

Camden County



CLEMENTON, NEW JERSEY

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
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INTRODUCTORY SECTION



W. Patrick Madden

School Business Administrator/Board Secretary

February 2, 2021

Honorable President and Members of the
Camden County Educational Services Commission
County of Camden
State of New Jersey

Dear Board of Directors:

The comprehensive annual financial report of the Camden County Educational Services Commission for the fiscal year ended June 30, 2020 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 Camden County Educational Services Commission. 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 financial statements and schedules, as well as the auditor's report therein. 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 State of New Jersey Circular 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and questioned costs are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICE: Camden County Educational Services Commission is an independent reporting entity within the criteria adopted by the GASB as established by NCGA statement No. 3. All funds of the Commission are included in this report. The Camden County Educational Services Commission and all of its programs and services constitute the Commissions reported entity.

The Commission provides specific educational services appropriate to member districts requests for private and public students in grade levels K through 12. These services include transportation, special education and non-public services. Students transported attend summer, vocational, public, private, and special education schools. Non-Public and special services were provided in the following areas: compensatory education, ESL, speech, child study evaluations, home instruction, supplemental instruction, occupational therapy, and physical therapy. The Commission also provides the educational program at the Camden County Juvenile Detention Center.

<u>YEAR</u>	<u>TRANSPORTATION</u>	PL 192/193 <u>NON-PUBLIC AND SPECIAL SERVICES</u>
2019-2020	7,178 students	5,000 students
2018-2019	11,666 students	4,000 students
2017-2018	11,890 students	3,207 students

2. ECONOMIC CONDITION AND OUTLOOK: The uncertainty of state funding for public education, imposed rate caps by the state, and increased restrictions on fund balance have forced school districts to find creative and more cost effective ways to meet their obligations. In response, the Camden County Educational Services Commission continues to expand and seek opportunities to assist member districts. By coordinating and providing efficient programs and services at the county-level, school districts are relieved of the associated administrative burdens and realize cost savings that reduce local property taxes. The Commission continues to form partnerships and build relationships where stakeholders routinely look to the Commission for assistance in fulfilling their mission to educate the youth of Camden County.
3. MAJOR INITIATIVES: Since its inception in 1979, coordinated transportation services and non-public school programs have dominated the Commission's activities.

On July 1, 2013 the Commission embarked on a shared services plan with the Camden City School District to coordinate all of its transportation services. The impact on revenue and operations at the Commission was significant. The revenue growth to the Commission from 2013 to 2014 for transportation grew from \$13.6 million to \$24.3 million. In the 2014-2015 school year transportation revenue grew to \$27.3 million. In the 2015-2016 school year transportation revenue grew to \$30.03 million.

In the 2016-2017 school year transportation revenue grew to \$34.78 million. In the 2017-2018 school year transportation revenue grew to \$36.66 million and in the 2018-2019 school year transportation revenue grew to \$41.49 million. This shared service agreement continued to be a main source of revenue for the Commission in the 2019-2020 school year, with transportation revenue for the year ending June 30, 2020 of \$34.18 million. The decrease in revenue is attributable to the COVID-19 emergency.

The Commission continually looks to improve efficiencies and processes through the use of information technologies. In order to increase productivity, limit customer service disruptions and provide for disaster recovery, the Commission analyzes and upgrades its network infrastructure on a regular basis. These upgrades are necessary to meet the growing customer demands and the added staff necessary for scaling to operational efficiency.

Future growth is important to the viability of the Commission. As such, the growth plan must include strategies to decrease exposure to revenue concentration by developing alternative service offers. In order to execute on these strategies, new service offers may be fulfilled by direct services, purchased services, or strategic partnerships. The current growth plan targets expansion in Purchased Services, expansion of the Commission's Cooperative Pricing System and maintaining the comprehensive Transition Program for county students. Additionally, the Commission has launched and will be working to establish a School Based Mental Health Services program and the NJ Schools Esports League.

4. INTERNAL ACCOUNTING CONTROLS: The management of the Commission is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Commission are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure 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 an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure 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 the internal control structure, including that portion related to state financial assistance programs, as well as to determine that the Commission has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS: In addition to internal accounting 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 approved by the Board of Directors. Annual appropriated budgets are adopted for the general fund and special revenue 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 cancelled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assignments of fund balance on June 30, 2020.

6. ACCOUNTING SYSTEM AND REPORTS: The Commission's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standard Board (GASB). The accounting system of the Commission is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements", Note 1.
7. CASH MANAGEMENT: The investment policy of the Commission is guided in large part by state statute as detailed in "Notes to Financial Statements", Note 2. The Commission has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
8. RISK MANAGEMENT: The 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.
9. INDEPENDENT AUDIT: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company LLP has been selected by the Board of Directors to conduct our audit. In addition to meeting the requirements of the State of New Jersey Circular 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, the auditor's report on the financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Board of Directors of the Camden County Educational Services Commission for their concern in providing fiscal accountability to the citizens and taxpayers of our member districts 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,

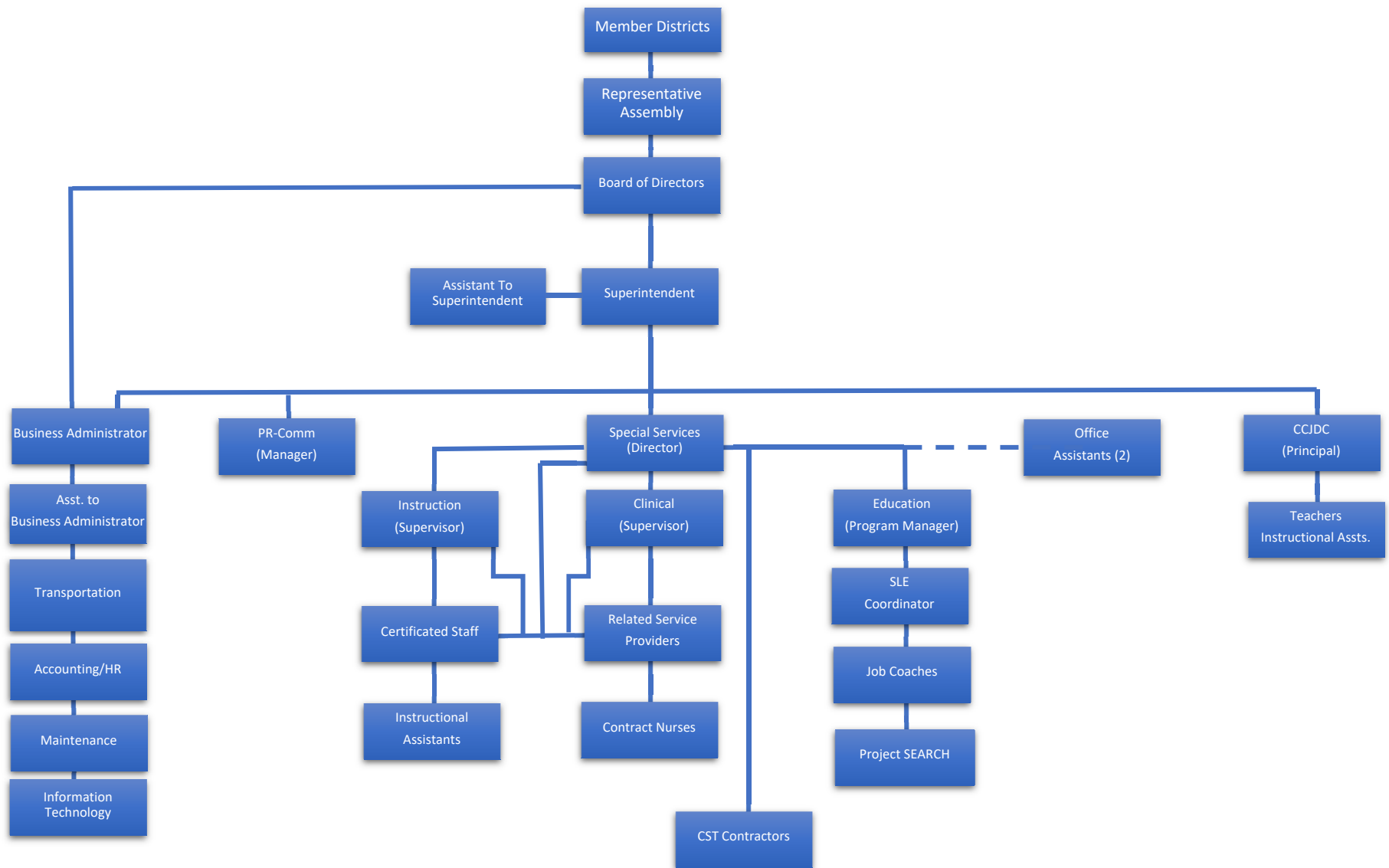


Daniel Del Vecchio
Superintendent



W. Patrick Madden
Business Administrator /
Board Secretary

Camden County Educational Services Commission Organization Chart 2019-2020



**CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
CLEMENTON, NJ**

Roster of Officials

June 30, 2020

<u>Members of the Board of Directors</u>	<u>District</u>	<u>Term Expires</u>
Joyce A. Miller	Gibbsboro	2021
Doris Walsh	Laurel Springs	2021
Jennifer Storer	Black Horse Pike Regional	2021
Ben Ovadia	Cherry Hill	2021
Marianne Brown	Audubon	2021
Veronica Parker	Eastern Regional	2021
Mary Ann Johnson	Gloucester Township	2021
Rebecca Ammen	Magnolia	2021
Alethia Gibbs-Smith	Lindenwold	2021
Gerard Peterson	Berlin Township	2021
Kristin Simone	Berlin Borough	2021
Christopher McKelvey	Clementon	2021
Angela Cooper	Pine Hill	2021
Heather Paoli	Haddonfield	2021
Charles Buchheim	Runnemede	2021

Officers

Joyce A. Miller, President	2021
Jennifer Storer, Vice President	2021
Charles Buchheim, Treasurer	2021

Other Officials

Daniel Del Vecchio , Superintendent

W. Patrick Madden, Business Administrator / Board Secretary

Robert Muccilli, Attorney

**CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
CLEMENTON, NJ**

Consultants and Advisors

June 30, 2020

Auditor

L. Jarred Corn, CPA, RMA, PSA
Bowman & Company LLP
601 White Horse Road
Voorhees, New Jersey 08043-2493

Solicitor/Negotiator

Robert A. Muccilli
Capehart & Scatchard
8000 Midlantic Drive, Suite 300S
Mt. Laurel, New Jersey 08054

Health Insurance Broker/Insurance Risk Manager

Brown and Brown Consulting Group
24 Arnett Avenue Suite 110
Lambertville, New Jersey 08530

Hardenbergh Insurance Group
8000 Sagemore Drive Suite 8101
Marlton, New Jersey 08053

Architect

Garrison Architects
713 Creek Road
Bellmawr, New Jersey 08031

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Directors
Camden County Educational Services Commission
Clementon, New Jersey 08021

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 Camden County Educational Services Commission, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2020, 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 accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Camden County Educational Services Commission, in the County of Camden, State of New Jersey, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the Commission's proportionate share of the net pension liability, schedule of the Commission's pension contributions, and schedule of changes in the Commission's total OPEB liability and related ratios, as listed 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 who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Camden County Educational Services Commission's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section, and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance 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 of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section listed in the table of contents 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 have also issued our report dated February 2, 2021 on our consideration of the Camden County Educational Services 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 solely 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 effectiveness of the Camden County Educational Services Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Camden County Educational Services Commission's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



L. Jarred Corn
Certified Public Accountant
Public School Accountant No. CS 00219700

Voorhees, New Jersey
February 2, 2021

Exhibit K-1

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Directors
Camden County Educational Services Commission
Clementon, New Jersey 08021

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in compliance with audit requirements as 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 Camden County Educational Services Commission, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated February 2, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Camden County Educational Services Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Camden County Educational Services 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 Camden County Educational Services Commission's financial statements are free from 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 financial statements. 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*, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and state awarding agencies and pass-through entities, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

BOWMAN & COMPANY LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

L. Jarred Corn

L. Jarred Corn
Certified Public Accountant
Public School Accountant No. CS 00219700

Voorhees, New Jersey
February 2, 2021

REQUIRED SUPPLEMENTARY INFORMATION
PART I
MANAGEMENT'S DISCUSSION AND ANALYSIS

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

As management of the Camden County Educational Services Commission (hereafter referred to as the "Commission"), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the Commission's financial performance as a whole; readers should also review the information furnished in our letter of transmittal, notes to the basic financial statements, and financial statements to enhance their understanding of the Commission's financial performance.

FINANCIAL HIGHLIGHTS

- The net position of the Commission, which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources, totaled \$8,851,424.56 at the close of the current fiscal year. Of this amount, \$16,772.70 represents net position of governmental activities and \$8,834,651.86 for business-type activities.
- The Commission's total lease purchase agreement decreased by \$183,195.80 as a result of payments in the enterprise fund.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

This comprehensive annual financial report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Commission as a whole and present a longer-term view of the Commission's finances. Fund financial statements for the governmental activities tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Commission's operations in more detail than the government-wide statements by providing information about the Commission's most significant funds.

Reporting the Commission as a Whole

One of the most important questions asked about the Commission's finances is, "Is the Commission as a whole better off or worse off as a result of the fiscal year's activities?" The statement of net position and the statement of activities report information about the Commission as a whole and about its activities in a way that helps answer this question. These statements include *all* assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current fiscal year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Commission's *net position* and changes in it. You can think of the Commission's net position as one way to measure the Commission's financial health, or *financial position*. Over time, *increases or decreases* in the Commission's net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as the condition of the Commission's capital assets, to assess the *overall health* of the Commission.

In the statement of net position and the statement of activities, we divide the Commission into two kinds of activities, those being governmental activities and business-type activities. In the governmental activities, this is where the Commission's basic services are reported that are supported from intergovernmental revenues. The business-type activities of the Commission include an enterprise fund and is supported from user fees and charges.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

Reporting the Commission's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds, not the Commission as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Commission can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-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 balances 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 balances for the general fund, special revenue fund, capital projects fund, and debt service fund, which are all considered to be major funds.

The Commission adopts an annual budget for its general fund, special revenue fund, and debt service fund, if required. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

Proprietary Funds - the Commission maintains one type of proprietary fund; that being an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Commission uses an enterprise fund to account for its user fees and charges related to transportation services, nonpublic auxiliary and handicapped services, related services, etc.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

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 government-wide financial statements 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 government-wide and fund financial statements.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

THE COMMISSION AS A WHOLE

During fiscal year 2020, the Commission's net position increased by \$333,897.19, increasing from \$8,517,527.37 in fiscal year 2019 to \$8,851,424.56 in fiscal year 2020. Our analyses that follow focus on the net position (Table 1) and changes in net position (Table 2) of the Commission's governmental-type activities and business-type activities.

TABLE 1 NET POSITION								
	Governmental Activities		Business-Type Activities		Government-wide Totals		Government-wide %	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>Change</u>
Current and Other Assets		\$ 934.89	\$ 9,837,101.63	\$ 9,690,162.40	\$ 9,837,101.63	\$ 9,691,097.29	\$ 146,004.34	1.5%
Capital Assets	\$ 25,053.10	29,303.71	3,920,107.48	3,679,425.81	3,945,160.58	3,708,729.52	236,431.06	6.4%
Total Assets	25,053.10	30,238.60	13,757,209.11	13,369,588.21	13,782,262.21	13,399,826.81	382,435.40	2.9%
Deferred Outflows of Resources	-	-	1,173,210.00	1,751,096.00	1,173,210.00	1,751,096.00	(577,886.00)	-33.0%
Other Liabilities		934.89	368,457.96	413,711.66	368,457.96	414,646.55	(46,188.59)	-11.1%
Long-Term Liabilities Outstanding	8,280.40	4,424.54	4,357,339.29	4,883,415.35	4,365,619.69	4,887,839.89	(522,220.20)	-10.7%
Total Liabilities	8,280.40	5,359.43	4,725,797.25	5,297,127.01	4,734,077.65	5,302,486.44	(568,408.79)	-10.7%
Deferred Inflows of Resources	-	-	1,369,970.00	1,330,909.00	1,369,970.00	1,330,909.00	39,061.00	2.9%
Net Investment in Capital Assets	25,053.10	29,303.71	3,322,467.50	2,898,590.03	3,347,520.60	2,927,893.74	419,626.86	14.3%
Unrestricted (Deficit)	(8,280.40)	(4,424.54)	5,512,184.36	5,594,058.17	5,503,903.96	5,589,633.63	(85,729.67)	-1.5%
Total Net Position	\$ 16,772.70	\$ 24,879.17	\$ 8,834,651.86	\$ 8,492,648.20	\$ 8,851,424.56	\$ 8,517,527.37	\$ 333,897.19	3.9%

At the end of fiscal year 2020, the Commission experienced a net increase in current and other assets of \$382,435.40, and a decrease in other liabilities of \$568,408.79. These net changes primarily resulted from an increase in capital assets of \$236,431.06. During the fiscal year, the Commission had \$406,128.87 of asset additions and \$12,752.00 of asset disposals. The decrease in the Commission's long-term liabilities, which includes a lease purchase agreement, net pension liability, and compensated absences, resulted from the scheduled pay down of principal of \$183,195.80 on the lease purchase agreement and a reduction in the Commission's actuarially determined proportionate share of net pension liabilities of \$386,801.00. The changes in the deferred outflows and inflows of resources (\$577,886.00 and \$39,061.00, respectively) also related to the actuarial estimations and calculations related to the Commission's net pension liabilities. See notes 5 and 6 in the notes to financial statements for further detail regarding the Commission's long-term liabilities and related balances.

In regards to net position, thirty-eight percent (38%), or \$3,347,520.60, of the Commission's fiscal year end balance reflects its net investment in capital assets (i.e., land, buildings, equipment). This component represents capital assets, net of accumulated depreciation, and net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets. The Commission uses these assets to provide educational services to students and other services to local school districts; consequently, these assets are not available for future spending. Although the Commission's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from sources since the capital assets themselves cannot be used to liquidate these liabilities.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

THE COMMISSION AS A WHOLE (CONT'D)

The final component of net position is unrestricted. This component represents resources and uses that do not meet the criteria of the aforementioned component of net position. At the end of the current fiscal year, the Commission's unrestricted net position was \$5,503,903.96. Unrestricted net position is decreased by the recording of long-term liabilities for lease purchase agreement, compensated absences, and net pension liability. Such long-term liabilities are funded by the Commission on a pay-as-you-go basis.

Table 2 below illustrates the changes in net position of the Commission's governmental-type activities and business-type activities.

	Governmental Activities		Business-Type Activities		Government-wide Totals		Government-wide	
	2020	2019	2020	2019	2020	2019	Change	% Change
REVENUES:								
Program Revenues:								
Charges for Services	\$ 1,013,062.05	\$ 957,309.18	\$ 44,729,316.78	\$ 52,969,170.58	\$ 45,742,378.83	\$ 53,926,479.76	\$ (8,184,100.93)	-15.2%
Operating Grants and Contributions	558,371.00	572,980.88	2,500,265.44	2,595,207.85	3,058,636.44	3,168,188.73	(109,552.29)	-3.5%
Capital Grants and Contributions	3,163.11	26,549.50			3,163.11	26,549.50	(23,386.39)	-88.1%
General Revenues:								
Miscellaneous			49,253.66	26,851.66	49,253.66	26,851.66	22,402.00	83.4%
Total Revenues	1,574,596.16	1,556,839.56	47,278,835.88	55,591,230.09	48,853,432.04	57,148,069.65	(8,294,637.61)	-14.5%
EXPENSES:								
Instruction	819,364.86	774,824.98			819,364.86	774,824.98	44,539.88	5.7%
Support Services	763,337.77	763,236.71			763,337.77	763,236.71	101.06	0.0%
Loss on Disposal of Capital Assets		2,146.43				2,146.43	(2,146.43)	-100.0%
Enterprise Fund			46,936,832.22	55,371,357.55	46,936,832.22	55,371,357.55	(8,434,525.33)	-15.2%
Total Expenses	1,582,702.63	1,540,208.12	46,936,832.22	55,371,357.55	48,519,534.85	56,911,565.67	(8,392,030.82)	-14.7%
Change in Net Position	(8,106.47)	16,631.44	342,003.66	219,872.54	333,897.19	236,503.98	\$ 97,393.21	41.2%
Net Position, July 1	24,879.17	8,247.73	8,492,648.20	8,272,775.66	8,517,527.37	8,281,023.39		
Net Position, June 30	\$ 16,772.70	\$ 24,879.17	\$ 8,834,651.86	\$ 8,492,648.20	\$ 8,851,424.56	\$ 8,517,527.37		

During fiscal year 2020, the Commission's total revenues decreased by \$8,294,637.61, decreasing from \$57,148,069.65 in fiscal year 2019 to \$48,853,432.04 in fiscal year 2020. The reason for the decrease in revenues during the fiscal year was entirely related to the Covid-19 pandemic and the resulting Executive Orders instituted by Governor Murphy. The Executive Orders resulted in schools being closed for in-person instruction from March 18, 2020 through June 30, 2020. This caused a reduction in the revenues collected for student transportation services and aid-in-lieu of transportation services.

Regarding expenses, the Commission's total expenses decreased by \$8,392,030.82, decreasing from \$56,911,565.67 in fiscal year 2019 to \$48,519,534.85 in fiscal year 2020. As with the decrease in revenues from transportation services realized by the Covid-19 pandemic, there was a corresponding decrease in expenses incurred associated with the providing of those services.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

THE COMMISSION'S FUNDS

Governmental Funds

General fund - The general fund is the general operating fund of the Commission and is used to account for the inflows and outflows of its financial resources. The acquisition of certain capital assets, such as equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures. At the end of the current fiscal year, the general fund did not have any fund balance.

During the current fiscal year, the Commission's revenue increased by \$91,070.28. The primary factor affecting the increase in revenue of the general fund is as follows:

- tuition revenues increased in fiscal year 2020 by \$55,752.87, or 6%
- state sources revenues increased in fiscal year 2020 by \$35,317.41, or 15%

Special revenue fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources, such as state or federal government grants, that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. During the fiscal year ended June 30, 2020, the Commission administered and operated activities funded by Title I, Part D, which is federal funds passed through the New Jersey Department of Education. The Commission also administered and operated activities funded by NJ Career Accelerator Internship Program, which is funded by the New Jersey Department of Labor & Workforce Development. Total revenues and expenditures related to these activities totaled \$179,314.78.

Capital projects fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of major capital facilities, other than those financed by the proprietary funds. Generally, the financial resources of the capital projects fund are derived from the issuance of debt. There was no activity in the capital projects fund during the fiscal year ended June 30, 2020.

Debt service fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. There was no activity in the debt service fund during the fiscal year ended June 30, 2020.

Proprietary Funds

Enterprise fund - As the Commission completed the fiscal year, the Commission's total net position of the enterprise fund was \$8,834,651.86, which was comprised of \$3,322,467.50 of net investment in capital assets and unrestricted net position in the amount of \$5,512,184.36.

During the current fiscal year, the net position of the Commission's enterprise fund increased by \$342,003.66. This increase is primarily due to the aforementioned reductions in revenues and expenses related to transportation services. The reduction in expenses for transportation services was marginally higher than the reduction in revenue for transportation services, which ties to the increase in net position.

General Fund Budgetary Highlights

The Commission had no budget modifications during the fiscal year ended June 30, 2020.

The final budgetary basis revenue estimate was \$1,214,067.00, which remained unchanged from the original budgeted estimate. Total budgeted revenues realized equaled \$1,285,316.84, which was \$71,249.84 in excess of the budget estimate. This excess was directly attributable to the increase in the Commission's reimbursed T.P.A.F. pension contributions and reimbursed T.P.A.F. social security contributions which totaled \$213,397.08, and \$58,857.71, respectively. In addition, the amount realized for tuition from other LEAs within the State was less than the amount anticipated by \$201,004.95.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

THE COMMISSION'S FUNDS (CONT'D)

General Fund Budgetary Highlights (Cont'd)

The final budgetary basis expenditure appropriation estimate was \$1,214,067.00, which remained unchanged from the original budgeted estimate. Actual expenditures incurred of \$1,285,316.84 were over the final budget estimate by \$71,249.84, directly a result of the expenditures related to the aforementioned reimbursed T.P.A.F. pension contributions and reimbursed T.P.A.F. social security contributions, which totaled \$213,397.08, and \$58,857.71, respectively. It is also due to the Commission budgeting for Child Study Team salaries of professional staff of \$90,000.00, but the Commission did not end up hiring any personnel to fill this position in fiscal year 2020. Lastly, the Commission spent \$79,624.66 less in health benefit expenditures than what was originally budgeted.

Special Revenue Fund Budgetary Highlights

The final budgetary basis revenue estimate was \$225,485.78, which was \$14,483.22 less than the original budgeted estimate. The final budget amount is less than the original because the unspent funds were spent in fiscal year 2021 due to the grant period being extended to 9/30/2020. Likewise, this was the same for the final budgetary basis appropriation estimate.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Commission's net investment in capital assets for its governmental and business-type activities as of June 30, 2020 amounts to a historical cost of \$6,767,518.83, or \$3,945,160.58 net of accumulated depreciation (see Table 3). This net investment in capital assets includes land, land improvements, buildings and building improvements, machinery and equipment, and vehicles. Net capital assets increased by \$236,431.06 in fiscal year 2020 from fiscal year 2019. The primary factors affecting the net change in net capital assets are as follows:

- current year depreciation expense was \$168,384.91 and;
- there were capital asset additions in the amount of \$406,128.87, which mainly comprised of five replacement Deck / Steps with a combined historical cost of \$352,337.43, and eleven social distancing dividers with a combined historical cost of \$29,237.00.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Government-wide Totals</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land			\$ 291,900.00	\$ 291,900.00	\$ 291,900.00	\$ 291,900.00
Land Improvements			338.54	501.04	338.54	501.04
Buildings and Building Improvements			3,452,345.86	3,197,674.87	3,452,345.86	3,197,674.87
Machinery and Equipment	\$ 25,053.10	\$ 29,303.71	133,992.25	131,899.18	159,045.35	161,202.89
Vehicles			41,530.83	57,450.72	41,530.83	57,450.72
Total	\$ 25,053.10	\$ 29,303.71	\$ 3,920,107.48	\$ 3,679,425.81	\$ 3,945,160.58	\$ 3,708,729.52

Additional information on the Commission's capital assets can be found in note 4.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION (CONT'D)

Debt

Lease Purchase Agreement. At the end of the current fiscal year, the Commission had a lease purchase agreement outstanding in the amount of \$597,639.98. The annual principal payment during the fiscal year 2020 was \$183,195.80 (refer to audit exhibit I-2, schedule of lease purchase agreement payable - business-type activities, for more detail).

Net Pension Liability. The Commission's annual required contribution to the Public Employees' Retirement System are paid on an annual basis. For additional details on the net pension liability, see note 6 to the financial statements.

Compensated Absences. At the end of the current fiscal year, the liability for compensated absences was \$173,398.71 (\$8,280.40 governmental activities and \$165,118.31 business-type activities). Compensated absences are those absences for which employees will be paid, such as sick leave. Additional information on compensated absences can be found in note 11 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the fiscal year 2020, the Commission was able to sustain its budget through transportation fees, tuition, federal and state sources, and other various revenue sources. The Commission will continue to grow and develop services based upon the needs of its member districts. Any future programs offered will be the direct result of cooperation between its member districts and the Commission.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Camden County Educational Services Commission's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Patrick Madden, Business Administrator, at the Camden County Educational Services Commission, 225 White Horse Avenue, Clementon, New Jersey 08021.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Statement of Net Position

June 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents		\$ 669,387.75	\$ 669,387.75
Internal Balances	\$ (124,476.28)	124,476.28	
Other Accounts Receivable:			
Fiduciary Activities		348.95	348.95
Accounts Receivable	124,476.28	9,042,888.65	9,167,364.93
Capital Assets, net	25,053.10	3,920,107.48	3,945,160.58
Total Assets	25,053.10	13,757,209.11	13,782,262.21
DEFERRED OUTFLOW OF RESOURCES:			
Related to Pension		1,173,210.00	1,173,210.00
Total Deferred Outflows of Resources	-	1,173,210.00	1,173,210.00
LIABILITIES:			
Accounts Payable:			
Other		124,051.42	124,051.42
Pensions		231,464.00	231,464.00
Accrued Wages		1,301.16	1,301.16
Accrued Interest Payable		11,641.38	11,641.38
Noncurrent Liabilities:			
Due within One Year	1,692.61	229,953.37	231,645.98
Due beyond One Year	6,587.79	4,127,385.92	4,133,973.71
Total Liabilities	8,280.40	4,725,797.25	4,734,077.65
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions		1,369,970.00	1,369,970.00
Total Deferred Inflows of Resources	-	1,369,970.00	1,369,970.00
NET POSITION:			
Net Investment in Capital Assets	25,053.10	3,322,467.50	3,347,520.60
Unrestricted (Deficit)	(8,280.40)	5,512,184.36	5,503,903.96
Total Net Position	\$ 16,772.70	\$ 8,834,651.86	\$ 8,851,424.56

The accompanying notes to financial statements are an integral part of this statement.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Statement of Activities
For the Fiscal Year Ended June 30, 2020

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 819,364.86	\$ 1,013,062.05	\$ 113,370.84	\$ 3,163.11	\$ 310,231.14		\$ 310,231.14
Support Services:							
Student and Instruction Related Services	70,155.25		62,780.83		(7,374.42)		(7,374.42)
School Administrative Services	132,518.90				(132,518.90)		(132,518.90)
Personal Services - Employee Benefits	560,663.62		382,219.33		(178,444.29)		(178,444.29)
Total Governmental Activities	1,582,702.63	1,013,062.05	558,371.00	3,163.11	(8,106.47)	-	(8,106.47)
Business-Type Activities:							
Enterprise Fund	46,936,832.22	44,729,316.78	2,500,265.44			\$ 292,750.00	292,750.00
Total Business-Type Activities	46,936,832.22	44,729,316.78	2,500,265.44	-	-	292,750.00	292,750.00
Total Government	<u>\$ 48,519,534.85</u>	<u>\$ 45,742,378.83</u>	<u>\$ 3,058,636.44</u>	<u>\$ 3,163.11</u>	(8,106.47)	292,750.00	284,643.53
General Revenues:							
Miscellaneous						49,253.66	49,253.66
Total General Revenues					-	49,253.66	49,253.66
Change in Net Position					(8,106.47)	342,003.66	333,897.19
Net Position, July 1					24,879.17	8,492,648.20	8,517,527.37
Net Position, June 30					<u>\$ 16,772.70</u>	<u>\$ 8,834,651.86</u>	<u>\$ 8,851,424.56</u>

The accompanying notes to financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Governmental Funds
 Balance Sheet
 June 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS:					
Intergovernmental Accounts Receivable:					
Federal		\$ 37,454.28			\$ 37,454.28
State	\$ 2,861.38	237.50			3,098.88
Other	83,923.12				83,923.12
Total Assets	<u>\$ 86,784.50</u>	<u>\$ 37,691.78</u>	<u>-</u>	<u>-</u>	<u>\$ 124,476.28</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Interfunds Account Payable:					
Enterprise Fund	\$ 86,784.50	\$ 37,691.78			\$ 124,476.28
Total Liabilities	<u>86,784.50</u>	<u>37,691.78</u>	<u>-</u>	<u>-</u>	<u>124,476.28</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 86,784.50</u>	<u>\$ 37,691.78</u>	<u>-</u>	<u>-</u>	

(Continued)

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Governmental Funds

Balance Sheet

June 30, 2020

	Total Governmental Funds
Amounts reported for <i>governmental activities</i> 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 \$68,552.51, and the accumulated depreciation is \$43,499.41.	\$ 25,053.10
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(8,280.40)</u>
Net Position of Governmental Activities	<u><u>\$ 16,772.70</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Governmental Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES:					
Tuition from Other Sources	\$ 1,013,062.05				\$ 1,013,062.05
Federal Sources		\$ 178,922.28			178,922.28
State Sources	<u>272,254.79</u>	<u>392.50</u>			<u>272,647.29</u>
Total Revenues	<u>1,285,316.84</u>	<u>179,314.78</u>	<u>-</u>	<u>-</u>	<u>1,464,631.62</u>
EXPENDITURES:					
Current:					
Regular Instruction	702,923.31	113,370.84			816,294.15
Support Services and Undistributed Costs:					
Student and Instruction Related Services		62,780.83			62,780.83
School Administrative Services	131,694.45				131,694.45
Personal Services - Employee Benefits	450,699.08				450,699.08
Capital Outlay		<u>3,163.11</u>			<u>3,163.11</u>
Total Expenditures	<u>1,285,316.84</u>	<u>179,314.78</u>	<u>-</u>	<u>-</u>	<u>1,464,631.62</u>
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-	-
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The accompanying notes to financial statements are an integral part of this statement.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2020

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Governmental Funds

-

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

Depreciation Expense	\$ (7,413.72)	
Capital Outlays	<u>3,163.11</u>	
		\$ (4,250.61)

In the statement of activities, certain operating expenses, (e.g., compensated absences) are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). This amount is the net effect of these differences in the treatment of these items.

(3,855.86)

Change in Net Position of Governmental Activities

\$ (8,106.47)

The accompanying notes to financial statements are an integral part of this statement.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Proprietary Fund

Business-Type Activities - Enterprise Fund

Statement of Net Position

June 30, 2020

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 669,387.75
Interfund Accounts Receivable:	
General Fund	86,784.50
Special Revenue Fund	37,691.78
Fiduciary Fund	348.95
Intergovernmental Accounts Receivable:	
State	19,599.37
Other	<u>9,023,289.28</u>

Total Current Assets

9,837,101.63

Noncurrent Assets:

Capital Assets	6,698,966.32
Less: Accumulated Depreciation	<u>(2,778,858.84)</u>

Total Capital Assets (Net of Accumulated Depreciation)

3,920,107.48

Total Noncurrent Assets

3,920,107.48

Total Assets

13,757,209.11

DEFERRED OUTFLOWS OF RESOURCES:

Related to Pensions	<u>1,173,210.00</u>
Total Deferred Outflows of Resources	<u>1,173,210.00</u>

LIABILITIES:

Current Liabilities:

Intergovernmental Accounts Payable:	
Other	360.00
Accounts Payable:	
Other	123,691.42
Related to Pensions	231,464.00
Accrued Wages	1,301.16
Accrued Interest Payable	11,641.38
Compensated Absences Payable	38,971.75
Lease Purchase Agreement Payable	<u>190,981.62</u>

Total Current Liabilities

598,411.33

Noncurrent Liabilities:

Compensated Absences Payable	126,146.56
Lease Purchase Agreement Payable	406,658.36
Net Pension Liability	<u>3,594,581.00</u>

Total Noncurrent Liabilities

4,127,385.92

Total Liabilities

4,725,797.25

(Continued)

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Proprietary Fund
 Business-Type Activities - Enterprise Fund
 Statement of Net Position
 June 30, 2020

DEFERRED INFLOWS OF RESOURCES:

Related to Pensions	\$ 1,369,970.00
Total Deferred Inflows of Resources	<u>1,369,970.00</u>

NET POSITION:

Net Investment in Capital Assets	3,322,467.50
Unrestricted	<u>5,512,184.36</u>
Total Net Position	<u><u>\$ 8,834,651.86</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Proprietary Fund
 Business-Type Activities - Enterprise Fund
 Statement of Revenues, Expenses, and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2020

OPERATING REVENUES:

Charges for Services:

Transportation Services	\$ 34,184,056.04
Nonpublic Auxiliary and Handicapped Services	4,766,079.16
Related Services	3,115,162.08
Educational Services	1,270,490.00
Transition Services	695,175.00
Cooperative Purchasing Services	392,179.00
Child Study Team Evaluations	239,894.64
Nursing Services	66,280.86
General:	
Miscellaneous	49,253.66
Total Operating Revenues	<u>44,778,570.44</u>

OPERATING EXPENSES:

Personnel Services - Salaries	7,908,555.26
Personnel Services - Employee Benefits	4,641,754.50
Purchased Professional and Technical Services	1,049,085.83
Purchased Property Services	30,476.44
Other Purchased Services	32,932,921.22
Supplies and Materials	164,577.93
Depreciation	160,971.19
Miscellaneous Expenditures	11,769.46
Other Objects	5,790.79
Total Operating Expenses	<u>46,905,902.62</u>

Operating Income (Loss)	<u>(2,127,332.18)</u>
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NONOPERATING REVENUES (EXPENSES):

State Sources:

On-Behalf T.P.A.F. Pension Contributions - Normal Cost	1,498,352.28
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement Medical	596,997.48
On-Behalf T.P.A.F. Pension Contributions - Long-Term Disability Insurance	1,762.62
Reimbursed T.P.A.F. Social Security Contributions	403,153.06
Interest Expense	(29,616.70)
Loss on Disposal of Capital Assets	(1,312.90)
Total Nonoperating Revenues (Expenses)	<u>2,469,335.84</u>

Change in Net Position	342,003.66
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Net Position, July 1	<u>8,492,648.20</u>
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Net Position, June 30	<u><u>\$ 8,834,651.86</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Proprietary Fund

Business-Type Activities - Enterprise Fund

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Customers and Users	\$ 44,246,257.56
Payments to Suppliers	(34,265,402.30)
Payments to Employees	(7,870,804.02)
Payments for Employee Benefits	<u>(4,376,692.52)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(2,266,641.28)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Federal Sources	
State Sources	2,499,306.68
Transfer from / (to) General Fund	301,681.40
Transfer from / (to) Special Revenue Fund	<u>7,154.25</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>2,808,142.33</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Purchases of Capital Assets	(402,965.76)
Principal Paid on Lease Purchase Debt	(183,195.80)
Interest Paid on Lease Purchase Debt	<u>(33,185.20)</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(619,346.76)</u>

Net Increase (Decrease) in Cash and Cash Equivalents (77,845.71)

Cash and Cash Equivalents, July 1 747,233.46

Cash and Cash Equivalents, June 30 \$ 669,387.75

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)
by Operating Activities:

Operating Income (Loss)	\$ (2,127,332.18)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Depreciation	160,971.19
(Increase) Decrease in Interfund Accounts Receivable	(348.95)
(Increase) Decrease in Intergovernmental Accounts Receivable	(532,312.88)
Increase (Decrease) in Interfund Accounts Payable	(5,269.24)
Increase (Decrease) in Intergovernmental Accounts Payable	(145,319.21)
Increase (Decrease) in Accounts Payable	74,538.58
Increase (Decrease) in Accrued Wages	(3,048.33)
Increase (Decrease) in Compensated Absences Payable	43,920.74
Increase (Decrease) in Net Pension Liability	<u>267,559.00</u>

Net Cash Provided by (Used for) Operating Activities \$ (2,266,641.28)

The accompanying notes to financial statements are an integral part of this statement.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2020

	Private-Purpose Trust Funds	Agency Funds
	<u>Flexible Benefits Trust</u>	<u>Payroll</u>
ASSETS:		
Cash and Cash Equivalents	\$ 23,438.75	\$ 23,916.56
Total Assets	<u>23,438.75</u>	<u>\$ 23,916.56</u>
LIABILITIES:		
Interfund Accounts Payable:		
Enterprise Fund	305.04	\$ 43.91
Payroll Deductions and Withholdings		23,872.65
Total Liabilities	<u>305.04</u>	<u>\$ 23,916.56</u>
NET POSITION:		
Held in Trust for Other Purposes	<u>\$ 23,133.71</u>	

The accompanying notes to financial statements are an integral part of this statement.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Fiduciary Funds
 Statement of Changes in Fiduciary Fund Net Position
 For the Fiscal Year Ended June 30, 2020

	<u>Private-Purpose Trust Funds</u>
	<u>Flexible Benefits Trust</u>
ADDITIONS:	
Contributions:	
Employee	\$ 54,417.28
Total Additions	<u>54,417.28</u>
DEDUCTIONS:	
Claims	<u>60,508.84</u>
Total Deductions	<u>60,508.84</u>
Change in Net Position	(6,091.56)
Net Position, July 1	<u>29,225.27</u>
Net Position, June 30	<u><u>\$ 23,133.71</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Camden County Educational Services Commission (the "Commission") have been prepared to conform with accounting principles generally accepted in the United States of America ("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 following is a summary of the more significant of these policies.

Description of the Financial Reporting Entity

The Commission is a local educational agency organized pursuant to the rules and regulations of the Department of Education of the State of New Jersey. The Commission is located in the Borough of Clementon, County of Camden, State of New Jersey. The purpose of the Commission is to provide educational and administrative services and programs for local school districts located within Camden County. The Commission functions independently through a Board of Directors. The Board is comprised of fifteen members selected to a one-year term at the annual reorganization meeting of the Member Districts. The Superintendent is appointed by the Board to act as executive officer of the Commission.

The primary criterion for including activities within the Commission's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the Commission. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Commission over which the Board exercises operating control.

Government-wide and Fund Financial Statements

The Commission's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund 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 specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the Commission to not allocate indirect expenses to functions in the statement of activities. 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 or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the Commission segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the Commission. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-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 recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Measurable means that the amount of revenue can be determined. 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 claims and judgments, are recorded only when payment is due.

Tuition, reimbursable-type grants, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the Commission.

The Commission reports the following major governmental funds:

General Fund - The general fund is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the Commission includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America, as they pertain to governmental entities, state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from tuition fees, other revenues, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes, serial bonds, or from the general fund by way of transfers from capital outlay or the capital reserve account.

Debt Service Fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

Proprietary funds are used to account for the Commission's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating 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. All items not meeting this definition are reported as nonoperating revenues and expenses.

Based on the operations and activities of the Commission, the proprietary fund is the fund that accounts for a significant portion of its fiscal year transactions. The following proprietary fund type is reported by the Commission:

Enterprise Funds

This fund accounts for the financial activity related to contracting with private schools to provide services under Chapters 192 and 193 of the Laws of 1977, Auxiliary and Handicapped Services for Non-Public Pupils. Students from various Camden County districts, as well as some districts from adjacent counties, receive one or more of the following services as needed: compensatory education, English as a second language, examination and classification, speech correction, home instruction, and supplemental instruction. In addition, this fund accounts for the financial activity related to contracting with schools for other various services, such as transportation.

Fiduciary funds are used to account for assets held by the Commission on behalf of outside-related organizations or on behalf of other funds within the Commission. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The Commission maintains the following fiduciary funds:

Agency Funds - Agency funds are used to account for assets held by the Commission in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll). The Commission retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Commission maintains one agency fund, that being for payroll.

Private-Purpose Trust Funds - Private-purpose trust funds are used to account for the principal and income for all other trust arrangements that benefit individuals, private organizations, or other governments. The Commission maintains the following private-purpose trust fund:

Flexible Benefits Trust Fund - Revenues consist of volunteer pre-tax employee payroll withholdings for the purpose of paying for qualified medical expenses, and interest income. Expenditures represent reimbursements to employees for qualified medical expenses.

As a general rule, the effect of internal/interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Budgets / Budgetary Control**

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds (if necessary), and are submitted to the county office of education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2(f)1. Transfers of appropriations may be made by resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles. 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 budgetary basis. The budgetary basis differs from GAAP in that the 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.

The budget as detailed on exhibits C-1 and C-2 includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting, as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule, to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the Commission does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows the modified accrual basis of accounting.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance at fiscal year-end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the Commission has received advances of grant awards, are reflected on the balance sheet as unearned revenues at fiscal year-end.

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

Cash, Cash Equivalents and Investments

Cash and cash equivalents, for all funds, include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Cash, Cash Equivalents and Investments (Cont'd)**

New Jersey educational institutions are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey educational institutions.

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 Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, 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 amount of their deposits to the governmental units.

Transportation Fees from Other LEAs Receivable

Transportation fees from other LEAs ("local education agency") were established by the Commission based on actual costs plus an administrative fee approved by the Board of Directors.

Tuition Receivable

Tuition charges for the fiscal year ended June 30, 2020 were based on the number of students serviced times the state allotments awarded to the sending school district for students.

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2020. The Commission had no prepaid expenses for the fiscal year ended June 30, 2020.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

Short-Term Interfund Receivables / Payables

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the Commission, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances, thus leaving a net amount due between the governmental and business-type activities that are eliminated in the total government column. Balances with fiduciary activities are not considered to be internal balances; therefore, such balances appear on the statement of net position as accounts receivable or accounts payable.

Capital Assets

Capital assets represent the cumulative amount of capital assets owned by the Commission. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and proprietary fund statement of net position. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Capital Assets (Cont'd)**

The Commission's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated.

Depreciation is computed using the straight-line method over the following estimated useful lives

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 Years
Buildings and Building Improvements	7 - 50 Years
Machinery and Equipment	5 - 20 Years
Vehicles	8 Years

The Commission does not possess any infrastructure assets.

Deferred Outflows and Deferred Inflows of Resources

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Commission is required to report the following as deferred outflows of resources and deferred inflows of resources: defined benefit pension plans.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the Commission is eligible to realize the revenue.

Accrued Salaries and Wages

Accrued salaries and wages represents the amount of liability remaining at the end of the fiscal year for salaries that have been earned by employees but not yet paid to them.

Compensated Absences

Compensated absences are payments to employees for accumulated time such as paid vacation, paid holidays, sick pay, and sabbatical leave. A liability for compensated absences that is attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Commission and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Commission and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Compensated Absences (Cont'd)**

The Commission uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The portion related to employees in the proprietary funds is recorded at the fund level. The current portion is the amount estimated to be used in the following fiscal year. Expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Long-term debt is recognized as a liability on the governmental fund financial statements when due.

Net Position

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

Net Investment in Capital Assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Commission or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The Commission applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance

The Commission reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the Commission is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The Commission's classifications, and policies for determining such classifications, are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Fund Balance (Cont'd)**

The Commission's classifications, and policies for determining such classifications, are as follows (cont'd):

Restricted - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Commission's highest level of decision-making authority, which, for the Commission, is the Board of Directors. Such formal action consists of an affirmative vote by the Board of Directors, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Directors removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned - The assigned fund balance classification includes amounts that are constrained by the Commission's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Directors or by the business administrator, to which the Board of Directors has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position and standard operating procedures, approved by the Board of Directors.

Unassigned - The unassigned fund balance classification 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. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the Commission to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the Commission to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures / expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources / uses in governmental funds and after non-operating revenues / expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures / expenses to the funds that initially paid for them are not presented on the financial statements.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impact of Recently Issued Accounting Principles****Recently Issued Accounting Pronouncements**

The GASB has issued the following Statements that will become effective for the Commission for fiscal years ending after June 30, 2020:

Statement No. 84, *Fiduciary Activities*. The 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. The Statement will become effective for the Commission in the fiscal year ending June 30, 2021. Management is currently evaluating the impact of this Statement on the basic financial statements of the Commission.

Statement No. 87, *Leases*. The 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 lessee 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 will become effective for the Commission in the fiscal year ending June 30, 2022. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the Commission.

Note 2: CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that, in the event of a bank failure, the Commission's deposits might not be recovered. Although the Commission does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Commission in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings or funds that may pass to the Commission relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of June 30, 2020, the Commission's bank balances of \$4,749,865.14 were insured by FDIC and GUDPA.

Note 3: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2020 consisted of reimbursements and intergovernmental awards / grants as well as charges for transportation, tuition, nonpublic auxiliary and handicapped services, and other various services. All receivables are considered collectible in full due to the stable condition of federal and state programs and the regulated budgetary control of governmental entities in New Jersey.

Note 3: ACCOUNTS RECEIVABLE (CONT'D)

Accounts receivable as of fiscal year end for the Commission's individual major and fiduciary funds, in the aggregate, are as follows:

<u>Description</u>	<u>Governmental Funds</u>		<u>Proprietary Funds</u>			<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>	<u>Enterprise Fund</u>	<u>Total Business-Type Activities</u>	
Federal Awards		\$ 37,454.28	\$ 37,454.28			\$ 37,454.28
State Awards	\$ 2,861.38	237.50	3,098.88	\$ 19,599.37	\$ 19,599.37	22,698.25
Intergovernmental	83,923.12		83,923.12	9,023,289.28	9,023,289.28	9,107,212.40
Total	<u>\$ 86,784.50</u>	<u>\$ 37,691.78</u>	<u>\$ 124,476.28</u>	<u>\$ 9,042,888.65</u>	<u>\$ 9,042,888.65</u>	<u>\$ 9,167,364.93</u>

Note 4: CAPITAL ASSETS

Capital asset activity for governmental activities for the fiscal year ended June 30, 2020 is as follows:

	<u>Balance July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2020</u>
Governmental Activities:				
Capital Assets, being Depreciated:				
Machinery and Equipment	\$ 65,389.40	\$ 3,163.11		\$ 68,552.51
Total Capital Assets, being Depreciated	65,389.40	3,163.11	-	68,552.51
Total Capital Assets, Cost	65,389.40	3,163.11	-	68,552.51
Less Accumulated Depreciation for:				
Machinery and Equipment	(36,085.69)	(7,413.72)		(43,499.41)
Total Accumulated Depreciation	(36,085.69)	(7,413.72)	-	(43,499.41)
Total Capital Assets, being Depreciated, Net	29,303.71	(4,250.61)	-	25,053.10
Governmental Activities Capital Assets, Net	<u>\$ 29,303.71</u>	<u>\$ (4,250.61)</u>	<u>-</u>	<u>\$ 25,053.10</u>

Note 4: CAPITAL ASSETS (CONT'D)

Capital asset activity for business-type activities for the fiscal year ended June 30, 2020 is as follows:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2020</u>
Business-Type Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 291,900.00			\$ 291,900.00
Total Capital Assets, not being Depreciated	291,900.00	-	-	291,900.00
Capital Assets, being Depreciated:				
Land Improvements	129,326.00			129,326.00
Buildings and Building Improvements	4,935,152.69	\$ 373,728.76	\$ (6,000.00)	5,302,881.45
Machinery and Equipment	305,364.70	29,237.00	(6,752.00)	327,849.70
Vehicles	647,009.17			647,009.17
Total Capital Assets, being Depreciated	6,016,852.56	402,965.76	(12,752.00)	6,407,066.32
Total Capital Assets, Cost	6,308,752.56	402,965.76	(12,752.00)	6,698,966.32
Less Accumulated Depreciation for:				
Land Improvements	(128,824.96)	(162.50)		(128,987.46)
Buildings and Building Improvements	(1,737,477.82)	(119,057.77)	6,000.00	(1,850,535.59)
Machinery and Equipment	(173,465.52)	(25,831.03)	5,439.10	(193,857.45)
Vehicles	(589,558.45)	(15,919.89)		(605,478.34)
Total Accumulated Depreciation	(2,629,326.75)	(160,971.19)	11,439.10	(2,778,858.84)
Total Capital Assets, being Depreciated, Net	3,387,525.81	241,994.57	(1,312.90)	3,628,207.48
Business-Type Activities Capital Assets, Net	<u>\$ 3,679,425.81</u>	<u>\$ 241,994.57</u>	<u>\$ (1,312.90)</u>	<u>\$ 3,920,107.48</u>

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

Governmental Activities:		
Student and Instruction Related Services		<u>\$ 7,413.72</u>
Business-Type Activities:		
Enterprise Services		<u>\$ 160,971.19</u>

Note 5: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2020, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due within</u> <u>One Year</u>
Governmental Activities:					
Other Liabilities:					
Compensated Absences	\$ 4,424.54	\$ 6,781.51	\$ (2,925.65)	\$ 8,280.40	\$ 1,692.61
Governmental Activities Long-Term Liabilities	<u>\$ 4,424.54</u>	<u>\$ 6,781.51</u>	<u>\$ (2,925.65)</u>	<u>\$ 8,280.40</u>	<u>\$ 1,692.61</u>

Compensated absences are liquidated by the general fund.

Note 5: LONG-TERM LIABILITIES (CONT'D)

During the fiscal year ended June 30, 2020, the following changes occurred in long-term obligations for business-type activities, in which the enterprise fund is responsible for the liquidation:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due within</u> <u>One Year</u>
Business-Type Activities:					
Other Liabilities:					
Compensated Absences Payable	\$ 121,197.57	\$ 114,009.89	\$ (70,089.15)	\$ 165,118.31	\$ 38,971.75
Net Pension Liability	3,981,382.00	2,734,263.00	(3,121,064.00)	3,594,581.00	
Lease Purchase Agreement	780,835.78		(183,195.80)	597,639.98	190,981.62
Business-Type Activities Long-Term Liabilities	<u>\$ 4,883,415.35</u>	<u>\$ 2,848,272.89</u>	<u>\$ (3,374,348.95)</u>	<u>\$ 4,357,339.29</u>	<u>\$ 229,953.37</u>

Lease Purchase Agreement - On July 26, 2006, the Commission entered into a lease purchase agreement with the Camden County Improvement Authority ("CCIA") to finance the addition and renovation to the Commission's administrative building. The lease purchase agreement was subsequently amended on January 9, 2008 to allow for the Commission to prepay all or a portion of the outstanding balance any time upon compliance with the condition contained therein. Under the lease purchase agreement, the CCIA sold revenue bonds, which are guaranteed by the County of Camden, State of New Jersey, to finance the project. Under this agreement, the Commission is required to repay principal on January 15, and interest on January 15 and July 15 until maturity to the CCIA. The revenue bonds mature on January 15, 2023 and bear an interest rate of 4.25%.

Principal and interest due on the lease purchase agreement is as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 190,981.62	\$ 25,399.38	\$ 216,381.00
2022	199,098.34	17,282.66	216,381.00
2023	207,560.02	8,820.98	216,381.00
Total	<u>\$ 597,639.98</u>	<u>\$ 51,503.02</u>	<u>\$ 649,143.00</u>

Debt Authorized but not Issued - As of June 30, 2020, the Commission had no authorizations to issue additional debt.

Compensated Absences - As previously stated, compensated absences will be paid from the funds from which the employees' salaries are paid. Refer to note 11 for a description of the Commission's policy.

Net Pension Liability - For details on the net pension liability, refer to note 6. The Commission's annual required contribution to the Public Employees' Retirement System is budgeted and paid from the enterprise fund on an annual basis.

Postemployment Benefits - For details on other postemployment benefits, refer to note 7. The Commission's contributions to the postemployment benefits plan are budgeted and paid from the enterprise fund.

Note 6: PENSION PLANS

A substantial number of the Commission's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), which are administered by the New Jersey Division of Pensions and Benefits (the "Division"). In addition, several Commission employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. The DCRP is administered by Prudential Financial for the Division.

Each of the aforementioned plans have a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information, and detailed information about the PERS and TPAF plans' fiduciary net position that can be obtained by writing to or at the following website:

State of New Jersey, Department of the Treasury
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<https://www.nj.gov/treasury/pensions/financial-reports.shtml>

General Information about the Pension Plans**Plan Descriptions**

Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The State of New Jersey ("State") is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF's designated purpose is to provide retirement benefits, death, disability and medical benefits to certain qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF Board of Trustees is primarily responsible for the administration of the Plan.

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan that was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Commission, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS Board of Trustees is primarily responsible for the administration of the Plan.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). 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 DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Note 6: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

Teachers' Pension and Annuity Fund - 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 21, 2010
- 4 Members who were eligible to enroll after May 21, 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 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement 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.

Public Employees' Retirement System - 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 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The membership tiers for PERS are the same as previously noted for TPAF.

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 with 25 years or more service credit 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 age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Note 6: PENSION PLANS (CONT'D)**General Information About the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

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

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2019. The State's contribution is based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the Commission and all other related non-contributing employers. No normal or accrued liability contribution by the Commission has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

The Commission's contractually required contribution rate for the fiscal year ended June 30, 2020 was 15.05% of the Commission's covered payroll, of which 0.00% of payroll was required from the Commission and 100.00% of payroll was required from the State of New Jersey. The Commission was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2020 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2019, the State's contractually required contribution, on-behalf of the Commission, to the pension plan for the fiscal year ended June 30, 2020 was \$956,626.00, and was paid by April 1, 2020. Commission employee contributions to the Plan during the fiscal year ended June 30, 2020 were \$482,038.71.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2019. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) was 10% in State fiscal year 2019. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Commission's contractually required contribution rate for the fiscal year ended June 30, 2020 was 18.72% of the Commission's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Note 6: PENSION PLANS (CONT'D)**General Information About the Pension Plans (Cont'd)****Contributions (Cont'd)**

Public Employees' Retirement System Cont'd - Based on the most recent PERS measurement date of June 30, 2019, the Commission's contractually required contribution to the pension plan for the fiscal year ended June 30, 2020 was \$194,049.00, and was paid by April 1, 2020. Commission employee contributions to the Plan during the fiscal year ended June 30, 2020 were \$93,471.22.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with P.L. 2007, C. 92, and P.L. 2007, C. 103, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Commission contributes 3% of the employees' base salary, for each pay period, to Prudential Financial no later than the fifth business day after the date on which the employee is paid for that pay period.

For the fiscal year ended June 30, 2020, employee contributions totaled \$43,337.37, and the Commission recognized pension expense, which equaled the required contributions, of \$31,910.75. There were no forfeitures during the fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**Teachers' Pension and Annuity Fund**

Pension Liability - At June 30, 2020, the Commission was not required to report a liability for its proportionate share of the net pension liability for TPAF because of the 100% special funding situation by the State of New Jersey.

The State's proportionate share of net pension liability, however, attributable to the Commission is as follows:

Commission's Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Commission	29,199,156.00
	<u>\$ 29,199,156.00</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The total pension liability was calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. For the June 30, 2019 measurement date, the Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At the June 30, 2019 measurement date, the Commission proportion was 0.00% due to the 100% special funding situation with the State of New Jersey; however, the State's proportionate share of the TPAF net pension liability associated with the Commission was .0475781434%, which was an increase of .0061660466% from its proportion measured as of June 30, 2018.

Pension Expense - For the fiscal year ended June 30, 2020, the Commission recognized \$1,722,244.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plan's June 30, 2019 measurement date.

Note 6: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Public Employees' Retirement System**

Pension Liability - At June 30, 2020, the Commission reported a liability of \$3,594,581.00 for its proportionate share of the net pension liability for PERS. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The total pension liability was calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2019 measurement date, the Commission's proportion was .0199494105%, which was a decrease of .0002714267% from its proportion measured as of June 30, 2018.

Pension Expense - For the fiscal year ended June 30, 2020, the Commission recognized pension expense of \$461,607.00, in the government-wide financial statements. This pension expense was based on the pension plan's June 30, 2019 measurement date.

Deferred Outflows and Inflows of Resources - At June 30, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 64,518.00	\$ 15,879.00
Changes of Assumptions	358,932.00	1,247,668.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	56,742.00
Changes in Proportion and Differences between Commission Contributions and Proportionate Share of Contributions	518,296.00	49,681.00
Commission Contributions Subsequent to the Measurement Date	231,464.00	-
	<u>\$ 1,173,210.00</u>	<u>\$ 1,369,970.00</u>

Deferred outflows of resources in the amount of \$231,464.00 will be included as a reduction of the net pension liability in the subsequent fiscal year, June 30, 2021. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	
2021	\$ 147,843.00
2022	(186,564.00)
2023	(240,691.00)
2024	(131,836.00)
2025	(16,976.00)
	<u>\$ (428,224.00)</u>

Note 6: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Public Employees' Retirement System (Cont'd)**

Deferred Outflows and Inflows of Resources (Cont'd) - The other deferred outflows of resources and deferred inflows of resources related to pensions will be amortized over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	5.00	-
June 30, 2016	5.00	-
June 30, 2017	-	5.00
June 30, 2018	-	5.00
June 30, 2019	5.00	-
Changes in Proportion and Differences between Commission Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21

Note 6: PENSION PLANS (CONT'D)**Actuarial Assumptions**

The net pension liabilities were measured as of June 30, 2019 and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation as of July 1, 2018. The total pension liabilities were calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:		
Through 2026	1.55% - 4.45%	2.00% - 6.00%
	Based on Yrs. of Service	Based on Yrs. of Service
Thereafter	2.75% - 5.65%	3.00% - 7.00%
	Based on Yrs. of Service	Based on Yrs. of Service
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2015 - June 30, 2018	July 1, 2014 - June 30, 2018

For TPAF, pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

For PERS, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at the June 30, 2019 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Note 6: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

Best estimates of arithmetic rates of return for each major asset class included in TPAF's and PERS' target asset allocation as of the June 30, 2019 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Discount Rate -

Teachers' Pension and Annuity Fund - The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of the June 30, 2019 measurement date 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 would be based on 70% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Public Employees' Retirement System - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of the June 30, 2019 measurement date 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 would be based on 70% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 6: PENSION PLANS (CONT'D)**Sensitivity of Commission's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

Teachers' Pension and Annuity Fund (TPAF) - As previously mentioned, TPAF has a special funding situation where the State pays 100% of the Commission's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2019, the Plan's measurement date, attributable to the Commission is \$0.00. The following, however, presents the net pension liability of the State as of June 30, 2019 (Plan's measurement date), attributable to the Commission, calculated using the discount rate of 5.60% as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
Commission's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Commission	34,432,268.00	29,199,156.00	24,857,326.00
	<u>\$ 34,432,268.00</u>	<u>\$ 29,199,156.00</u>	<u>\$ 24,857,326.00</u>

Public Employees' Retirement System (PERS) - The following presents the Commission's proportionate share of the net pension liability at June 30, 2019, the Plan's measurement date, calculated using a discount rate of 6.28%, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Commission's Proportionate Share of the Net Pension Liability	\$ 4,572,127.00	\$ 3,594,581.00	\$ 2,816,938.00

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the TPAF and PERS and additions to/deductions from TPAF and PERS' respective fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about TPAF and PERS, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.nj.gov/treasury/pensions/financial-reports.shtml>.

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN****General Information about the OPEB Plan**

Plan Description and Benefits Provided - The State Health Benefit Local Education Retired Employees Plan (the "OPEB Plan") is a multiple-employer defined benefit OPEB plan, with a special funding situation, that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75 - *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The OPEB Plan is administered by the State of New Jersey Division of Pensions and Benefits (the "Division") and is part of the New Jersey State Health Benefits Program (SHBP). The Division issues a publically available financial report that includes financial statements and required supplementary information which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<https://www.nj.gov/treasury/pensions/financial-reports.shtml>

The OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

Employees Covered by Benefit Terms - At June 30, 2019, the OPEB Plan's measurement date, the entire State Health Benefit Local Education Retired Employees OPEB Plan consisted of the following members.

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	-
	<u>364,943</u>

Total Non-Employer OPEB Liability

The State of New Jersey, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to the OPEB Plan for qualified retired TPAF, PERS, PFRS and ABP participants. The Commission's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the Commission did not recognize any portion of the collective net OPEB liability on the statement of net position.

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

The State's proportionate share of the net OPEB liability associated with the Commission as of June 30, 2020 was \$15,205,181.00. Since the OPEB liability associated with the Commission is 100% attributable to the State, the OPEB liability will be referred to as the total non-employer OPEB liability.

The total non-employer OPEB liability was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. For the June 30, 2019 measurement date, the State's proportionate share of the non-employer OPEB liability associated with the Commission was 0.0364378525%, which was an increase of 0.0013346285% from its proportion measured as of June 30, 2018.

Actuarial Assumptions and Other Inputs - The actuarial assumptions and other inputs vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2018 used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases -

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Through 2026	1.55 - 3.05%	2.00 - 6.00%	3.25 - 15.25%
Thereafter	1.55 - 3.05%	3.00 - 7.00%	3.25 - 15.25%

Based on years of service

Inflation Rate - 2.50%.

Mortality Rates - Current and future retiree healthy mortality rates were based on the PUB-2010 Healthy classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Disabled mortality was based on the PUB-2010 headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Experience Studies - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, July 1, 2014 - June 30, 2018, and July 1, 2013 - June 30, 2018 for TPAF, PERS, and PFRS, respectively.

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

Discount Rate - The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total Non-Employer OPEB Liability

The below table summarizes the State's proportionate share of the change in the total non-employer OPEB liability associated with the Commission:

Balance at June 30, 2019		\$ 16,186,389.00
Changes for the Year:		
Service Cost	\$ 827,772.00	
Interest Cost	649,767.00	
Difference Between Expected and Actual Experience	(2,232,539.00)	
Changes in Assumptions	226,710.00	
Gross Benefit Payments	(466,754.00)	
Member Contributions	13,836.00	
Net Changes		<u>(981,208.00)</u>
Balance at June 30, 2020		<u>\$ 15,205,181.00</u>

There were no changes in benefit terms between the June 30, 2018 measurement date and the June 30, 2019 measurement date.

Differences between expected and actual experience reflect a decrease in liability from June 30, 2018 to June 30, 2019 is due to changes in the census, claims, and premiums experience.

Changes of assumptions reflect a decrease in the liability from June 30, 2018 to June 30, 2019 is due to the combined effect of the decrease in the assumed discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019; and changes in the trend, excise tax, updated decrements, future spouse election, PPO/HMO future retiree elections, salary scale, and mortality assumptions.

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate - The State's proportionate share of the total non-employer OPEB liability as of June 30, 2019, associated with the Commission, using a discount rate of 3.50%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used is as follows:

	1% Decrease <u>(2.50%)</u>	Current Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Commission	<u>\$ 17,963,327.00</u>	<u>\$ 15,205,181.00</u>	<u>\$ 13,014,261.00</u>

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Changes in the Total Non-Employer OPEB Liability (Cont'd)**

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Healthcare Cost Trend Rates - The State's proportionate share of the total non-employer OPEB liability as of June 30, 2019, associated with the Commission, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	<u>1%</u> <u>Decrease</u>	<u>Healthcare Cost</u> <u>Trend Rates</u>	<u>1%</u> <u>Increase</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Commission	\$ 12,528,391.00	\$ 15,205,181.00	\$ 18,748,701.00

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Total Non-Employer OPEB Liability

OPEB Expense - For the fiscal year ended June 30, 2020, the Commission recognized \$686,204.00 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB expense, associated with the Commission. This expense and revenue was based on the OPEB Plan's June 30, 2019 measurement date.

Deferred Outflows and Inflows of Resources - In accordance with GASBS No. 75, the Commission's proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources by the Commission. However, at June 30, 2020, the State's proportionate share of the total non-employer OPEB liability's deferred outflows of resources and deferred inflows of resources, associated with the Commission, from the following sources are as follows:

	<u>Deferred</u> <u>Outflows</u> <u>of Resources</u>	<u>Deferred</u> <u>Inflows</u> <u>of Resources</u>
Changes in Proportion	\$ 945,726.00	\$ -
Difference Between Expected and Actual Experience	-	3,820,496.00
Changes of Assumptions	-	3,090,487.00
	<u>\$ 945,726.00</u>	<u>\$ 6,910,983.00</u>

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Total Non-Employer OPEB Liability (Cont'd)**

Deferred Outflows and Inflows of Resources (Cont'd) - Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total non-employer OPEB liability, associated with the Commission, will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2021	\$ (807,575.00)
2022	(807,575.00)
2023	(807,575.00)
2024	(807,575.00)
2025	(807,575.00)
Thereafter	<u>(1,927,382.00)</u>
	<u>\$ (5,965,257.00)</u>

Note 8: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2020, the Commission has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$152,723.22, \$2,737.41, \$57,673.07, and \$263.38, respectively, in the general fund, and \$1,480,032.69, \$18,319.59, \$596,997.48, and \$1,762.62, respectively, in the enterprise fund.

Note 9: RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Joint Insurance Pool - The Commission is a member of and maintains insurance coverage for property, liability, student accident, and surety bonds through the New Jersey Schools Insurance Group ("NJSIG"). The NJSIG provides its members with the following coverage:

General Liability
Boiler & Machinery
Errors & Omissions
Worker's Compensation
Umbrella Liability
Automobile Liability
Public Official Bonds
Property Damage
Crime

Note 9: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool (Cont'd) - Contributions to the NJSIG are determined by the NJSIG Board of Trustees, based on actuarial assumptions determined by an actuary. The Commission is jointly and personally liable for claims insured by the NJSIG and its members during the period of its membership, including liability for supplemental assessments, if necessary. The NJSIG's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year.

The NJSIG provides the Commission with the coverage as identified in the statistic section of this Comprehensive Annual Financial Report, specifically exhibit J-20.

The NJSIG publishes its own financial report which can be obtained at www.njsig.org.

Note 10: DEFERRED COMPENSATION

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

Note 11: COMPENSATED ABSENCES

The Commission accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Commission employees are granted varying amounts of vacation and sick leave in accordance with the Commission's personnel policy. The Commission's policy permits employees to accumulate unused sick and vacation leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the Commission for the unused sick and vacation leave in accordance with the Commission's agreements with the various employee unions.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2020, the liability for compensated absences in the governmental activities and business-type activities was \$8,280.40 and \$165,118.31, respectively.

Note 12: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfunds - The composition of interfund balances as of June 30, 2020 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General		\$ 86,784.50
Special Revenue		37,691.78
Enterprise	\$ 124,825.23	
Fiduciary		348.95
	<hr/>	<hr/>
Totals	<u>\$ 124,825.23</u>	<u>\$ 124,825.23</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2021, the Commission expects to liquidate such interfunds, depending upon the availability of cash flow.

Transfers - There were no transfers during the fiscal year ended June 30, 2020.

Note 13: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Commission expects such amount, if any, to be immaterial.

Note 14: CONCENTRATIONS

The Commission depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the Commission is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 15: SUBSEQUENT EVENTS

COVID-19 - On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Commission's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Commission is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

Note 15: SUBSEQUENT EVENTS (CONT'D)

Camden Transportation - During fiscal year 2021, the Commission has transitioned their agreement with the Camden City School District and will be providing significantly less transportation services to them. Due to this revision to the agreement, the Commission expects to see a significant decrease in revenues and expenses in fiscal year 2021 for transportation services recorded in the enterprise fund.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Required Supplementary Information - Part II
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Tuition from Other Sources	\$ 1,214,067.00		\$ 1,214,067.00	\$ 1,013,062.05	\$ (201,004.95)
Total - Local Sources	<u>1,214,067.00</u>	<u>-</u>	<u>1,214,067.00</u>	<u>1,013,062.05</u>	<u>(201,004.95)</u>
State Sources:					
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)				155,460.63	155,460.63
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted)				57,673.07	57,673.07
On-Behalf T.P.A.F. Pension Contributions - Long-Term Disability Insurance (non-budgeted)				263.38	263.38
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				58,857.71	58,857.71
Total - State Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>272,254.79</u>	<u>272,254.79</u>
Total Revenues	<u>1,214,067.00</u>	<u>-</u>	<u>1,214,067.00</u>	<u>1,285,316.84</u>	<u>71,249.84</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	716,766.00		716,766.00	702,923.31	13,842.69
Regular Programs - Undistributed Instruction: General Supplies	2,000.00		2,000.00		2,000.00
Total Regular Programs - Instruction	<u>718,766.00</u>	<u>-</u>	<u>718,766.00</u>	<u>702,923.31</u>	<u>15,842.69</u>
Total Instruction	<u>718,766.00</u>	<u>-</u>	<u>718,766.00</u>	<u>702,923.31</u>	<u>15,842.69</u>
Undistributed Expenditures - Child Study Team:					
Salaries of Other Professional Staff	90,000.00		90,000.00		90,000.00
Total Undistributed Expenditures - Child Study Team	<u>90,000.00</u>	<u>-</u>	<u>90,000.00</u>	<u>-</u>	<u>90,000.00</u>
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	5,000.00	\$ (5,000.00)			
Total Undistributed Expenditures - Improvement of Instruction Services	<u>5,000.00</u>	<u>(5,000.00)</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Required Supplementary Information - Part II
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Instructional Staff Training Services:					
Purchased Professional - Educational Services	\$ 1,500.00		\$ 1,500.00		\$ 1,500.00
Other Objects	1,000.00		1,000.00		1,000.00
Total Undistributed Expenditures - Instructional Staff Training Services	<u>2,500.00</u>	<u>-</u>	<u>2,500.00</u>	<u>-</u>	<u>2,500.00</u>
Undistributed Expenditures - Support Services - General Administration:					
Legal Services	5,000.00		5,000.00		5,000.00
Total Undistributed Expenditures - Support Services - General Administration	<u>5,000.00</u>	<u>-</u>	<u>5,000.00</u>	<u>-</u>	<u>5,000.00</u>
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals / Assistant Principals	108,101.00		108,101.00	\$ 106,849.45	1,251.55
Travel	1,000.00		1,000.00		1,000.00
Other Objects	1,000.00		1,000.00	845.00	155.00
Total Undistributed Expenditures - Support Services - School Administration	<u>110,101.00</u>	<u>-</u>	<u>110,101.00</u>	<u>107,694.45</u>	<u>2,406.55</u>
Undistributed Expenditures - Central Services:					
Salaries	19,000.00	\$ 5,000.00	24,000.00	24,000.00	
Total Undistributed Expenditures - Central Services	<u>19,000.00</u>	<u>5,000.00</u>	<u>24,000.00</u>	<u>24,000.00</u>	<u>-</u>
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	1,500.00		1,500.00	716.18	783.82
Unemployment Compensation	3,200.00		3,200.00	2,165.67	1,034.33
Workmen's Compensation	11,000.00		11,000.00	10,252.18	747.82
Health Benefits	238,000.00		238,000.00	158,375.34	79,624.66
Other Employee Benefits	10,000.00		10,000.00	6,934.92	3,065.08
Total Unallocated Benefits - Employee Benefits	<u>263,700.00</u>	<u>-</u>	<u>263,700.00</u>	<u>178,444.29</u>	<u>85,255.71</u>

(Continued)

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Required Supplementary Information - Part II
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
On-behalf Contributions:					
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)				\$ 155,460.63	\$ (155,460.63)
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted)				57,673.07	(57,673.07)
On-Behalf T.P.A.F. Pension Contributions - Long-Term Disability Insurance (non-budgeted)				263.38	(263.38)
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				58,857.71	(58,857.71)
Total On-behalf Contributions	-	-	-	272,254.79	(272,254.79)
Total Personal Services - Employee Benefits	\$ 263,700.00	-	\$ 263,700.00	450,699.08	(186,999.08)
Total Undistributed Expenditures	495,301.00	-	495,301.00	582,393.53	(87,092.53)
Total General Current Expense	1,214,067.00	-	1,214,067.00	1,285,316.84	(71,249.84)
Total Expenditures	1,214,067.00	-	1,214,067.00	1,285,316.84	(71,249.84)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balances, July 1	-	-	-	-	-
Fund Balances, June 30	-	-	-	-	-

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Required Supplementary Information - Part II

Special Revenue Fund

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers / Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources:					
Title I, Part D	\$ 239,969.00	\$ (14,875.72)	\$ 225,093.28	\$ 178,922.28	\$ 46,171.00
Total - Federal Sources	239,969.00	(14,875.72)	225,093.28	178,922.28	46,171.00
State Sources:					
New Jersey Career Accelerator Internship Program		392.50	392.50	392.50	
Total - State Sources	-	392.50	392.50	392.50	-
Total Revenues	239,969.00	(14,483.22)	225,485.78	179,314.78	46,171.00
EXPENDITURES:					
Instruction:					
Salaries	104,234.00	14,429.00	118,663.00	95,073.11	23,589.89
Purchased Professional and Technical Services	11,000.00	(9,500.00)	1,500.00	1,500.00	
General Supplies	14,319.00	23,237.00	37,556.00	16,797.73	20,758.27
Total Instruction	129,553.00	28,166.00	157,719.00	113,370.84	44,348.16
Support Services:					
Salaries	37,500.00	(16,203.60)	21,296.40	21,296.40	
Other Salaries		392.50	392.50	392.50	
Personnel Services - Employee Benefits	51,156.00	(11,525.86)	39,630.14	37,807.30	1,822.84
Purchased Professional and Technical Services	4,500.00	(4,500.00)			
Other Purchased Services (400-500 series)	3,620.00	(1,195.00)	2,425.00	2,425.00	
Travel	1,630.00	(770.37)	859.63	859.63	
Total Support Services	98,406.00	(33,802.33)	64,603.67	62,780.83	1,822.84
Facilities Acquisition and Construction Services:					
Instructional Equipment	12,010.00	(8,846.89)	3,163.11	3,163.11	
Total Facilities Acquisition and Construction Services	12,010.00	(8,846.89)	3,163.11	3,163.11	-
Total Expenditures	239,969.00	(14,483.22)	225,485.78	179,314.78	46,171.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Required Supplementary Information - Part II
 Budgetary Comparison Schedule
 Notes to Required Supplementary Information
 For the Fiscal Year Ended June 30, 2020

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-series)	<u>\$ 1,285,316.84</u>	<u>\$ 179,314.78</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 1,285,316.84</u>	<u>\$ 179,314.78</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule (C-series)	<u>\$ 1,285,316.84</u>	<u>\$ 179,314.78</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 1,285,316.84</u>	<u>\$ 179,314.78</u>

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

**SCHEDULES RELATED TO ACCOUNTING
AND REPORTING FOR PENSIONS**

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Required Supplementary Information - Part III
 Schedule of the Commission's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System (PERS)
 Last Seven Plan Years

	<u>Measurement Date Ended June 30,</u>						
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Commission's Proportion of the Net Pension Liability	0.0199494110%	0.0202208372%	0.0193832381%	0.0173819769%	0.0149825794%	0.0131602254%	0.0115869100%
Commission's Proportionate Share of the Net Pension Liability	\$ 3,594,581.00	\$ 3,981,382.00	\$ 4,512,108.00	\$ 5,148,043.00	\$ 3,363,289.00	\$ 2,463,954.00	\$ 2,214,489.00
Commission's Covered Payroll (Plan Measurement Period)	\$ 1,424,776.00	\$ 1,522,116.00	\$ 1,427,960.00	\$ 1,261,080.00	\$ 1,043,760.00	\$ 997,496.00	\$ 850,940.00
Commission's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	252.29%	261.57%	315.98%	408.22%	322.23%	247.01%	260.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Required Supplementary Information - Part III
 Schedule of the Commission's Contributions
 Public Employees' Retirement System (PERS)
 Last Seven Fiscal Years

	<u>Fiscal Year Ended June 30,</u>						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 231,464.00	\$ 194,051.00	\$ 201,132.00	\$ 179,565.00	\$ 154,419.00	\$ 128,810.00	\$ 108,491.00
Contributions in relation to the Contractually Required Contribution	<u>(231,464.00)</u>	<u>(194,051.00)</u>	<u>(201,132.00)</u>	<u>(179,565.00)</u>	<u>(154,419.00)</u>	<u>(128,810.00)</u>	<u>(108,491.00)</u>
Contribution Deficiency (Excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Commission's Covered Payroll (Fiscal Year)	\$ 1,236,194.00	\$ 1,531,050.00	\$ 1,339,707.00	\$ 1,358,113.00	\$ 1,206,054.00	\$ 1,057,840.00	\$ 890,883.00
Contributions as a Percentage of Commission's Covered Payroll	18.72%	12.67%	15.01%	13.22%	12.80%	12.18%	12.18%

This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Required Supplementary Information - Part III
 Schedule of the Commission's Proportionate Share of the Net Pension Liability
 Teachers' Pension and Annuity Fund (TPAF)
 Last Seven Plan Years

	Measurement Date Ended June 30,						
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Commission's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability associated with the Commission	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Commission's Proportionate Share of the Net Pension Liability	-	-	-	-	-	-	-
State's Proportionate Share of the Net Pension Liability associated with the Commission	<u>\$ 29,199,156.00</u>	<u>\$ 26,345,486.00</u>	<u>\$ 25,248,616.00</u>	<u>\$ 26,589,742.00</u>	<u>\$ 23,880,268.00</u>	<u>\$ 22,090,905.00</u>	<u>\$ 21,355,215.00</u>
	<u>\$ 29,199,156.00</u>	<u>\$ 26,345,486.00</u>	<u>\$ 25,248,616.00</u>	<u>\$ 26,589,742.00</u>	<u>\$ 23,880,268.00</u>	<u>\$ 22,090,905.00</u>	<u>\$ 21,355,215.00</u>
Commission's Covered Payroll (Plan Measurement Period)	\$ 6,541,652.00	\$ 5,723,516.00	\$ 4,880,388.00	\$ 4,351,668.00	\$ 3,790,488.00	\$ 4,252,724.00	\$ 4,661,040.00
Commission's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	446.36%	460.30%	517.35%	611.02%	630.01%	519.45%	458.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Required Supplementary Information - Part III
Schedule of Commission's Contributions
Teachers' Pension and Annuity Fund (TPAF)
Last Ten Fiscal Years

This schedule is not applicable. The Commission is not required to make any contributions towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Required Supplementary Information - Part III
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

Public Employees' Retirement System (PERS)

Changes in Benefit Terms:

None

Changes in Assumptions:

The Discount Rate changed at June 30th over the following years: 5.39% 2014, 4.90% 2015, 3.98% 2016, 5.00% 2017, 5.66% 2018 and 6.28% 2019.

The Long-term Expected Rate of Return changed at June 30th over the following years: 7.90% 2014 and 2015, 7.65% 2016, and 7.00% 2017, 2018 and 2019.

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2014 - June 30, 2018 experience study. For pre-retirement mortality, the Pub-2010 General Below-Median Income Employee mortality table with a 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For healthy retirees and beneficiaries, the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For disabled retiree mortality, the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males, and a 117.2% adjustment for females, and with improvement from the base year of 2010 on a generational basis was used. For mortality improvement, Scale MP-2019 was used.

For 2016, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the Plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter.

For 2015, the social security wage base was set at \$118,500.00 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000.00 for 2015, increasing 3.00% per annum, compounded annually.

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms:

None

Changes in Assumptions:

The Discount Rate changed at June 30th over the following years, 4.68% 2014, 4.13% 2015, 3.22% 2016, 4.25% 2017, 4.86% 2018 and 5.60% 2019.

The Long-term Expected Rate of Return changed at June 30th over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017, 2018 and 2019.

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2015 - June 30, 2018 experience study. For pre-retirement mortality, the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For healthy retirees and beneficiaries, the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For disabled retiree mortality, the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males, and a 100.3% adjustment for females, and with improvement from the base year of 2010 on a generational basis was used. For mortality improvement, Scale MP-2019 was used.

For 2016, demographic assumptions were revised in accordance with the results of the July 1, 2012- June 30, 2015 experience study.

**REQUIRED SUPPLEMENTARY INFORMATION
PART IV**

**SCHEDULE RELATED TO ACCOUNTING
AND REPORTING FOR POSTEMPLOYMENT BENEFITS**

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Required Supplementary Information - Part IV
 Schedule of Changes in the Commission's
 Total OPEB Liability and Related Ratios
 Last Three Plan Years

	<u>Measurement Date Ended June 30,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Non-Employer OPEB Liability - State's Proportionate Share of the Total OPEB Liability Associated with the Commission			
Changes for the Year:			
Service Cost	\$ 827,772.00	\$ 910,576.00	\$ 1,089,661.00
Interest Cost	649,767.00	697,507.00	593,868.00
Difference Between Expected and Actual Experience	(2,232,539.00)	(1,926,309.00)	
Changes in Assumptions	226,710.00	(1,857,469.00)	(2,440,443.00)
Gross Benefit Payments	(466,754.00)	(432,818.00)	(434,983.00)
Member Contributions	<u>13,836.00</u>	<u>14,959.00</u>	<u>16,017.00</u>
Net Change in Total Non-Employer OPEB Liability	(981,208.00)	(2,593,554.00)	(1,175,880.00)
Total Non-Employer OPEB Liability - July 1	<u>16,186,389.00</u>	<u>18,779,943.00</u>	<u>19,955,823.00</u>
Total Non-Employer OPEB Liability - June 30	<u>\$ 15,205,181.00</u>	<u>\$ 16,186,389.00</u>	<u>\$ 18,779,943.00</u>
Commission's Covered Payroll (Plan Measurement Period)	<u>\$ 7,685,937.00</u>	<u>\$ 6,954,470.00</u>	<u>\$ 6,078,866.00</u>
State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Commission as a Percentage of Covered Payroll	197.83%	232.75%	308.94%

This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Notes to Required Supplementary Information - Part IV
For the Fiscal Year Ended June 30, 2020

Changes in Benefit Terms - None

*Differences Between Expected
and Actual Experience -*

The decrease in liability from June 30, 2017 to June 30, 2018 is due to changes in the census, claims and premiums experience. The decrease in liability from June 30, 2018 to June 30, 2019 is due to changes in the census, claims and premiums experience.

Changes in Assumptions -

The decrease in the liability from June 30, 2017 to June 30, 2018 is due to the increase in the assumed discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018; and a decrease in the assumed health care cost trend and excise tax assumptions. The decrease in the liability from June 30, 2018 to June 30, 2019 is due to the combined effect of the decrease in the assumed discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019; and changes in the trend, excise tax, updated decrements, future spouse election, PPO/HMO future retiree elections, salary scale and mortality assumptions.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2020

	<u>Every Student Succeeds Act (E.S.S.A.)</u>		
	<u>Title I, Part D, Prevention and Intervention Programs for Children</u>	<u>New Jersey Career Accelerator Internship Program</u>	<u>Total</u>
REVENUES:			
Federal Sources	\$ 178,922.28		\$ 178,922.28
State Sources		\$ 392.50	392.50
Total Revenues	178,922.28	392.50	179,314.78
EXPENDITURES:			
Instruction:			
Salaries	95,073.11		95,073.11
Purchased Professional and Technical Services	1,500.00		1,500.00
General Supplies	16,797.73		16,797.73
Total Instruction	113,370.84	-	113,370.84
Support Services:			
Salaries	21,296.40		21,296.40
Other Salaries		392.50	392.50
Personnel Services - Employee Benefits	37,807.30		37,807.30
Other Purchased Services (400-500 series)	2,425.00		2,425.00
Travel	859.63		859.63
Total Support Services	62,388.33	392.50	62,780.83
Facilities Acquisition and Construction Services:			
Instructional Equipment	3,163.11		3,163.11
Total Facilities Acquisition and Construction Services	3,163.11	-	3,163.11
Total Expenditures	178,922.28	392.50	179,314.78
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-

PROPRIETARY FUND

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Proprietary Fund

Business-Type Activities - Enterprise Fund

Statement of Net Position

June 30, 2020

ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 669,387.75
Interfund Accounts Receivable:	
General Fund	86,784.50
Special Revenue Fund	37,691.78
Fiduciary Fund	348.95
Intergovernmental Accounts Receivable:	
State	19,599.37
Other	9,023,289.28
Total Current Assets	<u>9,837,101.63</u>
Noncurrent Assets:	
Capital Assets	6,698,966.32
Less: Accumulated Depreciation	<u>(2,778,858.84)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>3,920,107.48</u>
Total Noncurrent Assets	<u>3,920,107.48</u>
Total Assets	<u>13,757,209.11</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Related to Pensions	<u>1,173,210.00</u>
Total Deferred Outflows of Resources	<u>1,173,210.00</u>
LIABILITIES:	
Current Liabilities:	
Intergovernmental Accounts Payable:	
Other	360.00
Accounts Payable:	
Other	123,691.42
Related to Pensions	231,464.00
Accrued Wages	1,301.16
Accrued Interest Payable	11,641.38
Compensated Absences Payable	38,971.75
Lease Purchase Agreement Payable	<u>190,981.62</u>
Total Current Liabilities	<u>598,411.33</u>
Noncurrent Liabilities:	
Compensated Absences Payable	126,146.56
Lease Purchase Agreement Payable	406,658.36
Net Pension Liability	<u>3,594,581.00</u>
Total Noncurrent Liabilities	<u>4,127,385.92</u>
Total Liabilities	<u>4,725,797.25</u>

(Continued)

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Proprietary Fund
Business-Type Activities - Enterprise Fund
Statement of Net Position
June 30, 2020

DEFERRED INFLOWS OF RESOURCES:

Related to Pensions	\$ 1,369,970.00
Total Deferred Inflows of Resources	<u>1,369,970.00</u>

NET POSITION:

Net Investment in Capital Assets	3,322,467.50
Unrestricted	<u>5,512,184.36</u>
Total Net Position	<u><u>\$ 8,834,651.86</u></u>

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Proprietary Fund
 Business-Type Activities - Enterprise Fund
 Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2020

OPERATING REVENUES:

Charges for Services:

Transportation Services	\$ 34,184,056.04
Nonpublic Auxiliary and Handicapped Services	4,766,079.16
Related Services	3,115,162.08
Educational Services	1,270,490.00
Transition Services	695,175.00
Cooperative Purchasing Services	392,179.00
Child Study Team Evaluations	239,894.64
Nursing Services	66,280.86

General:

Miscellaneous	49,253.66
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Total Operating Revenues

<u>44,778,570.44</u>

OPERATING EXPENSES:

Personnel Services - Salaries	7,908,555.26
Personnel Services - Employee Benefits	4,641,754.50
Purchased Professional and Technical Services	1,049,085.83
Purchased Property Services	30,476.44
Other Purchased Services	32,932,921.22
Supplies and Materials	164,577.93
Depreciation	160,971.19
Miscellaneous Expenditures	11,769.46
Other Objects	5,790.79

Total Operating Expenses

<u>46,905,902.62</u>

Operating Income (Loss)

<u>(2,127,332.18)</u>

NONOPERATING REVENUES (EXPENSES):

State Sources:

On-Behalf T.P.A.F. Pension Contributions - Normal Cost	1,498,352.28
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement Medical	596,997.48
On-Behalf T.P.A.F. Pension Contributions - Long-Term Disability Insurance	1,762.62
Reimbursed T.P.A.F. Social Security Contributions	403,153.06
Interest Expense	(29,616.70)
Loss on Disposal of Capital Assets	(1,312.90)

Total Nonoperating Revenues (Expenses)

<u>2,469,335.84</u>

Change in Net Position

342,003.66

Net Position, July 1

<u>8,492,648.20</u>

Net Position, June 30

<u>\$ 8,834,651.86</u>

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Proprietary Fund

Business-Type Activities - Enterprise Fund

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Customers and Users	\$ 44,246,257.56
Payments to Suppliers	(34,265,402.30)
Payments to Employees	(7,870,804.02)
Payments for Employee Benefits	<u>(4,376,692.52)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(2,266,641.28)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

State Sources	2,499,306.68
Transfer from / (to) General Fund	301,681.40
Transfer from / (to) Special Revenue Fund	<u>7,154.25</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>2,808,142.33</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Purchases of Capital Assets	(402,965.76)
Principal Paid on Lease Purchase Debt	(183,195.80)
Interest Paid on Lease Purchase Debt	<u>(33,185.20)</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(619,346.76)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(77,845.71)
Cash and Cash Equivalents, July 1	<u>747,233.46</u>
Cash and Cash Equivalents, June 30	<u>\$ 669,387.75</u>

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:

Operating Income (Loss)	\$ (2,127,332.18)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Depreciation	160,971.19
(Increase) Decrease in Interfund Accounts Receivable	(348.95)
(Increase) Decrease in Intergovernmental Accounts Receivable	(532,312.88)
Increase (Decrease) in Interfund Accounts Payable	(5,269.24)
Increase (Decrease) in Intergovernmental Accounts Payable	(145,319.21)
Increase (Decrease) in Accounts Payable	74,538.58
Increase (Decrease) in Accrued Wages	(3,048.33)
Increase (Decrease) in Compensated Absences Payable	43,920.74
Increase (Decrease) in Net Pension Liability	<u>267,559.00</u>

Net Cash Provided by (Used for) Operating Activities	<u>\$ (2,266,641.28)</u>
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FIDUCIARY FUNDS

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2020

	Private-Purpose Trust Funds	Agency Funds	
	Flexible Benefits Trust	Payroll	Total
ASSETS:			
Cash and Cash Equivalents	\$ 23,438.75	\$ 23,916.56	\$ 47,355.31
Total Assets	23,438.75	\$ 23,916.56	47,355.31
LIABILITIES:			
Interfund Accounts Payable:			
Enterprise Fund	305.04	\$ 43.91	348.95
Payroll Deductions and Withholdings		23,872.65	23,872.65
Total Liabilities	305.04	\$ 23,916.56	24,221.60
NET POSITION:			
Held in Trust for Other Purposes	\$ 23,133.71		\$ 23,133.71

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2020

	<u>Private-Purpose Trust Funds</u>
	<u>Flexible Benefits Trust</u>
ADDITIONS:	
Contributions:	
Employee	\$ 54,417.28
Total Additions	<u>54,417.28</u>
DEDUCTIONS:	
Claims	<u>60,508.84</u>
Total Deductions	<u>60,508.84</u>
Change in Net Position	(6,091.56)
Net Position, July 1	<u>29,225.27</u>
Net Position, June 30	<u><u>\$ 23,133.71</u></u>

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Fiduciary Funds
 Payroll and Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2020

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
ASSETS:				
Cash and Cash Equivalents	\$ 18,403.03	\$ 9,827,687.76	\$ 9,822,174.23	\$ 23,916.56
Total Assets	<u>\$ 18,403.03</u>	<u>\$ 9,827,687.76</u>	<u>\$ 9,822,174.23</u>	<u>\$ 23,916.56</u>
LIABILITIES:				
Interfund Accounts Payable:				
Enterprise Services Fund	\$ 85.33	\$ 937.89	\$ 979.31	\$ 43.91
Payroll Deductions and Withholdings	<u>18,317.70</u>	<u>9,826,749.87</u>	<u>9,821,194.92</u>	<u>23,872.65</u>
Total Liabilities	<u>\$ 18,403.03</u>	<u>\$ 9,827,687.76</u>	<u>\$ 9,822,174.23</u>	<u>\$ 23,916.56</u>

LONG-TERM DEBT

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Schedule of Lease Purchase Agreement Payable - Business-Type Activities
 Enterprise Fund
 For the Fiscal Year Ended June 30, 2020

<u>Description</u>	<u>Date of Lease</u>	Term of Lease (in Years)	<u>Amount of Original Issue</u>		Interest Rate Payable	Amount Outstanding June 30, 2019	<u>Increases</u>	<u>Decreases</u>	Amount Outstanding June 30, 2020
			<u>Principal</u>	<u>Interest</u>					
Additions and renovations to administration building	7/26/06, 01/09/08	17	\$ 3,745,000.00	\$ 952,975.50	4.25%	<u>\$ 780,835.78</u>	<u>-</u>	<u>\$ 183,195.80</u>	<u>\$ 597,639.98</u>

STATISTICAL SECTION

Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the Commission's financial position has changed over time. Please refer to the following exhibits for a historical view of the Commission's financial performance.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Net Position by Component
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014*	2013	2012	2011
Governmental Activities:										
Net Investment in Capital Assets	\$ 25,053.10	\$ 29,303.71	\$ 11,219.62	\$ 18,238.41	\$ 26,142.79	\$ 469,125.31	\$ 397,581.69	\$ 389,722.38	\$ 2,603,278.00	\$ 2,785,438.00
Restricted										500,215.00
Unrestricted (Deficit)	(8,280.40)	(4,424.54)	(2,971.89)	(2,422.22)	(3,098.89)	6,061,402.55	3,256,317.72	4,459,505.46	3,525,498.00	3,135,599.00
Total Governmental Activities Net Position	\$ 16,772.70	\$ 24,879.17	\$ 8,247.73	\$ 15,816.19	\$ 23,043.90	\$ 6,530,527.86	\$ 3,653,899.41	\$ 4,849,227.84	\$ 6,128,776.00	\$ 6,421,252.00
Business-Type Activities:										
Net Investment in Capital Assets	\$ 3,322,467.50	\$ 2,898,590.03	\$ 2,646,193.32	\$ 2,620,124.20	\$ 2,522,286.47	\$ 2,088,840.67	\$ 2,137,512.36	\$ 2,178,741.70		
Unrestricted (Deficit)	5,512,184.36	5,594,058.17	5,626,582.34	5,082,379.39	4,747,309.71	(1,741,113.11)	299,635.81	30,820.88		
Total Business-Type Activities Net Position	\$ 8,834,651.86	\$ 8,492,648.20	\$ 8,272,775.66	\$ 7,702,503.59	\$ 7,269,596.18	\$ 347,727.56	\$ 2,437,148.17	\$ 2,209,562.58	-	-
Government-Wide:										
Net Investment in Capital Assets	\$ 3,347,520.60	\$ 2,927,893.74	\$ 2,657,412.94	\$ 2,638,362.61	\$ 2,548,429.26	\$ 2,557,965.98	\$ 2,535,094.05	\$ 2,568,464.08	\$ 2,603,278.00	\$ 2,785,438.00
Restricted										500,215.00
Unrestricted	5,503,903.96	5,589,633.63	5,623,610.45	5,079,957.17	4,744,210.82	4,320,289.44	3,555,953.53	4,490,326.34	3,525,498.00	3,135,599.00
Total Government-Wide Net Position	\$ 8,851,424.56	\$ 8,517,527.37	\$ 8,281,023.39	\$ 7,718,319.78	\$ 7,292,640.08	\$ 6,878,255.42	\$ 6,091,047.58	\$ 7,058,790.42	\$ 6,128,776.00	\$ 6,421,252.00

* The implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, was effective beginning with the fiscal year ended June 30, 2014.

Source: Comprehensive Annual Financial Report Exhibit A-1.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Changes in Net Position
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015*	2014	2013	2012	2011
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 819,364.86	\$ 774,824.98	\$ 736,025.34	\$ 702,111.87	\$ 683,891.56	\$ 624,284.15	\$ 565,086.54	\$ 576,488.31	\$ 634,222.00	\$ 691,160.00
Special Education							483,290.52	540,410.57	2,924,007.00	3,181,824.00
Other Special Instruction							143,308.31	246,477.05		
Other Instruction									215,476.00	166,280.00
Support Services:										
Student and Instruction Related Services	70,155.25	86,997.79	184,980.05	191,941.85	195,624.27	161,533.58	874,964.62	855,566.01	2,320,104.00	2,042,536.00
Other Administrative Services						25,795.72	119,785.26	120,133.41		
School Administrative Services	132,518.90	124,579.48	122,386.14	119,028.85	15,512.68	14,461.57	117,543.15	108,746.29		
General and Business Administrative Services									625,758.00	497,354.00
Plant Operations and Maintenance						11,914.34	31,303.41	28,295.06	13,523.00	6,298.00
Pupil Transportation						26,455,193.96	23,342,917.74	13,096,409.04	12,095,310.00	12,868,072.00
Personal Services - Employee Benefits	560,663.62	551,659.44	576,030.02	497,953.34	424,116.27	396,614.84	1,297,696.73	1,396,576.74	1,751,525.00	1,647,895.00
Loss on Disposal of Capital Assets		2,146.43	2,101.40				1,903.81	493.69		
Interest on Long-term Debt						12,941.23	14,177.91	22,650.52		
Unallocated Depreciation and Amortization									79,836.00	3,610.00
Total Governmental Activities Expenses	1,582,702.63	1,540,208.12	1,621,522.95	1,511,035.71	1,319,144.78	27,702,739.39	26,991,978.00	16,992,246.69	20,659,761.00	21,105,029.00
Business-Type Activities:										
Enterprise Fund										
Internet Connect Program	46,936,832.22	55,371,357.55	49,325,746.71	45,575,521.87	39,455,410.79	7,817,347.26	454,720.10	4,248,762.19		
				275,126.76						
Total Business-Type Activities Expense	46,936,832.22	55,371,357.55	49,325,746.71	45,850,648.63	39,455,410.79	7,817,347.26	454,720.10	4,248,762.19	-	-
Total Government-Wide Expenses	\$ 48,519,534.85	\$ 56,911,565.67	\$ 50,947,269.66	\$ 47,361,684.34	\$ 40,774,555.57	\$ 35,520,086.65	\$ 27,446,698.10	\$ 21,241,008.88	\$ 20,659,761.00	\$ 21,105,029.00
Program Revenues:										
Governmental Activities:										
Charges for Services										
Operating Grants and Contributions	\$ 1,013,062.05	\$ 957,309.18	\$ 889,041.22	\$ 839,021.83	\$ 771,735.71	\$ 28,009,807.28	\$ 27,093,827.47	\$ 16,589,062.73	\$ 14,391,114.00	\$ 14,448,155.00
Capital Grants and Contributions	558,371.00	572,980.88	724,913.27	664,786.17	543,850.68	316,788.86	891,337.23	997,132.37	5,953,818.00	6,356,322.00
	3,163.11	26,549.50			7,890.95	20,411.95	6,510.00	8,089.00		
Total Governmental Activities Program Revenues	1,574,596.16	1,556,839.56	1,613,954.49	1,503,808.00	1,323,477.34	28,347,008.09	27,991,674.70	17,594,284.10	20,344,932.00	20,804,477.00
Business-Type Activities:										
Charges for services:										
Enterprise Fund	44,729,316.78	52,969,170.58	46,673,461.76	43,684,766.28	38,073,907.62	7,288,236.96	4,682,305.69	4,238,192.05		
Internet Connect Program				213,366.00						
Operating Grants and Contributions	2,500,265.44	2,595,207.85	3,180,285.54	2,369,257.88	1,774,741.51	647,481.35				
Total Business-Type Activities Program Revenues	47,229,582.22	55,564,378.43	49,853,747.30	46,267,390.16	39,848,649.13	7,935,718.31	4,682,305.69	4,238,192.05	-	-
Total Government-Wide Program Revenues	\$ 48,804,178.38	\$ 57,121,217.99	\$ 51,467,701.79	\$ 47,771,198.16	\$ 41,172,126.47	\$ 36,282,726.40	\$ 32,673,980.39	\$ 21,832,476.15	\$ 20,344,932.00	\$ 20,804,477.00
Net (Expense) / Revenue:										
Governmental Activities										
Business-Type Activities	\$ (8,106.47)	\$ 16,631.44	\$ (7,568.46)	\$ (7,227.71)	\$ 4,332.56	\$ 644,268.70	\$ 999,696.70	\$ 602,037.41	\$ (314,829.00)	\$ (300,552.00)
Governmental Activities	292,750.00	193,020.88	528,000.59	416,741.53	393,238.34	118,371.05	4,227,585.59	(10,570.14)		
Total Government-Wide Net Expense	\$ 284,643.53	\$ 209,652.32	\$ 520,432.13	\$ 409,513.82	\$ 397,570.90	\$ 762,639.75	\$ 5,227,282.29	\$ 591,467.27	\$ (314,829.00)	\$ (300,552.00)

(Continued)

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Changes in Net Position
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015*	2014	2013	2012	2011
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Interest and Investment Earnings - Unrestricted						\$ 5,290.48	\$ 15,201.56	\$ 20,248.38	\$ 34,224.00	\$ 34,780.00
Miscellaneous					\$ 23.21	12,580.27	4,262.31	260,799.51	79,555.00	201,550.00
Special Items:										
Gain (Loss) on Disposal of Capital Assets									(91,426.00)	(42,860.00)
Transfers					(6,511,839.73)			(2,162,632.78)		
Total Governmental Activities	-	-	-	-	(6,511,816.52)	17,870.75	19,463.87	(1,881,584.89)	22,353.00	193,470.00
Business-Type Activities:										
Miscellaneous	\$ 49,253.66	\$ 26,851.66	\$ 42,271.48	\$ 16,165.88	16,790.55	6,697.34		9,253.00		
Transfers					6,511,839.73			2,210,879.72		
Total Business-Type Activities	49,253.66	26,851.66	42,271.48	16,165.88	6,528,630.28	6,697.34	-	2,220,132.72	-	-
Total Government-Wide	\$ 49,253.66	\$ 26,851.66	\$ 42,271.48	\$ 16,165.88	\$ 16,813.76	\$ 24,568.09	\$ 19,463.87	\$ 338,547.83	\$ 22,353.00	\$ 193,470.00
Change in Net Position:										
Governmental Activities	\$ (8,106.47)	\$ 16,631.44	\$ (7,568.46)	\$ (7,227.71)	\$ (6,507,483.96)	\$ 662,139.45	\$ 1,019,160.57	\$ (1,279,547.48)	\$ (292,476.00)	\$ (107,082.00)
Business-Type Activities	342,003.66	219,872.54	570,272.07	432,907.41	6,921,868.62	125,068.39	4,227,585.59	2,209,562.58		
Total Government-Wide	\$ 333,897.19	\$ 236,503.98	\$ 562,703.61	\$ 425,679.70	\$ 414,384.66	\$ 787,207.84	\$ 5,246,746.16	\$ 930,015.10	\$ (292,476.00)	\$ (107,082.00)

* The implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, was effective beginning with the fiscal year ended June 30, 2015.

Source: *Comprehensive Annual Financial Report Exhibit A-2.*

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Fund Balances, Governmental Funds
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund:										
Assigned										\$ 500,215.00
Unassigned						\$ 6,073,573.05	\$ 5,490,535.25	\$ 4,476,440.33	\$ 3,665,190.55	3,305,665.00
Total General Fund	-	-	-	-	-	\$ 6,073,573.05	\$ 5,490,535.25	\$ 4,476,440.33	\$ 3,665,190.55	\$ 3,805,880.00

Source: Comprehensive Annual Financial Report Exhibit B-1.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Tuition Charges	\$ 1,013,062.05	\$ 957,309.18	\$ 889,041.22	\$ 839,021.83	\$ 771,735.71	\$ 702,781.22	\$ 617,247.45	\$ 577,172.05	\$ 622,078.00	\$ 691,533.00
Transportation Fees from Other LEAs						27,307,026.06	24,375,975.42	13,632,988.21	12,337,473.00	13,135,955.00
Interest Earnings									34,224.00	34,780.00
Special Education Services									2,053,641.00	1,312,200.00
Unrestricted Miscellaneous Revenues					23.21	17,870.75	2,120,068.47	2,554,894.35	79,555.00	201,771.00
Federal Sources	178,922.28	212,617.94	292,033.33	312,296.27	238,882.24	214,875.24	180,527.00	153,315.95	233,311.00	208,690.00
State Sources	272,647.29	238,522.38	172,171.54	147,527.22	134,736.79	126,916.13	717,320.23	848,589.42	5,200,971.00	5,456,099.00
Local Sources								3,316.00		
Total Revenue	1,464,631.62	1,408,449.50	1,353,246.09	1,298,845.32	1,145,377.95	28,369,469.40	28,011,138.57	17,770,275.98	20,561,253.00	21,041,028.00
Expenditures:										
Current:										
Instruction:										
Regular Instruction	816,294.15	773,525.11	735,912.31	702,781.39	683,401.75	611,035.70	549,969.43	560,068.59	530,461.00	691,160.00
Special Education Instruction							484,102.21	545,690.55	3,084,745.00	3,343,367.00
Other Special Instruction							142,598.63	246,477.05		
Other Instruction									215,476.00	166,260.00
Support Services and Undistributed Costs:										
Student and Instruction Related Services	62,780.83	80,639.51	177,360.86	184,037.27	188,526.19	165,790.33	872,351.65	856,661.29	2,320,104.00	2,042,536.00
Other Administrative Services						16,732.31	109,140.26	86,934.98		
School Administrative Services	131,694.45	124,466.00	121,949.50	119,036.00	16,000.00	57,737.77	161,693.54	153,541.48	561,748.00	431,950.00
Plant Operations and Maintenance						35.43	20,004.71	16,022.78	13,523.00	23,424.00
Pupil Transportation						26,454,665.97	23,342,653.99	13,096,333.68	12,094,367.00	12,868,072.00
Personal Services - Employee Benefits	450,699.08	403,269.38	315,321.62	292,990.66	249,535.85	401,205.40	1,297,696.73	1,396,576.74	1,751,525.00	1,647,895.00
Capital Outlay	3,163.11	26,549.50	2,701.80		7,890.95	79,228.69	16,832.50	48,966.00	129,993.00	5,080.00
Total Expenditures	1,464,631.62	1,408,449.50	1,353,246.09	1,298,845.32	1,145,354.74	27,786,431.60	26,997,043.65	17,007,273.14	20,701,942.00	21,219,744.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	23.21	583,037.80	1,014,094.92	763,002.84	(140,689.00)	(178,716.00)
Other Financing Sources (Uses):										
Transfers In								48,246.94		
Transfers Outs					(6,073,596.26)					
Total Other Financing Sources (Uses)	-	-	-	-	(6,073,596.26)	-	-	48,246.94	-	-
Net Change in Fund Balances	-	-	-	-	\$ (6,073,573.05)	\$ 583,037.80	\$ 1,014,094.92	\$ 811,249.78	\$ (140,689.00)	\$ (178,716.00)
Debt Service as a Percentage of Noncapital Expenditures	-	-	-	-	-	-	-	-	-	-

Source: Comprehensive Annual Financial Report Exhibit B-2.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 General Fund - Unrestricted Miscellaneous Revenues by Source
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Interest on Investments						\$ 5,290.48	\$ 15,201.56	\$ 20,248.38	\$ 34,224.00	\$ 34,780.00
Miscellaneous					\$ 23.21	9,715.97	4,262.31	10,947.96	76,004.00	201,771.00
Educational Services ⁽¹⁾							1,272,654.49	1,606,791.82	2,053,641.00	1,312,200.00
Home Instruction Services ⁽¹⁾							75,009.60	77,557.08		
Child Study Team Evaluations ⁽¹⁾							216,837.08	94,266.25		
Business Services ⁽¹⁾								15,402.38		
Nursing Services ⁽¹⁾							83,214.00	114,167.25		
Related Services ⁽¹⁾							383,688.00	419,074.23		
Technology Coordinator ⁽¹⁾							64,913.43	45,412.46		
Cooperative Purchasing Agreement ⁽¹⁾							4,288.00	6,231.00		
Refund of Prior Year's Expenditures						2,864.30		144,795.54		
Tuition									622,078.00	691,533.00
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 23.21</u>	<u>\$ 17,870.75</u>	<u>\$ 2,120,068.47</u>	<u>\$ 2,554,894.35</u>	<u>\$ 2,785,947.00</u>	<u>\$ 2,240,284.00</u>

Source: Commission records.

⁽¹⁾ Beginning with fiscal year 2015, the charges for these services have been recorded in the enterprise fund.

Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the Commission's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the Commission's ability to generate revenues.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Schedule of Charges for Services by Source
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental Activities:										
Tuition Charges ⁽¹⁾	\$ 1,013,062.05	\$ 957,309.18	\$ 889,041.22	\$ 839,021.83	\$ 771,735.71	\$ 702,781.22	\$ 617,247.45	\$ 577,172.05		
Transportation Fees from Other LEAs ⁽⁵⁾						27,307,026.06	24,375,975.42	13,632,988.21	\$ 12,337,473.00	\$ 13,135,955.00
Educational Services ⁽⁴⁾							1,272,654.49	1,606,791.82		
Home Instruction Services ⁽⁴⁾							75,009.60	77,557.08		
Child Study Team Evaluations ⁽⁴⁾							216,837.08	94,266.25		
Business Services ⁽⁴⁾								15,402.38		
Nursing Services ⁽⁴⁾							83,214.00	114,167.25		
Related Services ⁽⁴⁾							383,688.00	419,074.23		
Technology Coordinator ⁽⁴⁾							64,913.43	45,412.46		
Cooperative Purchasing Agreement ⁽⁴⁾							4,288.00	6,231.00		
Other ⁽²⁾									2,053,641.00	1,312,200.00
Total Governmental Activities	1,013,062.05	957,309.18	889,041.22	839,021.83	771,735.71	28,009,807.28	27,093,827.47	16,589,062.73	14,391,114.00	14,448,155.00
Business-Type Activities:										
Transportation Services ⁽⁵⁾	34,184,056.04	41,485,595.75	36,664,590.91	34,783,730.38	30,028,936.07					
Nonpublic Auxiliary and Handicapped Services ⁽³⁾	4,766,079.16	5,134,798.29	5,175,222.75	5,145,560.08	4,783,795.66	5,029,538.69	4,682,305.69	4,238,192.05		
Educational Services ⁽⁴⁾	1,270,490.00	1,720,979.85	1,208,687.40	1,403,448.17	1,324,372.47	1,391,738.80				
Child Study Team Evaluations ⁽⁴⁾	239,894.64	459,647.13	423,194.57	515,972.14	594,186.43	384,591.96				
Related Services ⁽⁴⁾	3,115,162.08	2,883,497.67	2,352,041.05	1,599,048.92	1,100,016.48	359,434.61				
Home Instruction Services ⁽⁴⁾				91,266.00	146,002.50	98,632.50				
Transition Services	695,175.00	801,787.50	628,174.05	78,192.00						
Nursing Services ⁽⁴⁾	66,280.86	182,836.96	145,676.42	54,323.12	21,799.82	22,759.40				
Cooperative Purchasing Agreement ⁽⁴⁾	392,179.00	300,027.43	75,874.61	13,225.47		1,541.00				
McKinney-Vento Services					74,798.19					
Internet Connect Program				213,366.00						
Total Business-Type Activities	44,729,316.78	52,969,170.58	46,673,461.76	43,898,132.28	38,073,907.62	7,288,236.96	4,682,305.69	4,238,192.05	-	-
Total Government-Wide Charges for Services	\$ 45,742,378.83	\$ 53,926,479.76	\$ 47,562,502.98	\$ 44,737,154.11	\$ 38,845,643.33	\$ 35,298,044.24	\$ 31,776,133.16	\$ 20,827,254.78	\$ 14,391,114.00	\$ 14,448,155.00

Source: Commission records.

⁽¹⁾ Beginning with fiscal year 2013, tuition charges have been classified as charges for services.

⁽²⁾ Beginning with fiscal year 2013, the other charges have been detailed by source.

⁽³⁾ Beginning with fiscal year 2013, the charges for the nonpublic auxiliary and handicapped services have been recorded in the business-type activities.

⁽⁴⁾ Beginning with fiscal year 2015, the charges for these services have been recorded in the business-type activities.

⁽⁵⁾ Beginning with fiscal year 2016, the charges for these services have been recorded in the business-type activities.

Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the Commission's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the Commission's outstanding debt and its debt capacity.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended <u>June 30.</u>	<u>Lease Purchase Agreement Payable</u>			Percentage of Personal <u>Income</u> ⁽²⁾	<u>Per Capita</u> ⁽³⁾
	<u>Governmental Activities</u> ⁽¹⁾	<u>Business-Type Activities</u> ⁽¹⁾	<u>Total Commission</u>		
2020		\$ 597,639.98	\$ 597,639.98	*	*
2019		780,835.78	780,835.78	*	\$ 1.54
2018		956,563.16	956,563.16	0.00%	1.89
2017		1,125,126.60	1,125,126.60	0.00%	2.22
2016		1,286,818.15	1,286,818.15	0.01%	2.54
2015	\$ 288,383.59	1,153,534.37	1,441,917.96	0.01%	2.84
2014	318,138.95	1,272,555.80	1,590,694.75	0.01%	3.13
2013	346,681.26	1,386,725.04	1,733,406.30	0.01%	3.40
2012	374,059.98	1,496,239.89	1,870,299.87	0.01%	3.66
2011	1,998,555.00		1,998,555.00	0.01%	3.90

Sources:

⁽¹⁾ *Commission records.*

⁽²⁾ *Personal income has been estimated based upon the municipal population and per capita.*

⁽³⁾ *Per Capita calculation based upon population information provided by the New Jersey Department of Labor and Workforce Development.*

* *information not available.*

Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the Commission operates and (2) to provide information that facilitates comparisons of financial statement information over time and among entities. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the Commission operates.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended <u>June 30,</u>	<u>Population</u> ⁽¹⁾	<u>Personal Income</u> ⁽²⁾	<u>Per Capita Personal Income</u> ⁽³⁾	<u>Unemployment Rate</u> ⁽⁴⁾
2019	\$ 506,471	*	*	4.9%
2018	506,353	\$ 27,395,216,359.00	\$ 54,103.00	5.4%
2017	506,224	26,248,726,848.00	51,852.00	5.7%
2016	507,002	25,433,248,328.00	50,164.00	6.2%
2015	507,638	24,818,929,458.00	48,891.00	8.8%
2014	508,316	23,842,561,980.00	46,905.00	10.3%
2013	509,908	23,066,198,288.00	45,236.00	9.0%
2012	511,584	22,812,553,728.00	44,592.00	17.3%
2011	512,585	22,448,660,075.00	43,795.00	17.1%
2010	513,275	21,477,992,375.00	41,845.00	17.4%

Sources:

⁽¹⁾ *Annual Estimates of the Resident Population for Municipalities in New Jersey, by County: April 1, 2010 to July 1, 2019.*

⁽²⁾ *Personal income has been estimated based upon the municipal population and per capita personal income.*

⁽³⁾ *Regional Economic Information System, Bureau of Economic Analysis, November 14, 2019.*

⁽⁴⁾ *New Jersey Department of Labor and Workforce Development, Office of Research and Information, Local Area Unemployment Statistics - April 17, 2020.*

* *information not available.*

Operating Information

Operating information is intended to provide contextual information about the Commission's operations and resources to assist readers in using financial statement information to understand and assess the Commission's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the Commission's operations.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Full-Time Equivalent Commission Employees by Function/Program
 Last Ten Fiscal Years
Unaudited

<u>Function / Program</u>	Fiscal Year Ended June 30,									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Instruction:										
Other Instruction	21	20	15	12	13	16	14	14	17	15
Nonpublic school programs	52	63	61	61	62	59	66	67	81	77
Support Services:										
Student and Instruction Related Services	70	82	74	57	48	30	30	27	15	31
School Administrative Services	7	8	7	7	5	5	4	5	5	5
General and Business Administrative Services	2	1	1	1	1	1	1	1	1	1
Plant Operations and Maintenance	1	1	1	1	1				1	1
Pupil Transportation	8	9	9	10	9	9	1	1	1	1
Business and Other Support Services	<u>8</u>	<u>8</u>	<u>8</u>	<u>9</u>	<u>8</u>	<u>7</u>	<u>11</u>	<u>7</u>	<u>10</u>	<u>9</u>
Total	<u>169</u>	<u>192</u>	<u>176</u>	<u>158</u>	<u>147</u>	<u>127</u>	<u>127</u>	<u>122</u>	<u>131</u>	<u>140</u>

Source: Commission records.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 School Building Information
 Last Ten Fiscal Years
Unaudited

	Fiscal Year Ended June 30,									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Other:										
Central Administration (1997)										
Square Feet	16,788	16,788	16,788	16,788	16,788	16,788	16,788	16,788	16,788	16,788
Functional Capacity (students)	-	-	-	-	-	-	-	-	-	-
Enrollment	-	-	-	-	-	-	-	-	-	-
Number of Schools at June 30, 2020										
Elementary = 0										
Middle School = 0										
Senior High School = 0										
Other = 1										

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October Commission count. Function Capacity is based on the F.E.S. Formula utilizing New Jersey Department of Education guidelines.

Source: Commission records.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Insurance Schedule

June 30, 2020

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Insurance Package Policy ⁽¹⁾		
Property	\$ 5,294,180.00	\$ 1,000.00
Environmental Package	1,000,000.00	50,000.00
Beazley Breach Response Services	1,000,000.00	Various
Extra Expense	50,000,000.00	1,000.00
Valuable Papers	10,000,000.00	1,000.00
Electronic Data Processing	300,000.00	1,000.00
Equipment Breakdown	100,000,000.00	1,000.00
General Liability	16,000,000.00	
Automobile Liability	16,000,000.00	
Crisis Management	1,000,000.00	Various
Limited Builders Risk	10,000,000.00	1,000.00
Crime & Bonds:		
Faithful Performance	25,000.00	500.00
Forgery and Alteration	25,000.00	500.00
Money and Securities	5,000.00	500.00
Money Orders / Counterfeit	5,000.00	500.00
Computer Fraud	250,000.00	1,000.00
Board Secretary	250,000.00	1,000.00
Errors and Omissions ⁽¹⁾	15,000,000.00	10,000.00
Excess Errors and Omissions ⁽¹⁾	100,000.00/300,000.00	10,000.00

⁽¹⁾ New Jersey Schools Insurance Group

Source: Commission records.

SINGLE AUDIT SECTION

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE STATE OF NEW JERSEY CIRCULAR 15-08-OMB**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Directors
Camden County Educational Services Commission
Clementon, New Jersey 08021

Report on Compliance for Each Major State Program

We have audited the Camden County Educational Services Commission's, in the County of Camden State of New Jersey, compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on the Commission's major state program for the fiscal year ended June 30, 2020. The Commission's major state program is 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 state statutes, regulations, and the terms and conditions of its state award applicable to its state program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Commission's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, and State of New Jersey Circular 15-08-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the 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 the major state program. However, our audit does not provide a legal determination of the Camden County Educational Services Commission's compliance.

Opinion on Each Major State Program

In our opinion, the Camden County Educational Services Commission, in the County of Camden, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the fiscal year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the Camden County Educational Services Commission, in the County of Camden, State of New Jersey, 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 its major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major state program and to test and report on internal control over compliance in accordance with the State of New Jersey Circular 15-08-OMB, 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 Camden County Educational Services 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 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 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 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 State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



L. Jarred Corn
Certified Public Accountant
Public School Accountant No. CS 00219700

Voorhees, New Jersey
February 2, 2021

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2020

<u>Federal Grantor / Pass-through Grantor / Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal FAIN Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>	
					<u>From</u>	<u>To</u>
Special Revenue Fund:						
U.S. Department of Education:						
Passed-through State Department of Education:						
E.S.S.A.:						
Title I Grants to Local Educational Agencies	84.010	S010A180030	NCLB0198017	\$ 212,616.00	07/01/18	06/30/19
Title I Grants to Local Educational Agencies	84.010	S010A190030	NCLB0208017	225,093.00	07/01/19	09/30/20
Total Title I Grants to Local Educational Agencies						
Total Special Revenue Fund						
Total Federal Financial Assistance						

^(a) see note 5 to the schedules of expenditures of federal awards and state financial assistance.

This schedule of expenditures of federal awards is included as other supplementary information only. A federal single audit in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) was not required as total federal expenditures did not equal or exceed \$750,000.00.

The accompanying notes to financial statements and notes to the schedules of expenditures of federal awards and state financial assistance are an integral part of this schedule.

Balance June 30, 2019	Cash Received	Budgetary Expenditures			Passed- Through to Subrecipients	Adjustments ^(a)	Repayment of Prior Years' Balances	Balance June 30, 2020		
		Pass-Through Funds	Direct Funds	Total Budgetary Expenditures				(Accounts Receivable)	Unearned Revenue	Due to Grantor
\$ (44,913.94)	\$ 44,912.00					\$ 1.94				
	141,468.00	\$(178,922.28)		\$(178,922.28)				\$ (37,454.28)		
(44,913.94)	186,380.00	(178,922.28)	-	(178,922.28)	-	1.94	-	(37,454.28)	-	-
(44,913.94)	186,380.00	(178,922.28)	-	(178,922.28)	-	1.94	-	(37,454.28)	-	-
<u>\$ (44,913.94)</u>	<u>\$ 186,380.00</u>	<u>\$(178,922.28)</u>	<u>-</u>	<u>\$(178,922.28)</u>	<u>-</u>	<u>\$ 1.94</u>	<u>-</u>	<u>\$ (37,454.28)</u>	<u>-</u>	<u>-</u>

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2020

State Grantor / Program or Cluster Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2019	
			From	To	Unearned Revenue / (Accounts Receivable)	Due to Grantor
General Fund:						
New Jersey Department of Education:						
Current Expense:						
Reimbursed TPAF Social Security Contributions	495-034-5094-003	\$ 56,133.77	07/01/18	06/30/19	\$ (2,668.34)	
Reimbursed TPAF Social Security Contributions	495-034-5094-003	58,857.71	07/01/19	06/30/20		
Total Reimbursed TPAF Social Security Contributions					(2,668.34)	-
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted)	495-034-5094-001	57,673.07	07/01/19	06/30/20		
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)	495-034-5094-002	152,723.22	07/01/19	06/30/20		
On-Behalf T.P.A.F. Non-contributory Insurance	495-034-5094-004	2,737.41	07/01/19	06/30/20		
On-Behalf T.P.A.F. Pension Contributions - Long-Term Disability Insurance (non-budgeted)	495-034-5094-004	263.38	07/01/19	06/30/20		
Total On-Behalf TPAF Pension Contributions (non-budgeted)					-	-
Total General Fund					(2,668.34)	-
Special Revenue Fund:						
New Jersey Department of Labor & Workforce Development:						
Current Expense:						
New Jersey Career Accelerator Internship Program	4545-780-062-4545-003-N729-6150	1,585.00	07/01/18	06/30/19	(432.50)	
New Jersey Career Accelerator Internship Program	4545-780-062-4545-003-N729-6150	392.50	07/01/19	06/30/20		
Total New Jersey Career Accelerator Internship Program					(432.50)	-
Total Special Revenue Fund					(432.50)	-
Enterprise Fund:						
New Jersey Department of Education:						
Current Expense:						
Reimbursed TPAF Social Security Contributions	495-034-5094-003	392,142.52	07/01/18	06/30/19	(18,640.61)	
Reimbursed TPAF Social Security Contributions	495-034-5094-003	403,153.06	07/01/19	06/30/20		
Total Reimbursed TPAF Social Security Contributions					(18,640.61)	-
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted)	495-034-5094-001	596,997.48	07/01/19	06/30/20		
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)	495-034-5094-002	1,480,032.69	07/01/19	06/30/20		
On-Behalf T.P.A.F. Non-contributory Insurance	495-034-5094-004	18,319.59	07/01/19	06/30/20		
On-Behalf T.P.A.F. Pension Contributions - Long-Term Disability Insurance (non-budgeted)	495-034-5094-004	1,762.62	07/01/19	06/30/20		
Total On-Behalf TPAF Pension Contributions (non-budgeted)					-	-
Total Enterprise Fund					(18,640.61)	-
Total State Financial Assistance					\$ (21,741.45)	-
Less: State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:						
General Fund (Non-Cash Assistance):						
New Jersey Department of Education:						
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted)						
	495-034-5094-001	57,673.07	07/01/19	06/30/20		
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)						
	495-034-5094-002	152,723.22	07/01/19	06/30/20		
On-Behalf T.P.A.F. Non-contributory Insurance						
	495-034-5094-004	2,737.41	07/01/19	06/30/20		
On-Behalf T.P.A.F. Pension Contributions - Long-Term Disability Insurance (non-budgeted)						
	495-034-5094-004	263.38	07/01/19	06/30/20		
Total General Fund (Non-Cash Assistance)						
Enterprise Fund (Non-Cash Assistance):						
New Jersey Department of Education:						
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted)						
	495-034-5094-001	596,997.48	07/01/19	06/30/20		
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)						
	495-034-5094-002	1,480,032.69	07/01/19	06/30/20		
On-Behalf T.P.A.F. Non-contributory Insurance						
	495-034-5094-004	18,319.59	07/01/19	06/30/20		
On-Behalf T.P.A.F. Pension Contributions - Long-Term Disability Insurance (non-budgeted)						
	495-034-5094-004	1,762.62	07/01/19	06/30/20		
Total Enterprise Fund (Non-Cash Assistance)						
Total State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit						
Total State Financial Assistance subject to Major Program Determination for State Single Audit						

The accompanying notes to financial statements and notes to the schedules of expenditures of federal awards and state financial assistance are an integral part of this schedule.

Cash Received	Total Budgetary Expenditures	Passed-Through to Subrecipients	Repayment of Prior Years' Balances	Balance June 30, 2020			(Memo Only)	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2020	Cumulative Total Expenditures
\$ 2,668.34								
55,996.33	\$ (58,857.71)			\$ (2,861.38)				\$ (58,857.71)
58,664.67	(58,857.71)	-	-	(2,861.38)	-	-	-	(58,857.71)
57,673.07	(57,673.07)							(57,673.07)
152,723.22	(152,723.22)							(152,723.22)
2,737.41	(2,737.41)							(2,737.41)
263.38	(263.38)							(263.38)
213,397.08	(213,397.08)	-	-	-	-	-	-	(213,397.08)
272,061.75	(272,254.79)	-	-	(2,861.38)	-	-	-	(272,254.79)
432.50								
155.00	(392.50)			(237.50)				(392.50)
587.50	(392.50)	-	-	(237.50)	-	-	-	(392.50)
587.50	(392.50)	-	-	(237.50)	-	-	-	(392.50)
18,640.61								
383,553.69	(403,153.06)			(19,599.37)				(403,153.06)
402,194.30	(403,153.06)	-	-	(19,599.37)	-	-	-	(403,153.06)
596,997.48	(596,997.48)							(596,997.48)
1,480,032.69	(1,480,032.69)							(1,480,032.69)
18,319.59	(18,319.59)							(18,319.59)
1,762.62	(1,762.62)							(1,762.62)
2,097,112.38	(2,097,112.38)	-	-	-	-	-	-	(2,097,112.38)
2,499,306.68	(2,500,265.44)	-	-	(19,599.37)	-	-	-	(2,500,265.44)
\$ 2,771,955.93	(2,772,912.73)	-	-	\$ (22,698.25)	-	-	-	\$ (2,772,912.73)
	(57,673.07)							
	(152,723.22)							
	(2,737.41)							
	(263.38)							
	(213,397.08)							
	(596,997.48)							
	(1,480,032.69)							
	(18,319.59)							
	(1,762.62)							
	(2,097,112.38)							
	(2,310,509.46)							
	\$ (462,403.27)							

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2020

Note 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (“the schedules”) include federal and state award activity of the Camden County Educational Services Commission (hereafter referred to as the “Commission”). The Commission is defined in note 1 to the Commission’s basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules. Because these schedules present only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position and changes in operations of the Commission.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedules are presented using the budgetary basis of accounting, with the following exceptions: programs recorded in the enterprise fund are presented using the accrual basis of accounting. These bases of accounting are described in note 1 to the Commission’s basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund, special revenue fund and enterprise fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, payments are not recognized until the subsequent budget year due to the State deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

Net adjustments to reconcile expenditures from the budgetary basis to the GAAP basis for the general fund and special revenue fund were not needed for the fiscal year ended June 30, 2020. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)

Awards and financial assistance revenues reported in the Commission's basic financial statements on a GAAP basis with a reconciliation to the budgetary basis reported on the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General		\$ 272,254.79	\$ 272,254.79
Special Revenue	\$ 178,922.28	392.50	179,314.78
Enterprise		<u>2,500,265.44</u>	<u>2,500,265.44</u>
Total Awards and Financial Assistance Expended	<u>\$ 178,922.28</u>	<u>\$ 2,772,912.73</u>	<u>\$ 2,951,835.01</u>

Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 5: ADJUSTMENTS

The amount reported in the column entitled "adjustments" on the schedule of expenditures of federal awards represents a rounding adjustment in the amount of \$1.94 resulting on the collection of an accounts receivable balance during the fiscal year ended June 30, 2020.

Note 6: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2020, the Commission was the recipient of federal and state assistance that represented either a reimbursement to the Commission or payments made on-behalf of the Commission. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the Commission has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance related to TPAF members.

Note 7: MAJOR PROGRAMS

Major programs are identified in the *Summary of Auditor's Results* section of the *Schedule of Findings and Questioned Costs*.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

(A Federal Single Audit was not required for the fiscal year ended June 30, 2020.)

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major programs _____

Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dollar threshold used to distinguish between type A and type B programs: \$ _____

Auditee qualified as low-risk auditee? yes no

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section 1- Summary of Auditor's Results (Cont'd)

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major programs unmodified

Any audit findings disclosed that are required to be reported in accordance with New Jersey Circular 15-08-OMB? yes no

Identification of major programs:

GMIS Number(s)

Name of State Program

495-034-5094-003

Reimbursed TPAF Social Security Contributions

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000.00

Auditee qualified as low-risk auditee? yes no

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section 2- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements related to financial statements for which *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, requires.

None.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, material instances of noncompliance, including questioned costs, and significant instances of abuse related to the audit of major Federal programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

A Federal single audit was not required for the fiscal year ended June 30, 2020.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section 4- Schedule of State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, material instances of noncompliance, including questioned costs, and significant instances of abuse related to the audit of major State programs, as required by State of New Jersey Circular 15-08-OMB.

None.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARDS

A Federal single audit was not required for the fiscal year ended June 30, 2019.

STATE FINANCIAL ASSISTANCE PROGRAMS

None.

