,481	9,741,758	26,723
Improvement of Instructional Services					
Other purchased services	83,100	(37,764)	45,336	45,336	-
Total Improvement of Instructional Services	83,100	(37,764)	45,336	45,336	-
Support services – general administration:					
Salaries	495,900	16,683	512,583	512,583	-
Legal services	39,080	(9,049)	30,031	30,031	-
Audit fees	63,690	67,952	131,642	63,541	68,101
Other purchased professional Services	45,700	1,758	47,458	47,458	-
Telephone	231,260	(39,995)	191,265	191,265	-
Supplies and materials	11,700	449	12,149	12,149	-
Other objects	87,488	1,366	88,854	88,854	-
Total support services – general administration	974,818	39,164	1,013,982	945,881	68,101
Support services – school administration:					
Salaries of principals/asst. principals	1,300,200	(28,157)	1,272,043	1,272,043	-
Salaries of secretarial and clerical assistants	466,500	(5,926)	460,574	460,574	-
Other purchased professional services	79,250	(5,617)	73,633	73,633	-
Supplies and materials	45,391	(9,633)	35,758	35,758	-
Other objects	18,692	(7,923)	10,769	10,769	-
Total support services – school administration	1,910,033	(57,256)	1,852,777	1,852,777	-
Central services:					
Salaries	1,164,300	(60,334)	1,103,966	1,096,283	7,683
Purchased professional services	170,850	136,835	307,685	215,526	92,159
Misc. purchased services (400-500 series)	109,968	(2,378)	107,590	107,590	-
Supplies and materials	24,000	12,547	36,547	36,526	21
Miscellaneous expenditures	20,100	44,208	64,308	64,308	-
Total central services	1,489,218	130,878	1,620,096	1,520,233	99,863
Admin. Infor. Technology:					
Salaries	264,600	(49,830)	214,770	214,770	-
Misc. purchased services (400-500 series)	-	1,287	1,287	1,287	-
Supplies, materials and other objects	216,280	(114,014)	102,266	84,843	17,423
Total admin. Infor. Technology	480,880	(162,557)	318,323	300,900	17,423

Educational Services Commission of New Jersey
General Fund

Budgetary Comparison Schedule

Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Undistributed expenditures (continued):					
Required maintenance of school facilities:					
Salaries	\$ 545,900	\$ 14,661	\$ 560,561	\$ 560,561	\$ -
Cleaning, repair, maintenance	231,600	165,569	397,169	387,749	9,420
General supplies	148,800	(19,668)	129,132	125,112	4,020
Total required maintenance of school facilities	926,300	160,562	1,086,862	1,073,422	13,440
Other operation and maintenance for plant:					
Salaries	90,400	(25,248)	65,152	65,152	-
Rent	-	13,948	13,948	13,948	-
Other Purchased Property Services	-	-	-	-	-
Insurance	110,180	6,053	116,233	116,233	-
Energy (heat and electricity)	607,600	(54,336)	553,264	553,264	-
Other objects	58,850	(11,927)	46,923	46,923	-
Total other operation and maintenance or plant	867,030	(71,510)	795,520	795,520	-
Student transportation services:					
Salaries for pupil transportation (between home and school) – regular	96,000	(620)	95,380	95,380	-
Salaries of secretarial and clerical assistants	236,000	(63,135)	172,865	172,865	-
Contracted svc (bet. Home and Sch) -Vendors	35,600,000	2,224,849	37,824,849	37,649,924	174,925
Contracted svc (oth. Than bet. Home and Sch)	537,176	(374,784)	162,392	162,392	-
Contracted svc – Aide in Lieu Pymts – NP Sch	70,720	(14,306)	56,414	56,414	-
Supplies and materials& Misc	22,750	(10,230)	12,520	12,520	-
Total student transportation services	36,562,646	1,761,774	38,324,420	38,149,495	174,925
Employee benefits:					
Social security	645,200	137,441	782,641	782,641	-
Other retirement contributions – regular	784,700	(80,548)	704,152	704,152	-
Unemployment compensation	123,200	(14,576)	108,624	108,624	-
Workmen's compensation	212,450	50,053	262,503	262,503	-
Health benefits	6,913,127	4,019,366	10,932,493	6,252,719	4,679,774
Tuition reimbursement	100,000	8,941	108,941	70,265	38,676
Other employee benefits	63,400	110,388	173,788	173,788	-
Total employee benefits	8,842,077	4,231,065	13,073,142	8,354,692	4,718,450
Reimbursed social security and pension contributions (non-budgeted)					
Total				3,773,676	(3,773,676)
Total undistributed expenditures	61,583,161	7,168,753	68,751,914	67,406,665	1,345,249
Total expenditures – current	72,778,217	7,110,800	79,889,017	78,541,259	1,347,758
Capital outlay					
Equipment:					
Regular programs – instruction:					
Special education – instruction:					
Multiple disabilities	-	145,199	145,199	144,668	531
Behavioral disabilities	-	61,934	61,934	60,664	1,270
Autism	-	145,199	145,199	144,668	531
Special education – non-instruction:					
Others	42,500	1,271,554	1,314,054	903,263	410,791
Total equipment	42,500	1,623,886	1,666,386	1,253,263	413,123
Facilities acquisition and construction services:					
Construction services	550,000	493,001	1,043,001	450,669	592,332
Total facilities acquisition and construction services	550,000	493,001	1,043,001	450,669	592,332
Total capital outlay	592,500	2,116,887	2,709,387	1,703,932	1,005,455

Educational Services Commission of New Jersey
General Fund

Budgetary Comparison Schedule

Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Special schools:					
Summer School – Instruction					
Salaries of teachers	\$ 737,950	\$ 127,169	\$ 865,119	\$ 865,119	\$ –
Other salaries of instruction	471,619	189,267	660,886	660,886	–
General supplies	34,940	(2,751)	32,189	32,189	–
Total summer school year – Instruction	1,244,509	313,685	1,558,194	1,558,194	–
Summer School – Support Services					
Salaries	752,337	(41,259)	711,078	711,078	–
Personal Services – Employee Benefits	238,072	478,214	716,286	229,541	486,745
Purch Pro & Tech Services	434,808	195,378	630,186	392,613	237,573
Other Purchased Services	34,440	(23,048)	11,392	11,392	–
Total summer school year – Support Services	1,459,657	609,285	2,068,942	1,344,624	724,318
Total special schools	2,704,166	922,970	3,627,136	2,902,818	724,318
Total expenditures	76,074,883	10,150,657	86,225,540	83,148,009	3,077,531
(Deficiency) excess of revenues (under) over expenditures	4,219,100	(2,047,032)	2,172,068	9,023,275	6,851,207
Other financing sources (uses):					
Transfers out	(4,219,100)	(5,191,544)	(9,410,644)	(9,398,712)	(11,932)
Total other financing sources (uses)	(4,219,100)	(5,191,544)	(9,410,644)	(9,398,712)	(11,932)
(Deficiency) excess of revenues (under) over expenditures and other financing sources (uses)	–	(7,238,576)	(7,238,576)	(375,437)	6,863,139
Fund balances, July 1	5,587,027	(8,012,925)	(2,425,898)	24,623,706	–
Fund balances, June 30	\$ 5,587,027	\$ (15,251,501)	\$ (9,664,474)	\$ 24,248,269	\$ 6,863,139
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources (uses)					
Adjustment for prior year encumbrances	\$ –	\$ (1,738,576)	\$ (1,738,576)	\$ (1,738,576)	\$ –
Budgeted fund balance	–	(5,500,000)	(5,500,000)	1,363,139	6,863,139
Total	\$ –	\$ (7,238,576)	\$ (7,238,576)	\$ (375,437)	\$ 6,863,139

Educational Services Commission of New Jersey
Special Revenue Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources	\$ -	\$ 8,967	\$ 8,967	\$ 8,967	\$ -
State sources	8,244,442	125,450	8,369,892	8,189,808	(180,084)
Federal sources	2,359,911	1,179,436	3,539,347	2,307,348	(1,231,999)
Total revenues	10,604,353	1,313,853	11,918,206	10,506,123	(1,412,083)
Expenditures					
Instruction:					
Salaries of teachers	2,566,750	(434,765)	2,131,985	2,131,985	-
Purchased professional and technical services	2,862,499	1,257,816	4,120,315	2,888,316	1,231,999
General supplies	437,040	(79,983)	357,057	340,711	16,346
Textbooks	708,105	3,752	711,857	700,524	11,333
Total instruction	6,574,394	746,820	7,321,214	6,061,536	1,259,678
Support services:					
Salaries of supervisors of instruction	182,700	115,432	298,132	298,132	-
Salaries of other professional staff	1,627,600	28,900	1,656,500	1,573,854	82,646
Salaries of secretarial and clerical employees	164,200	2,289	166,489	166,489	-
Personal services-employee benefits	1,095,983	80,760	1,176,743	1,159,675	17,068
Travel	15,000	(2,645)	12,355	12,355	-
Supplies and materials	204,200	354,296	558,496	505,805	52,691
Others	481,554	(94,939)	386,615	386,615	-
Total support services	3,771,237	484,093	4,255,330	4,102,925	152,405
Facilities acquisition and construction services:					
Construction services	-	-	-	-	-
Instructional equipment	67,783	(16,096)	51,687	51,687	-
Noninstructional equipment	138,839	99,036	237,875	237,875	-
Total facilities acquisition and construction services	206,622	82,940	289,562	289,562	-
Total expenditures	10,552,253	1,313,853	11,866,106	10,454,023	1,412,083
Other financing uses:					
Transfers out	(52,100)	-	(52,100)	(52,100)	-
Total other financing uses	(52,100)	-	(52,100)	(52,100)	-
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, 2017

		Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-2]	\$ 10,506,123
Differences - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		(108,134)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	\$ 10,397,989
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-2]	\$ 10,506,123
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		(108,134)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.		(52,100)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 10,345,889

**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		
	2017	2016	2015
Commission's portion of the net pension liability	0.10078%	0.10070%	0.10472%
Commission's proportionate share of the net pension liability	\$ 29,847,941	\$ 22,606,100	\$ 19,606,549
Commission's covered payroll	\$ 6,834,840	\$ 6,859,933	\$ 6,756,533
Commission's proportionate share of the net pension liability as a percentage as a percentage of its covered payroll	436.70%	329.54%	290.19%
Plan fiduciary net position as a percentage of the total pension liability	31.20%	38.21%	42.74%
	TPAF		
	2017	2016	2015
Commission's Proportion of the net pension liability	0%	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	\$ 101,879,217	\$ 82,330,907	\$ 70,761,329
Commission's covered payroll	\$ 13,930,180	\$ 13,485,746	\$ 13,014,283
Commission's proportionate share of the net pension liability as a percentage as a percentage of its covered payroll	0%	0%	0%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 895,309	\$ 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	895,309	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	\$ 6,808,739	\$ 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 payroll	13.15%	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

7.65% for 2016, 7.9% for 2015, 2014 and 2013, 7.95% for 2012, 8.25% for 2011, 2010 and 2009

Inflation

3.08%

Salary Increases

1.65%-4.15% 2016 through 2026, 2.15%-4.40% for 2013 through 2015, 4.52% for 2012, 5.45% for 2011, 2010 and 2009

Mortality

Pre-retirement mortality rates were based on the RP-2000 Pre-retirement Mortality Table and Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables. The tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Plan actuary's modified MP-2014 projection scale.

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

	2017	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 payroll	\$ 14,531,169	\$ 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 payroll	0.00%	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

7.65% for 2016, 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

Pre-retirement, post retirement and disabled Mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

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, 2017

State Grants																																																																																																																																																																																																																																																																																																																																			
	Compensatory Education	ESL	Home Instruction	Transportation	Supp. Instruct	Exam and Class	Speech Corr.	Text- Books	Nursing																																																																																																																																																																																																																																																																																																																										
Revenues:												Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	State sources	1,721,703	167,729	41,099	272,667	679,863	1,096,865	616,069	700,524	1,917,467			Federal sources	-	-	-	-	-	-	-	-	-	-	-	Total revenues	\$ 1,721,703	\$ 167,729	\$ 41,099	\$ 272,667	\$ 679,863	\$ 1,096,865	\$ 616,069	\$ 700,524	\$ 1,917,467			Expenditures:												Instruction:												Salaries of teachers	\$ 1,134,964	\$ 73,908	\$ 15,912	\$ -	\$ 276,738	\$ 19,492	\$ 600,070	\$ -	\$ -			Purchased professional and technical services	-	-	16,327	-	-	712,579	-	-	-			General supplies/Misc	9,413	-	-	-	298	5,780	2,178	-	-			Textbooks	-	-	-	-	-	-	-	700,524	-			Total instruction	1,144,377	73,908	32,239	-	277,036	737,851	602,248	700,524	-			Support services:												Salaries of supervisors of instruction	111,081	18,052	-	-	77,506	69,076	2,659	-	10,969			Salaries of other professional staff	78,505	12,758	-	57,547	54,776	48,819	1,879	-	1,305,215			Salaries of secretarial and clerical employees	42,970	6,983	659	8,102	29,982	26,721	1,029	-	41,460			Personal services - employee benefits	280,191	45,887	7,164	74,802	197,147	174,157	4,896	-	337,616			Travel	4,559	741	70	860	3,181	2,835	109	-	-			Supplies and materials	2,919	474	45	9,045	2,037	1,815	70	-	215,090			Other	51,674	8,397	793	122,311	36,055	32,134	1,237	-	7,117			Total support services	571,899	93,292	8,731	272,667	400,684	355,557	11,879	-	1,917,467			Facilities acquisition and construction services:												Construction services	-	-	-	-	-	-	-	-	-			Instructional equipment	-	-	-	-	-	-	-	-	-			Noninstructional equipment	-	-	-	-	-	-	-	-	-			Total facilities acquisition and construction services	5,427	529	129	-	2,143	3,457	1,942	-	-			Total expenditures	\$ 1,721,703	\$ 167,729	\$ 41,099	\$ 272,667	\$ 679,863	\$ 1,096,865	\$ 616,069	\$ 700,524	\$ 1,917,467		
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	State sources	1,721,703	167,729	41,099	272,667	679,863	1,096,865	616,069	700,524	1,917,467			Federal sources	-	-	-	-	-	-	-	-	-	-	-	Total revenues	\$ 1,721,703	\$ 167,729	\$ 41,099	\$ 272,667	\$ 679,863	\$ 1,096,865	\$ 616,069	\$ 700,524	\$ 1,917,467			Expenditures:												Instruction:												Salaries of teachers	\$ 1,134,964	\$ 73,908	\$ 15,912	\$ -	\$ 276,738	\$ 19,492	\$ 600,070	\$ -	\$ -			Purchased professional and technical services	-	-	16,327	-	-	712,579	-	-	-			General supplies/Misc	9,413	-	-	-	298	5,780	2,178	-	-			Textbooks	-	-	-	-	-	-	-	700,524	-			Total instruction	1,144,377	73,908	32,239	-	277,036	737,851	602,248	700,524	-			Support services:												Salaries of supervisors of instruction	111,081	18,052	-	-	77,506	69,076	2,659	-	10,969			Salaries of other professional staff	78,505	12,758	-	57,547	54,776	48,819	1,879	-	1,305,215			Salaries of secretarial and clerical employees	42,970	6,983	659	8,102	29,982	26,721	1,029	-	41,460			Personal services - employee benefits	280,191	45,887	7,164	74,802	197,147	174,157	4,896	-	337,616			Travel	4,559	741	70	860	3,181	2,835	109	-	-			Supplies and materials	2,919	474	45	9,045	2,037	1,815	70	-	215,090			Other	51,674	8,397	793	122,311	36,055	32,134	1,237	-	7,117			Total support services	571,899	93,292	8,731	272,667	400,684	355,557	11,879	-	1,917,467			Facilities acquisition and construction services:												Construction services	-	-	-	-	-	-	-	-	-			Instructional equipment	-	-	-	-	-	-	-	-	-			Noninstructional equipment	-	-	-	-	-	-	-	-	-			Total facilities acquisition and construction services	5,427	529	129	-	2,143	3,457	1,942	-	-			Total expenditures	\$ 1,721,703	\$ 167,729	\$ 41,099	\$ 272,667	\$ 679,863	\$ 1,096,865	\$ 616,069	\$ 700,524	\$ 1,917,467														
State sources	1,721,703	167,729	41,099	272,667	679,863	1,096,865	616,069	700,524	1,917,467			Federal sources	-	-	-	-	-	-	-	-	-	-	-	Total revenues	\$ 1,721,703	\$ 167,729	\$ 41,099	\$ 272,667	\$ 679,863	\$ 1,096,865	\$ 616,069	\$ 700,524	\$ 1,917,467			Expenditures:												Instruction:												Salaries of teachers	\$ 1,134,964	\$ 73,908	\$ 15,912	\$ -	\$ 276,738	\$ 19,492	\$ 600,070	\$ -	\$ -			Purchased professional and technical services	-	-	16,327	-	-	712,579	-	-	-			General supplies/Misc	9,413	-	-	-	298	5,780	2,178	-	-			Textbooks	-	-	-	-	-	-	-	700,524	-			Total instruction	1,144,377	73,908	32,239	-	277,036	737,851	602,248	700,524	-			Support services:												Salaries of supervisors of instruction	111,081	18,052	-	-	77,506	69,076	2,659	-	10,969			Salaries of other professional staff	78,505	12,758	-	57,547	54,776	48,819	1,879	-	1,305,215			Salaries of secretarial and clerical employees	42,970	6,983	659	8,102	29,982	26,721	1,029	-	41,460			Personal services - employee benefits	280,191	45,887	7,164	74,802	197,147	174,157	4,896	-	337,616			Travel	4,559	741	70	860	3,181	2,835	109	-	-			Supplies and materials	2,919	474	45	9,045	2,037	1,815	70	-	215,090			Other	51,674	8,397	793	122,311	36,055	32,134	1,237	-	7,117			Total support services	571,899	93,292	8,731	272,667	400,684	355,557	11,879	-	1,917,467			Facilities acquisition and construction services:												Construction services	-	-	-	-	-	-	-	-	-			Instructional equipment	-	-	-	-	-	-	-	-	-			Noninstructional equipment	-	-	-	-	-	-	-	-	-			Total facilities acquisition and construction services	5,427	529	129	-	2,143	3,457	1,942	-	-			Total expenditures	\$ 1,721,703	\$ 167,729	\$ 41,099	\$ 272,667	\$ 679,863	\$ 1,096,865	\$ 616,069	\$ 700,524	\$ 1,917,467																										
Federal sources	-	-	-	-	-	-	-	-	-	-	-	Total revenues	\$ 1,721,703	\$ 167,729	\$ 41,099	\$ 272,667	\$ 679,863	\$ 1,096,865	\$ 616,069	\$ 700,524	\$ 1,917,467			Expenditures:												Instruction:												Salaries of teachers	\$ 1,134,964	\$ 73,908	\$ 15,912	\$ -	\$ 276,738	\$ 19,492	\$ 600,070	\$ -	\$ -			Purchased professional and technical services	-	-	16,327	-	-	712,579	-	-	-			General supplies/Misc	9,413	-	-	-	298	5,780	2,178	-	-			Textbooks	-	-	-	-	-	-	-	700,524	-			Total instruction	1,144,377	73,908	32,239	-	277,036	737,851	602,248	700,524	-			Support services:												Salaries of supervisors of instruction	111,081	18,052	-	-	77,506	69,076	2,659	-	10,969			Salaries of other professional staff	78,505	12,758	-	57,547	54,776	48,819	1,879	-	1,305,215			Salaries of secretarial and clerical employees	42,970	6,983	659	8,102	29,982	26,721	1,029	-	41,460			Personal services - employee benefits	280,191	45,887	7,164	74,802	197,147	174,157	4,896	-	337,616			Travel	4,559	741	70	860	3,181	2,835	109	-	-			Supplies and materials	2,919	474	45	9,045	2,037	1,815	70	-	215,090			Other	51,674	8,397	793	122,311	36,055	32,134	1,237	-	7,117			Total support services	571,899	93,292	8,731	272,667	400,684	355,557	11,879	-	1,917,467			Facilities acquisition and construction services:												Construction services	-	-	-	-	-	-	-	-	-			Instructional equipment	-	-	-	-	-	-	-	-	-			Noninstructional equipment	-	-	-	-	-	-	-	-	-			Total facilities acquisition and construction services	5,427	529	129	-	2,143	3,457	1,942	-	-			Total expenditures	\$ 1,721,703	\$ 167,729	\$ 41,099	\$ 272,667	\$ 679,863	\$ 1,096,865	\$ 616,069	\$ 700,524	\$ 1,917,467																																						
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Expenditures:												Instruction:												Salaries of teachers	\$ 1,134,964	\$ 73,908	\$ 15,912	\$ -	\$ 276,738	\$ 19,492	\$ 600,070	\$ -	\$ -			Purchased professional and technical services	-	-	16,327	-	-	712,579	-	-	-			General supplies/Misc	9,413	-	-	-	298	5,780	2,178	-	-			Textbooks	-	-	-	-	-	-	-	700,524	-			Total instruction	1,144,377	73,908	32,239	-	277,036	737,851	602,248	700,524	-			Support services:												Salaries of supervisors of instruction	111,081	18,052	-	-	77,506	69,076	2,659	-	10,969			Salaries of other professional staff	78,505	12,758	-	57,547	54,776	48,819	1,879	-	1,305,215			Salaries of secretarial and clerical employees	42,970	6,983	659	8,102	29,982	26,721	1,029	-	41,460			Personal services - employee benefits	280,191	45,887	7,164	74,802	197,147	174,157	4,896	-	337,616			Travel	4,559	741	70	860	3,181	2,835	109	-	-			Supplies and materials	2,919	474	45	9,045	2,037	1,815	70	-	215,090			Other	51,674	8,397	793	122,311	36,055	32,134	1,237	-	7,117			Total support services	571,899	93,292	8,731	272,667	400,684	355,557	11,879	-	1,917,467			Facilities acquisition and construction services:												Construction services	-	-	-	-	-	-	-	-	-			Instructional equipment	-	-	-	-	-	-	-	-	-			Noninstructional equipment	-	-	-	-	-	-	-	-	-			Total facilities acquisition and construction services	5,427	529	129	-	2,143	3,457	1,942	-	-			Total expenditures	\$ 1,721,703	\$ 167,729	\$ 41,099	\$ 272,667	\$ 679,863	\$ 1,096,865	\$ 616,069	\$ 700,524	\$ 1,917,467																																																														
Instruction:												Salaries of teachers	\$ 1,134,964	\$ 73,908	\$ 15,912	\$ -	\$ 276,738	\$ 19,492	\$ 600,070	\$ -	\$ -			Purchased professional and technical services	-	-	16,327	-	-	712,579	-	-	-			General supplies/Misc	9,413	-	-	-	298	5,780	2,178	-	-			Textbooks	-	-	-	-	-	-	-	700,524	-			Total instruction	1,144,377	73,908	32,239	-	277,036	737,851	602,248	700,524	-			Support services:												Salaries of supervisors of instruction	111,081	18,052	-	-	77,506	69,076	2,659	-	10,969			Salaries of other professional staff	78,505	12,758	-	57,547	54,776	48,819	1,879	-	1,305,215			Salaries of secretarial and clerical employees	42,970	6,983	659	8,102	29,982	26,721	1,029	-	41,460			Personal services - employee benefits	280,191	45,887	7,164	74,802	197,147	174,157	4,896	-	337,616			Travel	4,559	741	70	860	3,181	2,835	109	-	-			Supplies and materials	2,919	474	45	9,045	2,037	1,815	70	-	215,090			Other	51,674	8,397	793	122,311	36,055	32,134	1,237	-	7,117			Total support services	571,899	93,292	8,731	272,667	400,684	355,557	11,879	-	1,917,467			Facilities acquisition and construction services:												Construction services	-	-	-	-	-	-	-	-	-			Instructional equipment	-	-	-	-	-	-	-	-	-			Noninstructional equipment	-	-	-	-	-	-	-	-	-			Total facilities acquisition and construction services	5,427	529	129	-	2,143	3,457	1,942	-	-			Total expenditures	\$ 1,721,703	\$ 167,729	\$ 41,099	\$ 272,667	\$ 679,863	\$ 1,096,865	\$ 616,069	\$ 700,524	\$ 1,917,467																																																																										
Salaries of teachers	\$ 1,134,964	\$ 73,908	\$ 15,912	\$ -	\$ 276,738	\$ 19,492	\$ 600,070	\$ -	\$ -			Purchased professional and technical services	-	-	16,327	-	-	712,579	-	-	-			General supplies/Misc	9,413	-	-	-	298	5,780	2,178	-	-			Textbooks	-	-	-	-	-	-	-	700,524	-			Total instruction	1,144,377	73,908	32,239	-	277,036	737,851	602,248	700,524	-			Support services:												Salaries of supervisors of instruction	111,081	18,052	-	-	77,506	69,076	2,659	-	10,969			Salaries of other professional staff	78,505	12,758	-	57,547	54,776	48,819	1,879	-	1,305,215			Salaries of secretarial and clerical employees	42,970	6,983	659	8,102	29,982	26,721	1,029	-	41,460			Personal services - employee benefits	280,191	45,887	7,164	74,802	197,147	174,157	4,896	-	337,616			Travel	4,559	741	70	860	3,181	2,835	109	-	-			Supplies and materials	2,919	474	45	9,045	2,037	1,815	70	-	215,090			Other	51,674	8,397	793	122,311	36,055	32,134	1,237	-	7,117			Total support services	571,899	93,292	8,731	272,667	400,684	355,557	11,879	-	1,917,467			Facilities acquisition and construction services:												Construction services	-	-	-	-	-	-	-	-	-			Instructional equipment	-	-	-	-	-	-	-	-	-			Noninstructional equipment	-	-	-	-	-	-	-	-	-			Total facilities acquisition and construction services	5,427	529	129	-	2,143	3,457	1,942	-	-			Total expenditures	\$ 1,721,703	\$ 167,729	\$ 41,099	\$ 272,667	\$ 679,863	\$ 1,096,865	\$ 616,069	\$ 700,524	\$ 1,917,467																																																																																						
Purchased professional and technical services	-	-	16,327	-	-	712,579	-	-	-			General supplies/Misc	9,413	-	-	-	298	5,780	2,178	-	-			Textbooks	-	-	-	-	-	-	-	700,524	-			Total instruction	1,144,377	73,908	32,239	-	277,036	737,851	602,248	700,524	-			Support services:												Salaries of supervisors of instruction	111,081	18,052	-	-	77,506	69,076	2,659	-	10,969			Salaries of other professional staff	78,505	12,758	-	57,547	54,776	48,819	1,879	-	1,305,215			Salaries of secretarial and clerical employees	42,970	6,983	659	8,102	29,982	26,721	1,029	-	41,460			Personal services - employee benefits	280,191	45,887	7,164	74,802	197,147	174,157	4,896	-	337,616			Travel	4,559	741	70	860	3,181	2,835	109	-	-			Supplies and materials	2,919	474	45	9,045	2,037	1,815	70	-	215,090			Other	51,674	8,397	793	122,311	36,055	32,134	1,237	-	7,117			Total support services	571,899	93,292	8,731	272,667	400,684	355,557	11,879	-	1,917,467			Facilities acquisition and construction services:												Construction services	-	-	-	-	-	-	-	-	-			Instructional equipment	-	-	-	-	-	-	-	-	-			Noninstructional equipment	-	-	-	-	-	-	-	-	-			Total facilities acquisition and construction services	5,427	529	129	-	2,143	3,457	1,942	-	-			Total expenditures	\$ 1,721,703	\$ 167,729	\$ 41,099	\$ 272,667	\$ 679,863	\$ 1,096,865	\$ 616,069	\$ 700,524	\$ 1,917,467																																																																																																		
General supplies/Misc	9,413	-	-	-	298	5,780	2,178	-	-			Textbooks	-	-	-	-	-	-	-	700,524	-			Total instruction	1,144,377	73,908	32,239	-	277,036	737,851	602,248	700,524	-			Support services:												Salaries of supervisors of instruction	111,081	18,052	-	-	77,506	69,076	2,659	-	10,969			Salaries of other professional staff	78,505	12,758	-	57,547	54,776	48,819	1,879	-	1,305,215			Salaries of secretarial and clerical employees	42,970	6,983	659	8,102	29,982	26,721	1,029	-	41,460			Personal services - employee benefits	280,191	45,887	7,164	74,802	197,147	174,157	4,896	-	337,616			Travel	4,559	741	70	860	3,181	2,835	109	-	-			Supplies and materials	2,919	474	45	9,045	2,037	1,815	70	-	215,090			Other	51,674	8,397	793	122,311	36,055	32,134	1,237	-	7,117			Total support services	571,899	93,292	8,731	272,667	400,684	355,557	11,879	-	1,917,467			Facilities acquisition and construction services:												Construction services	-	-	-	-	-	-	-	-	-			Instructional equipment	-	-	-	-	-	-	-	-	-			Noninstructional equipment	-	-	-	-	-	-	-	-	-			Total facilities acquisition and construction services	5,427	529	129	-	2,143	3,457	1,942	-	-			Total expenditures	\$ 1,721,703	\$ 167,729	\$ 41,099	\$ 272,667	\$ 679,863	\$ 1,096,865	\$ 616,069	\$ 700,524	\$ 1,917,467																																																																																																														
Textbooks	-	-	-	-	-	-	-	700,524	-			Total instruction	1,144,377	73,908	32,239	-	277,036	737,851	602,248	700,524	-			Support services:												Salaries of supervisors of instruction	111,081	18,052	-	-	77,506	69,076	2,659	-	10,969			Salaries of other professional staff	78,505	12,758	-	57,547	54,776	48,819	1,879	-	1,305,215			Salaries of secretarial and clerical employees	42,970	6,983	659	8,102	29,982	26,721	1,029	-	41,460			Personal services - employee benefits	280,191	45,887	7,164	74,802	197,147	174,157	4,896	-	337,616			Travel	4,559	741	70	860	3,181	2,835	109	-	-			Supplies and materials	2,919	474	45	9,045	2,037	1,815	70	-	215,090			Other	51,674	8,397	793	122,311	36,055	32,134	1,237	-	7,117			Total support services	571,899	93,292	8,731	272,667	400,684	355,557	11,879	-	1,917,467			Facilities acquisition and construction services:												Construction services	-	-	-	-	-	-	-	-	-			Instructional equipment	-	-	-	-	-	-	-	-	-			Noninstructional equipment	-	-	-	-	-	-	-	-	-			Total facilities acquisition and construction services	5,427	529	129	-	2,143	3,457	1,942	-	-			Total expenditures	\$ 1,721,703	\$ 167,729	\$ 41,099	\$ 272,667	\$ 679,863	\$ 1,096,865	\$ 616,069	\$ 700,524	\$ 1,917,467																																																																																																																										
Total instruction	1,144,377	73,908	32,239	-	277,036	737,851	602,248	700,524	-			Support services:												Salaries of supervisors of instruction	111,081	18,052	-	-	77,506	69,076	2,659	-	10,969			Salaries of other professional staff	78,505	12,758	-	57,547	54,776	48,819	1,879	-	1,305,215			Salaries of secretarial and clerical employees	42,970	6,983	659	8,102	29,982	26,721	1,029	-	41,460			Personal services - employee benefits	280,191	45,887	7,164	74,802	197,147	174,157	4,896	-	337,616			Travel	4,559	741	70	860	3,181	2,835	109	-	-			Supplies and materials	2,919	474	45	9,045	2,037	1,815	70	-	215,090			Other	51,674	8,397	793	122,311	36,055	32,134	1,237	-	7,117			Total support services	571,899	93,292	8,731	272,667	400,684	355,557	11,879	-	1,917,467			Facilities acquisition and construction services:												Construction services	-	-	-	-	-	-	-	-	-			Instructional equipment	-	-	-	-	-	-	-	-	-			Noninstructional equipment	-	-	-	-	-	-	-	-	-			Total facilities acquisition and construction services	5,427	529	129	-	2,143	3,457	1,942	-	-			Total expenditures	\$ 1,721,703	\$ 167,729	\$ 41,099	\$ 272,667	\$ 679,863	\$ 1,096,865	\$ 616,069	\$ 700,524	\$ 1,917,467																																																																																																																																						
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Salaries of other professional staff	78,505	12,758	-	57,547	54,776	48,819	1,879	-	1,305,215			Salaries of secretarial and clerical employees	42,970	6,983	659	8,102	29,982	26,721	1,029	-	41,460			Personal services - employee benefits	280,191	45,887	7,164	74,802	197,147	174,157	4,896	-	337,616			Travel	4,559	741	70	860	3,181	2,835	109	-	-			Supplies and materials	2,919	474	45	9,045	2,037	1,815	70	-	215,090			Other	51,674	8,397	793	122,311	36,055	32,134	1,237	-	7,117			Total support services	571,899	93,292	8,731	272,667	400,684	355,557	11,879	-	1,917,467			Facilities acquisition and construction services:												Construction services	-	-	-	-	-	-	-	-	-			Instructional equipment	-	-	-	-	-	-	-	-	-			Noninstructional equipment	-	-	-	-	-	-	-	-	-			Total facilities acquisition and construction services	5,427	529	129	-	2,143	3,457	1,942	-	-			Total expenditures	\$ 1,721,703	\$ 167,729	\$ 41,099	\$ 272,667	\$ 679,863	\$ 1,096,865	\$ 616,069	\$ 700,524	\$ 1,917,467																																																																																																																																																																										
Salaries of secretarial and clerical employees	42,970	6,983	659	8,102	29,982	26,721	1,029	-	41,460			Personal services - employee benefits	280,191	45,887	7,164	74,802	197,147	174,157	4,896	-	337,616			Travel	4,559	741	70	860	3,181	2,835	109	-	-			Supplies and materials	2,919	474	45	9,045	2,037	1,815	70	-	215,090			Other	51,674	8,397	793	122,311	36,055	32,134	1,237	-	7,117			Total support services	571,899	93,292	8,731	272,667	400,684	355,557	11,879	-	1,917,467			Facilities acquisition and construction services:												Construction services	-	-	-	-	-	-	-	-	-			Instructional equipment	-	-	-	-	-	-	-	-	-			Noninstructional equipment	-	-	-	-	-	-	-	-	-			Total facilities acquisition and construction services	5,427	529	129	-	2,143	3,457	1,942	-	-			Total expenditures	\$ 1,721,703	\$ 167,729	\$ 41,099	\$ 272,667	\$ 679,863	\$ 1,096,865	\$ 616,069	\$ 700,524	\$ 1,917,467																																																																																																																																																																																						
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Construction services	-	-	-	-	-	-	-	-	-			Instructional equipment	-	-	-	-	-	-	-	-	-			Noninstructional equipment	-	-	-	-	-	-	-	-	-			Total facilities acquisition and construction services	5,427	529	129	-	2,143	3,457	1,942	-	-			Total expenditures	\$ 1,721,703	\$ 167,729	\$ 41,099	\$ 272,667	\$ 679,863	\$ 1,096,865	\$ 616,069	\$ 700,524	\$ 1,917,467																																																																																																																																																																																																																																																																										
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Educational Services Commission of New Jersey
Special Revenue Fund
Combining Schedule of Revenues and Expenditures –
Budgetary Basis

Year ended June 30, 2017

	State Grants			Local		Federal Grants			Total
	Technology	Security	Safety Grant	Title I Grant	IDEA-B Regular	Total			
Revenues:									
Local sources	\$ -	\$ -	8,967	\$ -	\$ -	\$ 8,967	\$ -	\$ -	8,967
State sources	368,193	607,629	-	-	-	-	-	-	8,189,808
Federal sources	-	-	-	48,519	2,258,829	-	-	-	2,307,348
Total revenues	\$ 368,193	\$ 607,629	\$ 8,967	\$ 48,519	\$ 2,258,829	\$ -	\$ -	\$ -	10,506,123
Expenditures:									
Instruction:									
Salaries of teachers	\$ -	\$ -	-	\$ -	10,901	\$ -	\$ -	\$ -	2,131,985
Purchased professional and technical services	-	-	-	-	2,159,410	-	-	-	2,888,316
General supplies/Misc.	297,280	-	-	-	25,762	-	-	-	340,711
Textbooks	-	-	-	-	-	-	-	-	700,524
Total instruction	297,280	-	-	-	10,901	-	-	-	6,061,536
Support services:									
Salaries of supervisors of instruction	3,661	-	-	5,128	-	-	-	-	298,132
Salaries of other professional staff	712	11,880	-	1,763	-	-	-	-	1,573,854
Salaries of secretarial and clerical employees	6,128	-	-	2,455	-	-	-	-	166,489
Personal services - employee benefits	7,812	2,970	-	27,033	-	-	-	-	1,159,675
Travel	-	-	-	-	-	-	-	-	12,355
Supplies and materials	-	274,310	-	-	-	-	-	-	505,805
Other	913	103,188	-	1,239	73,657	-	-	-	438,715
Total support services	19,226	392,348	-	37,618	73,657	-	-	-	4,155,025
Facilities acquisition and construction services:									
Construction services	-	-	-	-	-	-	-	-	-
Instructional equipment	51,687	-	-	-	-	-	-	-	51,687
Noninstructional equipment	-	215,281	8,967	-	-	-	-	-	237,875
Total facilities acquisition and construction services	51,687	215,281	8,967	-	-	-	-	-	289,562
Total expenditures	\$ 368,193	\$ 607,629	\$ 8,967	\$ 48,519	\$ 2,258,829	\$ -	\$ -	\$ -	10,506,123

Educational Services Commission of New Jersey

Schedule of Demonstrably Effective Program Aid Expenditures – Budgetary Basis

Year Ended June 30, 2017

Not Applicable

Educational Services Commission of New Jersey

Schedule of Early Childhood Program Aid Expenditures – Budgetary Basis

Year Ended June 30, 2017

Not Applicable

Educational Services Commission of New Jersey

Schedule of Distance Learning Network Aid Expenditures – Budgetary Basis

Year Ended June 30, 2017

Not Applicable

Educational Services Commission of New Jersey

Schedule of Instructional Supplement Aid Expenditures – Budgetary Basis

Year Ended June 30, 2017

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, 2017

Revenues and Other Financing Sources

Transfers In	\$	5,000,000
Total revenues		5,000,000

Expenditures and Other Financing Uses

Construction Services		806,794
Total expenditures		806,794
Excess of revenues over expenditures		4,193,206

Fund balance, July 1		-
Fund balance, June 30	\$	4,193,206

Educational Services Commission of New Jersey
Capital Projects Fund

Summary Schedule of Project Expenditures

Year ended June 30, 2017

Project Title	Appropriations	<u>Prior Years</u> Expenditures	Current Year Expenditures	Unexpended Balance
NuView Academy Annex Project	\$ 5,000,000	\$ -	\$ 806,794	\$ 4,193,206

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, 2017

	Regional Day School Fund	Pool Services Fund	Food Services Fund	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 766,305	\$ 386,578	\$ 44,172	\$ 1,197,055
Intergovernmental accounts receivable:				
State	–	–	329	329
Federal	–	–	25,585	25,585
Other	828,992	12,106	–	841,098
Interfunds receivable	5,934	–	76,628	82,562
Total current assets	<u>1,601,231</u>	<u>398,684</u>	<u>146,714</u>	<u>2,146,629</u>
Capital assets:				
Site Improvement	1,025,309	–	–	1,025,309
Equipment	935,889	6,521	–	942,410
Accumulated depreciation	(806,471)	(634)	–	(807,105)
Total capital assets	<u>1,154,727</u>	<u>5,887</u>	<u>–</u>	<u>1,160,614</u>
Total assets	<u>2,755,958</u>	<u>404,571</u>	<u>146,714</u>	<u>3,307,243</u>
Liabilities				
Current liabilities:				
Accounts payable	56,164	53,538	791	110,493
Interfunds payable	–	38	27,213	27,251
Unearned revenues	–	57,702	5,310	63,012
Total current liabilities	<u>56,164</u>	<u>111,278</u>	<u>33,314</u>	<u>200,756</u>
Net Position				
Net investment in capital assets	1,154,727	5,887	–	1,160,614
Unrestricted	1,545,067	287,406	113,400	1,945,873
Total net position	<u>\$ 2,699,794</u>	<u>\$ 293,293</u>	<u>\$ 113,400</u>	<u>\$ 3,106,487</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, 2017

	Regional Day School Fund	Pool Services Fund	Food Services Fund	Total
Operating revenues:				
Charges for services:				
Daily sales - reimbursable programs	\$ -	\$ -	\$ 63,029	\$ 63,029
Daily sales - non-reimbursable programs			3,321	3,321
Tuition	4,587,810	-	-	4,587,810
Services	662,859	1,022,947	-	1,685,806
Miscellaneous	117	322	-	439
Total operating revenues	<u>5,250,786</u>	<u>1,023,269</u>	<u>66,350</u>	<u>6,340,405</u>
Operating expenses:				
Cost of sales - reimbursable programs	-	-	289,360	289,360
Cost of sales - non-reimbursable programs	-	-	2,204	2,204
Salaries and wages	2,879,768	559,849	27,213	3,466,830
Employee benefits	1,151,029	101,676	-	1,252,705
Materials and supplies	44,904	104,459	-	149,363
Textbooks	395	-	-	395
Maintenance and repairs	44,427	37,874	-	82,301
Other professional services	530,353	21,691	-	552,044
Insurance	13,121	-	-	13,121
Telephone/Communications	21,731	1,632	-	23,363
Utilities	88,297	69,964	-	158,261
Depreciation	104,015	435	-	104,450
Miscellaneous	31,636	30,955	-	62,591
Total operating expenses	<u>4,909,676</u>	<u>928,535</u>	<u>318,777</u>	<u>6,156,988</u>
Operating income (loss)	341,110	94,734	(252,427)	183,417
Nonoperating revenues:				
State school lunch program	-	-	3,605	3,605
National breakfast program - federal	-	-	98,086	98,086
Federal school lunch program	-	-	181,806	181,806
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>283,497</u>	<u>283,497</u>
Income before transfers	341,110	94,734	31,070	466,914
Transfers in	-	135,450	-	135,450
Transfers out	(100,682)	(219,821)	-	(320,503)
Total Transfer	<u>(100,682)</u>	<u>(84,371)</u>	<u>-</u>	<u>(185,053)</u>
Change in net position	240,428	10,363	31,070	281,861
Net position, beginning	2,459,366	282,930	82,330	2,824,626
Net position, ending	<u>\$ 2,699,794</u>	<u>\$ 293,293</u>	<u>\$ 113,400</u>	<u>\$ 3,106,487</u>

See accompanying notes.

Educational Services Commission of New Jersey
Proprietary Fund - Enterprise Funds

Combining Statement of Cash Flows

Year ended June 30, 2017

	Regional Day School Fund	Pool Services Fund	Food Services Fund	Total
Cash flows from operating activities				
Receipts from customers	\$ 4,874,529	\$ 1,033,535	\$ 67,389	\$ 5,975,453
Payments to employees	(2,879,768)	(559,849)	(27,213)	(3,466,830)
Payments for employee benefits	(1,151,029)	(101,676)	-	(1,252,705)
Payments to suppliers	(748,536)	(275,871)	(291,564)	(1,315,971)
Net cash provided by (used in) operating activities	95,196	96,139	(251,388)	(60,053)
Cash flows from noncapital financing activities				
State sources	-	-	4,002	4,002
Federal sources	-	-	308,693	308,693
Operating subsidies and transfers to/from other funds	(100,886)	(84,375)	(69,427)	(254,688)
Net cash (used in) provided by noncapital financing activities	(100,886)	(84,375)	243,268	58,007
Cash flows from capital and related financing				
Purchases of capital assets	(321,558)	-	-	(321,558)
Net cash used in capital and related financing activities	(321,558)	-	-	(321,558)
Net decrease in cash and cash equivalents	(327,248)	11,764	(8,120)	(323,604)
Balances – beginning of year	1,093,553	374,814	52,292	1,520,659
Balances – end of year	\$ 766,305	\$ 386,578	\$ 44,172	\$ 1,197,055
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 341,110	\$ 94,734	\$ (252,427)	\$ 183,417
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation and net amortization	104,015	435	-	104,450
Change in assets and liabilities:				
Increase in accounts receivable, net	(376,257)	(634)	-	(376,891)
Increase (Decrease) in accounts payable, net	26,328	(9,296)	-	17,032
Increase in unearned revenue, net	-	10,900	1,039	11,939
Net cash provided by (used in) operating activities	\$ 95,196	\$ 96,139	\$ (251,388)	\$ (60,053)

See accompanying notes.

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, 2017

	<u>Trust</u>	<u>Agency</u>		<u>Total Agency</u>
	<u>Unemployment Compensation</u>	<u>Student Activity</u>	<u>Payroll</u>	
Assets				
Cash and cash equivalents	\$ 314,488	\$ 11,177	\$ 196,745	\$ 207,922
Interfund receivable	-	-	38	38
Accounts receivable – other	-	-	2,311	2,311
Total assets	<u>\$ 314,488</u>	<u>\$ 11,177</u>	<u>\$ 199,094</u>	<u>\$ 210,271</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ 175,314	\$ 175,314
Interfund payable	-	-	23,780	23,780
Due to student groups	-	11,177	-	11,177
Total liabilities	<u>\$ -</u>	<u>\$ 11,177</u>	<u>\$ 199,094</u>	<u>\$ 210,271</u>
Net position held in trust for unemployment claims	<u>\$ 314,488</u>			

Educational Services Commission of New Jersey
Trust Funds

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2017

	Unemployment Compensation Trust Fund
Additions:	
Contributions	\$ 150,294
Interest on investments	784
Total additions	151,078
Deductions:	
Payment of claims	150,294
Total deductions	150,294
Change in net position	784
Net position – beginning	313,704
Net position – ending	\$ 314,488

Educational Services Commission of New Jersey
Student Activity Agency Fund

Schedule of Receipts and Disbursements

Year ended June 30, 2017

	Balance July 1, 2016	Cash Receipts	Cash Disbursements	Balance June 30, 2017
Raritan Valley Academy				
Student activity	\$ 325	\$ 844	\$ 1,103	\$ 66
Year book	158	-	-	158
Total	483	844	1,103	224
Piscataway Regional Day School				
Student activity	1,997	3,928	3,301	2,624
Total	1,997	3,928	3,301	2,624
Academy Learning Center				
Student activity	835	6,157	4,964	2,028
Total	835	6,157	4,964	2,028
Bright Beginning Learning Center				
Student activity	2,522	6,940	6,255	3,207
Year Book	-	904	18	886
Total	2,522	7,844	6,273	4,093
Center for Lifelong Learning				
Student activity	1,926	282	-	2,208
Year Book	-	-	-	-
Total	1,926	282	-	2,208
Total of all schools	\$ 7,763	\$ 19,055	\$ 15,641	\$ 11,177

Educational Services Commission of New Jersey
Payroll Agency Fund

Schedule of Cash Receipts and Disbursements

Year ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Assets				
Cash and cash equivalents	\$ 268,763	\$ 33,979,285	\$ 34,051,303	\$ 196,745
Interfund receivable	42	38	42	38
Accounts receivable – other	65	2,311	65	2,311
Total assets	<u>\$ 268,870</u>	<u>\$ 33,981,634</u>	<u>\$ 34,051,410</u>	<u>\$ 199,094</u>
Liabilities				
Accounts payable	\$ 250,816	\$ 175,314	\$ 250,816	\$ 175,314
Interfund payable	18,054	23,780	18,054	23,780
Payroll, payroll deductions and withholdings payable	–	33,782,540	33,782,540	–
Total liabilities	<u>\$ 268,870</u>	<u>\$ 33,981,634</u>	<u>\$ 34,051,410</u>	<u>\$ 199,094</u>

Long-Term Debt

Educational Services Commission of New Jersey
Long-Term Debt

Schedule of Bonds/Loans Payable

Year ended June 30, 2017

Description	Interest Rate Payable	Amount of Issue	Balance July 1, 2016	Issued	Retired	Balance June 30, 2017
Bonds/loan payable –						
Middlesex County Improvement Authority – 2008	Various	\$ 40,000,000	\$ 3,715,000	\$ –	\$ 1,185,000	\$ 2,530,000
Middlesex County Improvement Authority – 2010	Various	5,300,000	2,430,000	–	575,000	1,855,000
Middlesex County Improvement Authority – 2014	Various	9,385,000	8,740,000	–	735,000	8,005,000
Middlesex County Improvement Authority – 2014A	Various	30,170,000	30,070,000	–	100,000	29,970,000
Loans payable –						
TD Equipment Finance Inc. -2012	1.52%	500,000	51,163		51,163	–
			\$ 45,006,163	\$ –	\$ 2,646,163	\$ 42,360,000

Educational Services Commission of New Jersey
Long-Term Debt

Schedule of Obligations Under Capital Leases

June 30, 2017

Not Applicable

Educational Services Commission of New Jersey
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Actual to Final
Revenues:					
Interest earned	\$ -	\$ 122	\$ 122	\$ 122	\$ -
Total revenues	-	122	122	122	-
Expenditures:					
Regular debt service:					
Interest	1,879,375	110,449	1,989,824	1,867,875	121,949
Principal	2,646,163	-	2,646,163	2,646,163	-
Total expenditures	4,525,538	110,449	4,635,987	4,514,038	121,949
(Deficiency) excess of revenues (under) over expenditures	(4,525,538)	(110,327)	(4,635,865)	(4,513,916)	121,949
Other financing sources:					
Transfers in	4,525,538	110,327	4,635,865	4,635,865	-
Proceeds from principal	-	-			-
Proceeds from premium	-	-			-
Cost of Issurance	-	-			-
Advance Refunding Escrow	-	-			-
Payment to Debt Escrow	-	-			-
Total other financing sources (uses)	4,525,538	110,327	4,635,865	4,635,865	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	-	-	-	121,949	121,949
Fund balance, July 1	4,338,969	-	4,338,969	4,338,969	-
Fund balance, June 30	\$ 4,338,969	\$ -	\$ 4,338,969	\$ 4,460,918	\$ 121,949

**Statistical Section
(Unaudited)**

Financial Trends

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ (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	\$ 19,515,282
Restricted for:										
Capital projects and reserve	8,312,635	4,036,257	751,545	231,255	236,824	236,825	216,392	216,392	216,392	4,409,598
Debt service	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	4,460,918
Committed - Encumbrances	1,091,094	1,220,140	930,684	1,267,891	999,035	2,035,178	529,558	1,374,102	1,738,576	674,966
Assigned	7,151,486	6,940,353	4,027,647	4,771,597	173,633	9,637,427	14,715,000	128,973	4,364,743	747,040
Unassigned	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	29,807,804
Total governmental activities net position	\$ 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	\$ 29,807,804
Business-type activities										
Net investment in capital assets	\$ 806,809	\$ 1,119,901	\$ 1,083,451	\$ 955,897	\$ 924,861	\$ 922,350	\$ 878,927	\$ 941,075	\$ 943,506	\$ 1,160,614
Restricted for:										
Capital projects and reserve	1,328,970	1,530,675	605,244	640,588	813,654	785,052	998,669	(819,552)	(585,298)	1,945,873
Debt service	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	3,106,487
Total business-type activities net position	\$ 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	\$ 3,106,487
District-wide										
Net investment in capital assets	\$ (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	\$ 20,675,896
Restricted for:										
Capital projects and reserve	8,312,635	4,036,257	751,545	14,863	236,824	236,825	216,392	216,392	216,392	4,409,598
Debt service	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	4,460,918
Unrestricted	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	3,367,879
Total district net position	\$ 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	\$ 32,914,291

Source: CAFR Schedule A-1

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction	\$ 17,820,197	\$ 18,158,241	\$ 17,929,049	\$ 17,099,823	\$ 16,024,030	\$ 17,164,004	\$ 17,965,699	\$ 19,035,846	\$ 20,294,800	\$ 20,321,034
Support Services:										
Health services	681,759	650,633	744,761	739,248	697,076	681,803	707,233	717,186	803,536	988,093
Student & instruction related services	6,725,538	6,768,050	10,496,291	10,172,638	10,081,083	10,818,703	11,895,280	13,684,624	15,214,106	16,072,667
General administrative services	654,386	712,561	772,495	748,892	933,886	1,130,539	1,095,306	1,179,015	1,199,576	1,095,716
Central Services	1,443,203	1,519,283	1,578,352	1,758,468	1,730,098	1,909,456	1,911,362	1,769,994	2,154,548	2,146,272
Admin. Infor. Technology	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	1,761,051
Plant operations and maintenance	1,966,642	98,180	296,674	331,041	302,361	278,071	373,711	453,329	534,003	348,565
Employee benefits	1,708,220	1,765,062	2,288,865	1,895,022	1,768,873	1,905,235	1,967,843	1,985,498	2,077,438	2,164,988
Capital outlay	25,427,834	24,909,636	25,611,438	26,235,308	30,174,878	34,105,560	37,069,323	39,881,596	44,472,381	44,192,693
Special Schools	776,720	940,187	1,369,252	880,225	1,375,746	1,216,465	1,379,758	1,540,966	1,948,191	3,441,362
Interest on long-term debt	1,827,514	1,843,787	2,328,007	2,522,036	2,623,432	2,715,991	2,678,384	2,917,352	2,804,445	2,902,818
Other	1,726,317	2,743,549	2,253,304	2,509,131	2,671,147	2,602,541	2,597,814	2,820,805	1,921,105	1,841,709
Total governmental activities expenses	\$ 60,439,524	\$ 61,438,891	\$ 66,713,448	\$ 66,539,055	\$ 69,458,280	\$ 76,121,225	\$ 81,122,059	\$ 87,443,811	\$ 95,059,072	\$ 97,420,053
Business-type activities:										
Regional Day School	\$ 5,264,305	\$ 5,516,538	\$ 5,596,920	\$ 5,536,555	\$ 5,384,440	\$ 4,666,512	\$ 4,429,114	\$ 4,815,142	\$ 5,041,877	\$ 4,909,676
Bus Service	163,003	190,437	29,598	2,162	5,351	—	—	—	—	—
Early Childhood Program	5,577,675	5,382,667	5,211,889	78,264	—	—	—	—	—	—
Food service	274,427	298,567	276,201	786,413	740,070	654,430	738,063	816,349	872,415	928,535
Pool service	11,279,410	11,388,209	6,715,137	6,681,448	6,422,754	5,631,171	311,148	333,522	314,364	318,277
Total business-type activities expense	\$ 71,718,934	\$ 72,827,100	\$ 73,448,585	\$ 73,320,503	\$ 75,881,034	\$ 81,754,336	\$ 86,600,384	\$ 93,398,824	\$ 101,257,728	\$ 103,577,041
Total district expenses	\$ 132,158,458	\$ 134,266,001	\$ 140,162,033	\$ 140,059,558	\$ 145,339,314	\$ 157,875,561	\$ 167,722,443	\$ 180,842,635	\$ 196,316,799	\$ 200,997,094
Program Revenues										
Governmental activities:										
Changes for services:										
Pupil transportation	\$ 22,552,408	\$ 21,849,114	\$ 22,014,291	\$ 22,506,936	\$ 25,935,911	\$ 29,200,853	\$ 31,624,558	\$ 33,420,236	\$ 37,292,147	\$ 37,962,302
Operating grants and contributions	9,322,536	9,050,390	9,033,229	8,465,067	6,567,329	6,931,101	7,375,259	8,600,511	9,631,166	10,397,989
Total governmental activities program revenues	\$ 31,875,344	\$ 30,899,504	\$ 31,047,520	\$ 30,971,993	\$ 32,503,240	\$ 36,131,954	\$ 39,000,817	\$ 42,020,747	\$ 46,923,313	\$ 48,360,291
Business-type activities:										
Changes for services:										
Regional Day School	\$ 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	\$ 5,250,786
Bus Service	136,198	118,042	11,154	735	6,390	—	—	—	—	—
Newsletter Services program	5,505,367	5,459,933	371,737	—	—	—	—	—	—	—
Pool service	72,933	72,388	276,333	575,609	656,928	554,933	633,974	900,343	988,296	1,023,269
Food service	478,357	477,438	74,989	73,992	68,837	62,077	63,500	69,722	66,350	66,350
Operating grants and contributions	11,875,853	12,026,531	6,998,532	6,515,797	229,042	241,718	263,220	272,112	265,478	283,497
Total business-type activities program revenues	\$ 43,751,197	\$ 42,926,035	\$ 37,746,052	\$ 37,487,780	\$ 39,068,817	\$ 41,657,972	\$ 44,702,533	\$ 48,685,280	\$ 53,440,713	\$ 54,984,193
Net (Expense)/Revenue	\$ (28,564,140)	\$ (30,539,387)	\$ (35,665,927)	\$ (35,567,062)	\$ (36,955,040)	\$ (39,989,270)	\$ (42,119,242)	\$ (45,423,064)	\$ (48,135,759)	\$ (49,059,762)
Governmental activities	596,443	638,322	(36,605)	(165,691)	142,823	(107,153)	221,391	709,620	288,744	466,914
Business-type activities	(27,967,737)	(29,901,065)	(35,702,532)	(35,732,753)	(36,812,217)	(40,096,423)	(41,897,851)	(44,713,444)	(47,847,015)	(48,592,848)
Total district-wide net expense	\$ (27,371,294)	\$ (29,262,743)	\$ (35,739,017)	\$ (35,898,442)	\$ (36,672,214)	\$ (40,203,570)	\$ (41,676,460)	\$ (44,003,824)	\$ (47,558,271)	\$ (48,125,854)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Federal and state aid not restricted	\$ 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	\$ 3,773,676
Tuition received	22,577,836	23,150,645	26,186,392	27,207,213	27,809,066	30,247,995	32,136,205	32,716,393	32,765,239	34,288,120
Services provided to districts	5,282,655	5,672,096	7,620,980	8,433,509	9,249,964	10,785,815	12,268,807	13,160,428	14,976,777	15,910,374
Interest income	561,994	1,200,398	21,818	12,176	8,909	9,326	9,783	12,827	25,294	61,142
Special items	—	—	—	—	—	—	—	—	—	—
Miscellaneous income	163,145	103,565	200,725	232,606	222,586	443,414	133,836	484,794	237,419	205,792
Transfers	143,900	143,900	925,276	793	793	(76,400)	51,197	79,137	52,059	(2,281,365)
Total governmental activities	\$ 30,516,787	\$ 30,996,519	\$ 36,790,914	\$ 37,639,553	\$ 39,481,309	\$ 44,065,601	\$ 47,047,378	\$ 51,242,321	\$ 54,082,053	\$ 51,927,739
Business-type activities:										
Services provided to districts	(143,900)	(123,525)	(925,276)	(73,481)	(793)	(76,400)	(51,197)	(79,137)	(52,059)	2,281,365
Transfers	(143,900)	(143,900)	(925,276)	(73,481)	(793)	(76,400)	(51,197)	(79,137)	(52,059)	2,281,365
Total business-type activities	\$ 30,372,887	\$ 30,872,594	\$ 35,865,638	\$ 37,566,072	\$ 39,480,516	\$ 44,141,641	\$ 46,996,181	\$ 51,163,184	\$ 54,029,994	\$ 54,209,104
Total district-wide	\$ 1,943,890	\$ 1,123,925	\$ 925,276	\$ 76,480	\$ 2,500,793	\$ 2,923,960	\$ 2,999,960	\$ 3,079,137	\$ 3,052,059	\$ 3,718,635
Change in Net Position	\$ 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	\$ 2,867,977
Governmental activities	452,543	514,297	(961,881)	(92,210)	142,030	170,194	630,483	2,36,685	2,748,279	2,748,279
Business-type activities	2,405,150	972,329	1,63,106	1,980,281	2,668,239	4,045,218	5,098,330	6,449,740	6,182,979	5,616,256
Total district	\$ 2,857,757	\$ 1,486,626	\$ 1,798,092	\$ 2,072,771	\$ 2,694,509	\$ 4,121,549	\$ 5,026,466	\$ 6,469,002	\$ 6,131,273	\$ 8,364,535

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 Ended June 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Nonspendable: Invested in CA										
Restricted for:										
Other Purposes	\$ 1,307,486	\$ 1,436,532	\$ 371,031	\$ 216,392	\$ 216,392	\$ 216,392	\$ 216,392	\$ 216,392	\$ 216,392	\$ 216,392
Committed: Encumbrance	941,351	302,631	930,684	1,267,891	999,035	2,035,178	529,538	1,374,102	1,738,576	674,966
Assigned	7,104,967	7,922,372	4,535,312	163,501	175,633	149,373	29,200	29,200	29,200	247,342
Unassigned	9,353,804	9,661,535	5,837,027	6,683,988	8,574,018	12,319,951	14,935,187	17,988,468	22,659,538	23,109,569
Total general fund										
	\$ 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	\$ 32,902,393
All Other Governmental Funds										
Restricted for:										
Debt service fund	\$ 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	\$ 4,460,918
Capital projects fund	8,096,243	3,819,865	535,153	14,863	20,432	20,433	—	—	—	4,193,206
Total all other governmental funds										
	\$ 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	\$ 8,654,124
Total Governmental Funds										
	\$ 30,784,724	\$ 23,289,121	\$ 11,463,641	\$ 12,014,299	\$ 14,025,726	\$ 18,110,093	\$ 21,141,149	\$ 29,484,110	\$ 33,301,644	\$ 41,556,517

Source: CAFR Schedule B-1

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

	Fiscal Year Ended June 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Revenues										
Local sources:										
Tuition	\$ 22,527,836	\$ 23,150,645	\$ 26,186,392	\$ 27,207,213	\$ 27,809,066	\$ 30,247,995	\$ 32,136,205	\$ 32,765,239	\$ 32,765,239	\$ 34,258,120
Transportation fees	22,552,408	21,849,114	22,014,291	22,506,936	25,935,911	29,200,853	31,624,558	33,420,236	37,292,147	37,962,302
Services provided to districts	5,282,055	5,672,096	7,620,980	8,433,509	9,249,980	10,785,815	12,268,807	13,160,428	14,976,777	15,910,374
Interest on investments	301,628	79,931	21,600	12,077	8,871	9,287	9,738	12,772	25,226	61,020
Special items	—	—	—	—	—	—	—	—	—	—
Miscellaneous	163,145	103,565	200,725	232,606	222,586	443,414	133,836	484,794	237,419	205,792
Total - Local sources	30,827,072	30,855,351	56,043,988	58,392,341	63,226,398	70,687,364	76,173,144	79,794,623	85,296,808	88,397,608
State sources										
Reimbursed TPAF S.S. Contributions	923,795	966,784	967,984	910,176	953,223	946,962	969,128	981,118	998,222	1,015,224
On-behalf TPAF pension Contributions	914,062	859,906	867,742	917,354	1,236,768	1,708,129	1,478,422	1,822,226	2,271,542	2,758,452
Total - State sources	1,837,857	1,826,690	1,835,726	1,827,530	2,189,991	2,655,091	2,447,550	2,803,344	3,269,764	3,773,676
Total revenue	32,664,929	32,682,041	57,879,711	60,219,871	65,416,389	73,342,455	78,620,694	82,597,967	88,566,572	92,171,284
Expenditures										
Instruction	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	11,134,594
Support Services:										
Health services	614,484	581,568	649,995	643,950	607,982	589,017	610,528	605,879	676,405	852,975
Student & instruction related services	2,889,039	3,152,844	6,614,327	6,111,787	6,735,318	7,067,113	7,706,612	8,315,851	9,249,904	9,787,094
General administrative services	589,813	636,922	674,201	652,351	814,525	776,371	945,537	955,080	992,478	945,881
School Administrative services	1,300,790	1,358,009	1,377,518	1,531,779	1,508,972	1,651,473	1,650,008	1,495,293	1,813,667	1,852,777
Central Services	855,843	895,083	868,595	886,964	905,256	1,020,728	1,179,998	1,171,038	1,336,357	1,520,233
Admin. Infor. Technology	177,237	87,758	288,365	263,715	263,715	240,501	322,611	449,516	382,973	300,900
Required maint for school facilities	646,093	662,166	862,916	707,884	765,797	925,595	913,923	909,697	975,401	1,073,422
Operation of plant	893,563	915,533	1,134,707	942,846	776,994	722,227	784,654	767,654	773,356	795,520
Pupil transportation	22,918,661	22,352,448	22,352,560	22,853,243	26,318,186	29,497,624	32,000,567	33,692,013	37,436,204	38,149,495
Business and other support services	3,630,383	4,050,962	5,845,920	5,881,886	5,786,788	6,618,812	7,672,501	7,579,806	7,888,025	8,354,692
Unallocated employee benefits	923,795	966,784	967,984	910,176	953,223	946,962	969,128	981,118	998,222	1,015,224
Reimbursed S.S. contributions	914,062	859,906	867,742	917,354	1,236,768	1,708,129	1,478,422	1,822,226	2,271,542	2,758,452
On-behalf TPAF pension contributions	883,017	601,797	220,453	207,423	103,616	515,286	433,476	735,096	1,199,073	1,703,932
Capital outlay	1,827,514	1,843,787	2,328,007	2,522,056	2,623,452	2,715,991	2,678,384	2,917,352	2,804,445	2,900,818
Special Schools	49,339,961	49,312,927	54,162,689	54,294,222	58,679,858	65,131,768	69,842,355	72,936,176	79,752,222	83,148,009
Total expenditures	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	9,023,275
Excess (Deficiency) of revenues over (under) expenditures	221,510	37,958	621,370	46,179	—	—	20,433	—	—	—
Other Financing sources (uses)	(2,544,529)	(3,099,341)	(8,162,900)	(5,124,867)	(4,846,501)	(4,964,754)	(5,408,386)	(5,763,966)	(3,798,806)	(9,398,712)
Transfers in	(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)	(9,398,712)
Transfers out	—	—	—	—	—	500,000	—	—	—	—
Proceeds from Loan	—	—	—	—	—	—	—	—	—	—
Total other financing sources (uses)	—	—	—	—	—	—	—	—	—	—
Net change in fund balances, General Fund	\$ 1,001,949	\$ 307,731	\$ (3,824,508)	\$ 846,961	\$ 1,890,030	\$ 3,745,933	\$ 3,390,386	\$ 3,897,825	\$ 5,015,544	\$ (375,437)
Special Revenue Fund										
Revenues										
Local sources	\$ 3,000	\$ 5,000	\$ 269,403	\$ 291,470	\$ 20,874	\$ 19,763	\$ —	\$ 21,924	\$ —	\$ 16,321
State sources	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	8,072,636
Federal sources	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	2,309,032
Total revenue	9,322,936	9,050,390	9,033,229	8,465,057	6,567,329	6,931,101	7,378,259	8,600,511	9,631,166	10,397,989
Expenditures										
Instruction	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	6,063,374
Other support : special	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	4,087,691
Capital outlay	377,642	365,169	131,883	43,179	20,418	122,624	31,219	123,917	153,281	194,824
Total expenditures	9,163,079	8,868,390	8,887,496	8,281,797	6,478,169	6,862,765	7,311,675	8,549,572	9,588,466	10,345,889
Excess (Deficiency) of revenues over (under) expenditures	159,857	182,000	145,733	183,260	89,160	68,336	66,584	50,939	42,700	52,100
Other Financing sources (uses)										
Transfers in	(159,857)	(182,000)	(145,733)	(183,260)	(89,160)	(68,336)	(66,584)	(50,939)	(42,700)	(52,100)
Transfers out	(159,857)	(182,000)	(145,733)	(183,260)	(89,160)	(68,336)	(66,584)	(50,939)	(42,700)	(52,100)
Total other financing sources (uses)	—	—	—	—	—	—	—	—	—	—
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 Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Capital Projects Fund										
Revenues										
Interest Earned	\$ 221,510	\$ 37,958	\$ 158	\$ 55	\$ 2	\$ 1	\$ -	\$ -	\$ -	\$ -
Total revenue	221,510	37,958	158	55	2	1	-	-	-	-
Expenditures										
Capital outlay	8,348,857	23,291,986	7,928,491	620,902	244,433	-	-	-	-	806,794
Total expenditures	8,348,857	23,291,986	7,928,491	620,902	244,433	-	-	-	-	806,794
Excess (Deficiency) of revenues over (under) expenditures	(8,127,347)	(23,254,028)	(7,928,333)	(620,847)	(244,431)	1	-	-	-	(806,794)
Other Financing sources (uses)										
Transfers in	-	333,254	4,643,621	127,018	250,000	-	-	-	-	5,000,000
Transfers out	(221,510)	(37,958)	-	(26,461)	-	-	(20,433)	-	-	-
Proceeds - Bonds	10,000,000	18,682,354	-	-	-	-	-	-	-	-
Total other financing sources (uses)	9,778,490	18,977,650	4,643,621	100,557	250,000	-	(20,433)	-	-	5,000,000
Net change in fund balances, Capital projects fund	\$ 1,651,143	\$ (4,276,378)	\$ (3,284,712)	\$ (520,290)	\$ 5,569	\$ 1	\$ (20,433)	\$ -	\$ -	\$ 4,193,206
Debt service Fund										
Revenues										
Interest Earned	\$ 38,856	\$ 2,509	\$ 60	\$ 44	\$ 36	\$ 38	\$ 45	\$ 55	\$ 68	\$ 122
Total revenue	38,856	2,509	60	44	36	38	45	55	68	122
Expenditures										
Principal	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	2,646,163
Interest	1,366,068	2,813,546	2,763,869	2,559,972	2,541,361	2,473,034	2,395,439	1,958,584	1,961,464	1,867,875
Total expenditures	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	4,514,038
Excess (Deficiency) of revenues over (under) expenditures	(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)	(4,513,916)
Other Financing sources (uses)										
Transfers in	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	4,655,865
Transfers out	-	(333,254)	(500,000)	(119,719)	(250,000)	-	-	-	-	-
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)	(449,105)	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	(10,456,983)	(29,225,000)	-	-
Total other financing sources (uses)	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	4,655,865
Net change in fund balances, Debt Svc Fund	\$ 489,375	\$ 374,711	\$ (715,774)	\$ 372,139	\$ 55,129	\$ 169,216	\$ (159,232)	\$ 2,222,568	\$ (599,005)	\$ 121,949
Net change in fund balances, Governmental Fund	\$ 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	\$ 3,939,718

Source: CAFR Schedule B-2

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Miscellaneous Revenue										
Sale of property	\$ 21,131	\$ 34,490	\$ 5,965	\$ 28,800	\$ -	\$ 104,300	\$ 27,284	\$ 9,279	\$ 96,663	\$ -
Insurance proceeds	5,173	11,672	12,842	1,590	-	102,261	2,215	27,019	50,945	66,249
Refunds	16,776	10,448	17,839	5,841	22,033	5,656	2,215	4,136	3,640	3,640
Cancellation of aging liabilities	86,935	45,102	84,560	130,655	54,633	38,744	(93,095)	117,609	(96,387)	(23,468)
E-rate reimbursement	33,130	1,853	79,520	65,720	68,689	88,702	104,688	227,969	131,899	117,710
Other					77,231	103,751	92,744	98,782	54,299	41,661
Total Other Local Revenue	\$ 163,145	\$ 103,565	\$ 200,726	\$ 232,606	\$ 222,586	\$ 443,414	\$ 133,836	\$ 484,794	\$ 237,419	\$ 205,792

Source: Commission records

Revenue Capacity

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

Not Applicable

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

Not Applicable

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

Not Applicable

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

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
	Loans Payable ^b	Capital Leases	Promissory Notes				
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	0.11%	53,467	
2016	44,955,000	51,163	-	45,006,163	N/A	N/A	
2017	42,360,000	-	-	42,360,000	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**

Not Applicable

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

Not Applicable

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

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
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	44,960,400	53,467	5.0%
2016	837,073	N/A	N/A	4.4%
2017	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, 2007 to July 1, 2016

b Personal income based on Per Capita Personal income times Population

c Per Capita based on the PerCapita Personal Income for New Jersey 2006-2015

d Unemployment rate based on the 2016 NJ Annual Average Labor Force Estimate by Municipality (2016 Benchmark)

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

Not Applicable

Operating Information

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction										
PL192/193	36.20	29.20	29.10	30.00	22.90	22.79	21.29	25.77	32.72	38.50
RVA	16.50	16.40	17.50	16.21	13.36	9.69	9.27	8.44	-	-
NuView Annex	-	-	-	-	-	-	-	-	8.32	10.52
NuView	7.30	12.70	14.00	13.21	15.52	13.52	14.30	15.35	18.30	18.30
Piscataway Regional Day School	79.70	80.54	77.54	70.74	68.40	44.00	47.35	48.75	52.35	54.05
Academy Learning Center	86.08	87.11	86.11	86.11	84.78	82.80	79.85	79.85	83.05	86.85
Academy Learning Center Annex I	2.00	6.25	-	-	-	-	-	-	-	-
Title I	1.00	0.40	0.40	0.40	-	-	-	-	-	-
Middlesex County Academy High School	4.90	4.90	5.00	5.16	4.10	3.75	3.07	2.68	2.80	-
Bright Beginnings Learning Center	65.60	68.18	68.88	68.53	57.10	74.50	78.45	78.65	88.45	95.58
Bright Beginnings Learning Center Annex II	24.55	25.55	-	-	-	-	-	-	-	-
Bright Beginnings Learning Center Annex	24.60	22.35	-	-	-	-	-	-	-	-
IDEA B	65.90	65.27	45.13	57.88	28.00	37.27	34.89	28.55	34.40	36.12
New Brunswick preschool and other col svc	-	-	-	-	-	-	-	-	-	5.40
Carteret Collaborative Services	-	-	-	-	13.00	12.00	12.45	20.15	15.83	23.00
Edison Collaborative Services	18.15	-	-	-	-	-	-	-	-	-
Sayreville Collaborative Services	16.40	13.05	9.00	-	-	-	-	-	-	-
PIC-C	1.00	1.00	1.00	1.00	-	-	-	-	-	-
Early Childhood Program	56.33	53.00	52.00	-	-	-	-	-	-	-
Center for Lifelong Learning	-	-	72.68	101.50	109.10	106.80	115.40	120.90	128.00	133.10
Health Services:										
RVA	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	1.20	1.50	2.00	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	38.87	40.60	40.60	40.00	42.00	45.00	48.00	66.00	77.00	71.00
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	2.40	2.10	2.25	2.25	2.25
Bright Beginnings Learning Center Annex II	1.00	1.00	-	-	-	-	-	-	-	-
Bright Beginnings Learning Center Annex	0.05	0.05	-	-	-	-	-	-	-	-
Edison Collaborative Services	1.00	-	-	-	-	-	-	-	-	-
Sayreville Collaborative Services	0.25	0.20	0.40	-	-	-	-	-	-	-
Center for Lifelong Learning	-	-	1.60	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Support Services:										
RVA	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	1.00	1.00	1.00	1.50	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	-	-	-	-	-	-	-	-
Middlesex County Academy High School	0.44	0.44	0.45	0.44	0.44	0.30	-	-	-	-
Bright Beginnings Learning Center	2.00	2.00	2.00	1.00	1.00	1.50	2.00	2.00	3.00	3.00
Bright Beginnings Learning Center Annex II	0.50	0.50	-	-	-	-	-	-	-	-
Bright Beginnings Learning Center Annex	0.50	0.50	-	-	-	-	-	-	-	-
IDEA B	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	9.00	8.00	8.00	-	-	-	-	-	-	-
Center for Lifelong Learning	-	-	2.40	4.50	5.50	7.50	8.30	10.00	9.00	9.00
General Administration	5.00	5.00	5.00	5.00	5.00	5.00	4.75	4.75	5.00	5.00
School Administration										
PL192/193	4.53	4.87	5.15	5.63	5.63	3.85	4.55	3.19	3.35	4.05
RVA	2.13	2.13	2.12	2.12	2.12	1.62	1.52	1.52	-	-
NuView Annex	-	-	-	-	-	-	-	-	1.27	2.02
NuView	2.00	2.00	2.17	2.15	2.15	2.18	2.03	2.03	2.03	2.03
Piscataway Regional Day School	3.78	3.90	3.94	3.94	3.94	3.12	2.20	2.45	3.08	2.98
Academy Learning Center	3.48	3.93	3.97	3.97	3.97	4.19	4.02	4.02	4.02	4.02
Academy Learning Center Annex I	-	0.37	-	-	-	-	-	-	-	-
Title I	0.10	0.12	0.12	0.21	0.21	0.10	0.08	0.15	0.10	0.10
Non-Public Textbook	0.42	0.23	0.23	0.25	0.25	0.23	0.27	0.27	0.27	0.21
Non-Public Nursing	0.55	0.40	0.35	0.30	0.30	0.40	0.40	0.62	0.65	0.70
Professional Development Program	1.60	1.40	1.00	1.00	0.40	0.40	0.15	0.40	0.10	0.15
ESC-(CSH, CST, Charter)	-	-	-	1.20	1.20	2.34	2.29	4.21	4.35	5.52
Middlesex County Academy High School	2.00	2.00	2.00	2.00	2.00	1.50	1.00	1.00	0.75	-
Bright Beginnings Learning Center	3.73	3.91	3.95	3.95	3.95	5.10	5.35	4.93	4.58	4.73
Bright Beginnings Learning Center Annex II	1.65	1.34	-	-	-	-	-	-	-	-
Bright Beginnings Learning Center Annex	1.15	0.84	-	-	-	-	-	-	-	-
Non-Public Technology	0.27	0.28	-	-	-	-	0.16	0.15	0.26	0.18
Non-Public Security	-	-	-	-	-	-	-	-	-	0.17
IDEA B	1.45	1.67	1.47	0.99	0.99	1.42	-	-	-	-
Edison Collaborative Services	0.15	-	-	-	-	-	-	-	-	-
Sayreville Collaborative Services	0.50	0.54	0.30	-	-	-	-	-	-	-
Carteret Collaborative Services	-	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00
Early Childhood Program	7.00	6.00	6.00	-	-	-	-	-	-	-
Center for Lifelong Learning	-	-	3.87	3.97	3.97	4.37	4.11	4.11	6.11	6.11
Center for Lifelong Learning- Pool	-	-	-	-	-	2.00	2.00	2.00	1.00	2.00
Central Services	17.50	19.50	19.50	20.65	19.50	19.50	22.00	20.00	20.00	20.50
Information technology Services	-	-	-	3.00	3.00	3.00	3.00	4.00	4.00	3.00
Operations & Maintenance										
PL192/193	3.30	2.20	2.20	1.15	1.25	1.65	1.65	1.15	1.15	1.15
RVA	2.75	2.20	2.20	2.13	2.23	1.13	1.13	1.63	-	-
NuView Annex	-	-	-	-	-	-	-	-	1.63	1.63
NuView	0.60	1.00	1.00	1.50	1.23	1.00	1.13	1.13	1.13	1.13
Piscataway Regional Day School	2.70	2.70	2.20	2.15	2.25	2.15	2.15	2.15	2.15	2.15
Academy Learning Center	2.30	2.20	2.20	2.15	2.25	2.15	2.15	2.15	2.15	2.15
Middlesex County Academy High School	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	2.00
Bright Beginnings Learning Center	2.25	2.20	2.20	2.15	2.25	2.15	2.15	2.40	2.40	2.65
Bright Beginnings Learning Center Annex II	0.20	-	-	-	-	-	-	-	-	-
Bright Beginnings Learning Center Annex	0.50	1.00	-	-	-	-	-	-	-	-
Sayreville Collaborative Services	-	-	0.25	0.25	-	-	-	-	-	-
Early Childhood Program	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	4.15
Student Transportation	5.50	5.50	5.50	6.50	6.50	6.50	6.50	6.50	6.50	6.00
Student Transportation - Bus driver	2.00	4.80	4.80	-	-	-	-	-	-	-
Business Services										
Total	664.10	647.08	643.78	603.89	567.54	563.62	577.51	605.90	652.70	684.15

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
2008	1,055	\$ 57,242,381	\$ 54,258	3.60%	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%
2017	722	91,595,142	126,863	0.94%	220	519	727.00	638.00	1.39%	87.76%

Sources: Commission records.

Note: Enrollment for 2008-2017 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
Unaudited**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
District Building										
NuView Academy Annex, 1690 Stelton Rd, Piscataway										
(September 1997, name changed from RVA to NVA on 09/01/2016)										
NVA	42,755	42,755	48,525	48,525	44,149	38,379	38,379	38,379	38,379	20,379
Square Feet	132	132	174	174	114	72	72	72	72	72
Capacity (students)	70	66	66	53	41	41	40	25	25	26
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										
(MCA ended 06/30/2016)										
BB Secondary	5,770	5,770				5,770	5,770	5,770	5,770	28,146
Square Feet	42	42				42	42	42	42	108
Capacity (students)	40	37				23	32	41	41	53
Enrollment										
Nonpublic	2360	2360	2360	2360	2360	2360	2360	1,415	1,415	1,415
Square Feet										
Transportation								945	945	945
Square Feet (moved from BB 3/2014)										
Nuview Academy, 1 Park Ave, Piscataway										
(September 2001, September 2008)										
NV	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500
Square Feet	72	72	72	72	72	73	73	73	73	73
Capacity (students)	45	60	60	67	63	73	66	60	60	63
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	143	143	141	142	141	144	142	142	137
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	126	126	121	130	124	128	119	119	120
Enrollment										
Central Office	7,583	7,583	7,583	7,583	7,583	7,583	7,583	8,503	8,503	8,503
Square Feet	920	920	920	920	920	920	920	-	-	-
Transportation										
Square Feet (moved to RVA-NP 3/2014)										
Center for Lifelong Learning, 333 Cheesequake 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	153	170	183	183	208	209	206	206	209
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) #	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
RVA	N/A	\$ 180,604	\$ 157,056	\$ 147,118	\$ 132,440	\$ 74,646	\$ 83,454	\$ 134,629	\$ 108,808	\$ 492	\$ -
ALC	N/A	180,619	185,851	188,796	146,036	181,696	145,269	130,957	165,516	161,624	229,125
ALC Annex I		554	1,097	-	-	-	-	-	-	-	-
Transportation	N/A	5,959	2,663	2,678	1,510	4,114	1,550	2,183	431	615	2,658
ESC - General	N/A	9,820	14,098	62,815	69,034	99,350	194,362	178,259	148,669	167,200	170,526
ESC - MCA	N/A	27,785	17,090	12,947	8,234	39,170	51,925	35,126	23,593	17,496	-
BBLC	N/A	160,791	146,614	144,413	130,425	124,586	141,799	138,914	182,484	154,216	212,145
BBLC Annex II		7,835	23,034	-	-	-	-	-	-	-	-
BBLC Annex I		28,429	42,512	-	-	-	-	-	-	-	-
Edison Collaborative		7,350	307	-	-	-	-	-	-	-	-
Sayreville Collaborative	N/A	7,123	10,107	11,256	-	83,947	83,297	86,402	98,808	117,674	98,696
Nuview	N/A	29,224	61,737	72,324	64,724	-	-	-	-	146,129	116,423
Nuview Annex	N/A	-	-	220,569	155,481	158,288	223,939	207,473	181,388	209,955	243,849
Center for Lifelong Learning	N/A	-	-	-	-	-	-	-	-	-	-
Total School Facilities		\$ 646,093	\$ 662,166	\$ 862,916	\$ 707,884	\$ 765,797	\$ 925,595	\$ 913,923	\$ 909,697	\$ 975,401	\$ 1,073,422

Source: Commission records

Educational Services Commission of New Jersey
Insurance Schedule
For the Fiscal Year Ended June 30, 2017
Unaudited

Company	Type of Coverage	Coverage	Deductible
NJSIG	MULTI PERIL PACKAGE POLICY		
	Property:		
	Blanket building and contents	\$ 104,116,593	\$ 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	
	Energy Systems:	100,000,000	
	Spoilage	500,000	
	Commercial Liability:		
	Per occurrence	11,000,000	
	Sexual molestation	11,000,000/17,000,000	
	Fire legal liability	11,000,000	
	Medical expense	10,000	
	Employee benefits liability	11,000,000	
	Crime:		
	Money & Securities	50,000	
	Employee Dishonesty	1,000,000	
	Dopositors Forgery	1,000,000	
	Computer Fraud	1,000,000	
	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
NJSIG	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	
NJSIG	SUPPLEMENTARY WORKERS COMP		
	Weekly maximum	2,500	
Beazley	ENVIRONMENTAL IMPAIRMENT	1,000,000/1,000,000	
NJSIG	BONDS		
	Business Administrator - Patrick Moran	400,000	
McCloskey	STUDENT ACCIDENT		
	Accident 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, 2017, 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 21, 2017.

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 21, 2017



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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, 2017. 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, 2017.

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.

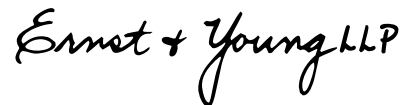
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 21, 2017

Educational Services Commission of New Jersey
Schedule of Expenditures of Federal Awards

For the Fiscal Year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal Award Identification Number	Pass-through Entity Identifying Number	Program or Award Amount	Grant Period From To	Deferred Revenue	Balance at June 30, 2016		Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances		Debits to Grants
						Deferred Revenue	Accounts Receivable				Deferred Revenue	Accounts Receivable	
U.S. Department of Education—Passed-Through State of NJ Department of Education													
Special Revenue Fund:													
Special Education Cluster:													
84-027A	H027A160100	N/A	2,156,629	7/1/2014	6/30/2015	\$ -	\$ (427,538)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
84-027A	H027A160100	N/A	2,299,610	7/1/2015	6/30/2016	-	(672,923)	56,411	(888,943)	(20)	(10,108)	(165,112)	20,017
84-027A	H027A160100	N/A	2,477,324	7/1/2016	6/30/2017	-	-	658,951	(1,369,886)	-	-	(718,365)	7,430
84-173	H173A170114	N/A	5,345	7/1/2015	6/30/2016	-	-	-	-	-	-	-	-
84-173	H173A170114	N/A	9,190	7/1/2016	6/30/2017	-	-	-	-	-	-	-	-
							(1,100,461)	56,411	(2,258,829)	(20)	(10,108)	(883,477)	27,447
84-010A	S010A160030	NCLB_09	51,188	7/1/2015	6/30/2016	-	(15,540)	-	(48,519)	(19)	-	(5,011)	-
84-010A	S010A160030	NCLB_09	48,519	7/1/2016	6/30/2017	-	-	43,508	-	-	-	-	-
84-365A	S365A160030	N/A	2,385	7/1/2015	6/30/2016	-	(585)	-	-	-	-	-	-
							(1,165,586)	56,411	(2,307,348)	(39)	(10,108)	(888,488)	27,447
							(1,116,586)	56,411	(2,307,348)	(39)	(10,108)	(888,488)	27,447
U.S. Department of Agriculture—Passed-Through State of NJ Department of Education													
Enterprise Fund:													
Child Nutrition Cluster:													
10-553	171NJ304N1099	5120-201-372573-63	99,732	7/1/2015	6/30/2016	-	(19,448)	-	-	-	-	-	-
10-555	171NJ304N1099	5120-201-372573-63	168,100	7/1/2015	6/30/2016	-	(34,938)	34,938	-	-	-	-	-
10-553	171NJ304N1099	5120-201-372573-63	98,086	7/1/2016	6/30/2017	-	-	89,164	(98,086)	-	-	(8,922)	-
10-555	171NJ304N1099	5120-201-372573-63	181,807	7/1/2016	6/30/2017	-	-	165,144	(181,807)	-	-	(16,663)	-
							(54,386)	308,694	(279,893)	-	-	(25,585)	-
							(1,170,972)	56,411	(2,587,241)	(39)	(10,108)	(914,073)	27,447
							(1,170,972)	56,411	(2,587,241)	(39)	(10,108)	(914,073)	27,447

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

Educational Services Commission of New Jersey
Schedule of Expenditures of State Financial Assistance
For The Fiscal Year ended June 30, 2017

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2016		Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balance	Deferred Revenue	Balance at June 30, 2017		MEMO 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	495-0345-120-064	\$ 998,222	7/1/2015	6/30/2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursed TPAF Social Security Contributions	495-0345-120-064	1,015,224	7/1/2016	6/30/2017	-	964,657	(1,015,224)	-	-	(50,867)	-	(1,015,224)	-
On-Behalf TPAF Pension Contribution	595-0345-120-067	2,758,452	7/1/2016	6/30/2017	-	2,758,452	(2,758,452)	-	-	-	-	(2,758,452)	-
Total General Fund					(49,891)	3,773,000	(3,773,676)	-	-	(50,867)	-	(3,773,676)	-
State Department of Education-Passed-Through													
Middlesex County School Districts													
Special Revenue Fund:													
N.J. Nonpublic Aid:													
Textbooks Aid	100-0345-120-064	689,308	7/1/2015	6/30/2016	26,847	20,429	-	-	26,682	-	-	(71,200)	9,308
Nursing Services Aid	100-0345-120-064	700,524	7/1/2016	6/30/2017	-	-	700,524	-	-	-	-	(2,373)	1,691
Nursing Services Aid	100-0345-120-070	1,756,086	7/1/2015	6/30/2016	(117,690)	95,561	-	(91,844)	-	-	-	(235,308)	78,758
Technology Initiative	100-0345-120-373	476,134	7/1/2014	6/30/2015	(106)	-	-	-	-	-	-	(106)	-
Technology Initiative	100-0345-120-373	371,552	7/1/2015	6/30/2016	(44,792)	15,289	-	(15,166)	-	-	-	(39,522)	28,238
Technology Initiative	100-0345-120-373	368,193	7/1/2016	6/30/2017	-	-	368,193	(1)	-	-	-	-	-
Security Aid Program	100-0345-120-509	285,871	7/1/2015	6/30/2016	(20,739)	51,602	-	(1)	(49,222)	-	-	(120,926)	32,113
Security Aid Program	100-0345-120-509	607,629	7/1/2016	6/30/2017	-	-	(607,629)	-	-	-	-	-	-
Auxiliary services (Chapter 192):													
Compensatory Education	1,431,885	7/1/2014	6/30/2015	2,757	-	-	(2,757)	-	-	-	-	-	(2,757)
Compensatory Education	1,371,607	7/1/2015	6/30/2016	-	(145,715)	5,769	-	1,856	-	(1,856)	-	(2,632)	-
Compensatory Education	1,718,946	7/1/2016	6/30/2017	-	4,434	-	(1,718,946)	-	-	-	27,926	(176,821)	27,926
English as a Second Language	184,009	7/1/2015	6/30/2016	4,434	-	-	-	-	-	-	-	-	-
English as a Second Language	168,844	7/1/2015	6/30/2016	(3,886)	20,771	-	-	(15,316)	(5,453)	-	-	-	-
English as a Second Language	167,729	7/1/2016	6/30/2017	-	-	150,615	(167,729)	-	-	-	22,764	(22,764)	5,650
Transportation	293,882	7/1/2015	6/30/2016	(83,066)	664	-	-	1	(664)	-	-	(52,383)	1,559
Transportation	272,667	7/1/2016	6/30/2017	-	-	231,213	(272,667)	-	-	-	-	(1,912)	10,929
Nonpublic Home Instruction	22,539	7/1/2013	6/30/2014	(1,912)	-	-	-	-	-	-	-	(5,334)	-
Nonpublic Home Instruction	60,338	7/1/2014	6/30/2015	(5,407)	-	73	-	-	-	-	-	(2,631)	-
Nonpublic Home Instruction	38,568	7/1/2015	6/30/2016	(36,499)	-	33,868	-	-	-	-	-	(40,347)	-
Nonpublic Home Instruction	41,099	7/1/2016	6/30/2017	-	-	752	(41,099)	-	-	-	-	-	(41,099)
Handicapped services (Chapter 193):													
Supplemental Instruction	594,060	7/1/2015	6/30/2016	(78,708)	2,887	-	-	(2)	(1,263)	-	742	(3,711)	-
Supplemental Instruction	679,863	7/1/2016	6/30/2017	-	-	610,417	(679,863)	-	-	-	8,914	(78,360)	8,914
Examination and Classification	896,481	7/1/2014	6/30/2015	(1,260)	-	1,260	-	-	-	-	-	-	-
Examination and Classification	974,517	7/1/2015	6/30/2016	(570,254)	-	570,608	-	7	-	-	361	-	-
Examination and Classification	1,096,865	7/1/2016	6/30/2017	-	-	760,737	(1,096,865)	-	-	-	(343,317)	-	-
Corrective Speech	631,357	7/1/2014	6/30/2015	(177)	-	177	-	-	-	-	-	-	-
Corrective Speech	584,081	7/1/2015	6/30/2016	(89,118)	2,872	-	-	1	(1,657)	-	-	(57,017)	7,650
Corrective Speech	616,069	7/1/2016	6/30/2017	-	-	566,702	(616,069)	-	-	-	-	-	(616,069)
Total State Department of Education-passed-through					(1,230,610)	215,844	-	(13,454)	(185,533)	(1,856)	(1,256,830)	221,028	(8,189,808)
New Jersey School Districts					(1,230,610)	215,844	-	(13,454)	(185,533)	(1,856)	(1,256,830)	221,028	(8,189,808)
Total Special Revenue Fund					2,757	2,757	-	-	-	-	-	-	-
State Department of Agriculture													
Enterprise Fund:													
National School Lunch Program (State share)	100-0103-360-467	3,646	7/1/2015	6/30/2016	(726)	-	-	-	-	-	-	-	-
National School Lunch Program (State share)	100-0103-360-467	3,605	7/1/2016	6/30/2017	-	-	(3,605)	-	-	-	-	(329)	-
Total Enterprise Fund					(726)	-	(3,605)	-	-	-	-	(329)	-
Total State Financial Assistance					\$ 2,757	\$ (1,281,227)	\$ 215,844	\$ -	\$ (13,454)	\$ (1,856)	\$ (1,307,296)	\$ 221,028	\$ (11,997,089)
Less: On-Behalf TPAF Pension Systems Contributions													
Total for State Financial Assistance-Major Program Determination						2,758,452	(2,758,452)						
						\$ 9,385,408	\$ (9,208,637)						

See accompanying notes to schedules of federal and state awards.

Educational Services Commission of New Jersey

Notes to Schedules of Expenditures of Federal and State Awards

June 30, 2017

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, 2017. The information in these Schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey 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 \$108,134.

Educational Services Commission of New Jersey

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

3. Relationship to Basic Financial Statements (continued)

A budgetary comparison schedule (RSI) at C-3 is presented for the special revenue fund to reconcile the difference between the budgetary basis and the GAAP basis. 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	\$ –	\$ 3,773,676	\$ 3,773,676
Special Revenue Fund	2,309,032	8,072,636	10,381,668
Enterprise Fund	279,892	3,605	283,497
Total financial award expenditures	<u>\$ 2,588,924</u>	<u>\$ 11,849,917</u>	<u>\$ 14,438,841</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, 2017.

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, 2017

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*):

Internal control over financial reporting:

Material weakness(es) identified?

Unmodified

_____ 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	Federal Award Identification Number	Name of Federal Program or Cluster
84.027	H027A160100	Special Education Cluster (IDEA): Special Education - Grants to States (IDEA, Part B)

Educational Services Commission of New Jersey

Schedule of Findings and Questioned Costs

Year Ended June 30, 2017

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
Significant deficiency(ies) identified? Yes X None 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	
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, 2017

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, 2017

**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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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, 2017

Not applicable.

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