

**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
FAIRFIELD, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

Prepared by:

**Essex Regional Educational Services Commission
Business Office**

Comprehensive Annual Financial Report

of the

Essex Regional Educational Services Commission

Fairfield, New Jersey

For the Fiscal Year Ended June 30, 2021

Prepared by

**Essex Regional Educational Services Commission
Business Office**

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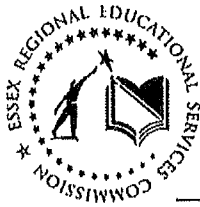
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INTRODUCTORY SECTION



**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
SUPERINTENDENT'S OFFICE**

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LAURIE W. NEWELL, Ph.D.
Superintendent
www.eresc.org

March 15, 2022

Honorable President and
Members of the Board of Directors
Essex Regional Educational Services Commission
333 Fairfield Road
Fairfield, New Jersey

The comprehensive annual financial report (CAFR) of the Essex Regional Educational Services Commission for the fiscal year ended June 30, 2021, is hereby submitted. This CAFR includes the Commission's Financial Statements prepared in accordance with Governmental Accounting Standards Board. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Directors. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Commission. All disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Commission's organizational chart and a list of principal officials. The financial section begins with the Independent Auditor's Report and includes the Management's Discussion and Analysis, the Financial Statements and Notes providing an overview of the detailed budgetary information. 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 requirements of 2 CFR 200-Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the independent auditor's report on the internal control structure and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs is included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Essex Regional Educational Services Commission is a public educational entity deriving its authority from New Jersey Public Law 18A:6-51 et.seq. Funding sources for the Essex Regional Educational Services Commission is generated from our school tuitions and various fee based educational services.

CONSTITUENT DISTRICTS: Belleville, Bloomfield, East Orange, Essex County
Vocational Schools, Irvington, Livingston, Montclair, Newark, Orange, and South Orange-Maplewood

The Commission provides a broad range of quality educational and administrative services in a cost effective manner. These services include coordinated transportation, special education for learning disabled students, nonpublic 192/193 services, nonpublic nursing, Nonpublic No Child Left Behind (Title I), English as a second language, public school home instruction, public school child study evaluations, educational programs for drug rehabilitation centers and juvenile detention centers, cooperative purchasing, paraprofessional, migrant education, homeless education, alternative education, physical and occupational therapy, and extended school day/year.

<u>FISCAL</u> <u>YEAR</u>	<u>Average Daily Enrollment (Essex Junior Academy)</u>	
	<u>STUDENT</u> <u>ENROLLMENT</u>	<u>PERCENT</u> <u>CHANGE</u>
2020-21	27.9	-0.20
2019-20	34.8	64
2018-19	21.2	-33
2017-18	31.5	-30
2016-17	45.0	10
2015-16	40.8	-3
2014-15	42.0	3
2013-14	40.8	-8
2012-13	44.2	-3
2011-12	45.8	31
2010-11	34.9	11
2009-10	31.4	-1
2008-09	31.8	-40
2007-08	53.2	-10

<u>FISCAL</u> <u>YEAR</u>	<u>Average Daily Enrollment (Essex High School)</u>	
	<u>STUDENT</u> <u>ENROLLMENT</u>	<u>PERCENT</u> <u>CHANGE</u>
2020-21	20.5	-0.02
2019-20	21.0	-32
2018-19	30.7	-10
2017-18	34.1	-29
2016-17	48.1	33
2015-16	36.2	-10
2014-15	40.0	3
2013-14	39.0	-16
2012-13	46.2	5
2011-12	44.0	2
2010-11	39.3	16
2009-10	33.8	-20
2008-09	42.5	6
2007-08	40.1	-9

<u>FISCAL</u> <u>YEAR</u>	<u>Average Daily Enrollment (Essex Campus Academy)</u>	
	<u>STUDENT</u> <u>ENROLLMENT</u>	<u>PERCENT</u> <u>CHANGE</u>
2020-21	6.68	-61.4
2019-20	17.3	-40
2018-19	28.6	-16
2017-18	34.1	-25
2016-17	45.6	11
2015-16	41.1	3
2014-15	40.0	0
2013-14	40.0	10
2012-13	36.4	-21
2011-12	46.3	-14
2010-11	53.8	-36
2009-10	84.7	2
2008-09	82.8	-25
2007-08	109.8	207

2) ECONOMIC CONDITION AND OUTLOOK. The Essex Regional Educational Services Commission was negatively impacted by the COVID 19 pandemic and is in the recovery process. The recovery is expected to continue. The continued reduction of financial resources for local school districts will force them to maximize their assets while they cut costs by cooperatively financing educational expenses. Educational Services Commissions are an effective solution for the financial crisis facing local educators.

3) INTERNAL ACCOUNTING CONTROLS: 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 require estimates and judgments by management.

As a recipient of federal and state financial assistance, the Commission also is 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 major federal and state financial assistance programs, as well as to determine that the Commission has complied with applicable laws, regulations, contracts and grants.

4) 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. Annual appropriated budgets are adopted for the general and special revenue funds. The final budget amounts as amended for the fiscal year are reflected in the financial section.

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

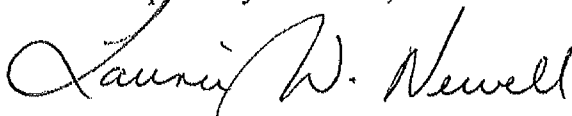
6) CASH MANAGEMENT: The investment policy of the Commission is guided in large part by state statutes as detailed in "Notes to the Financial Statements". The Commission has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Government Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

7) RISK MANAGEMENT: The Commission carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found in the Statistical Section of the CAFR on Exhibit J-20.

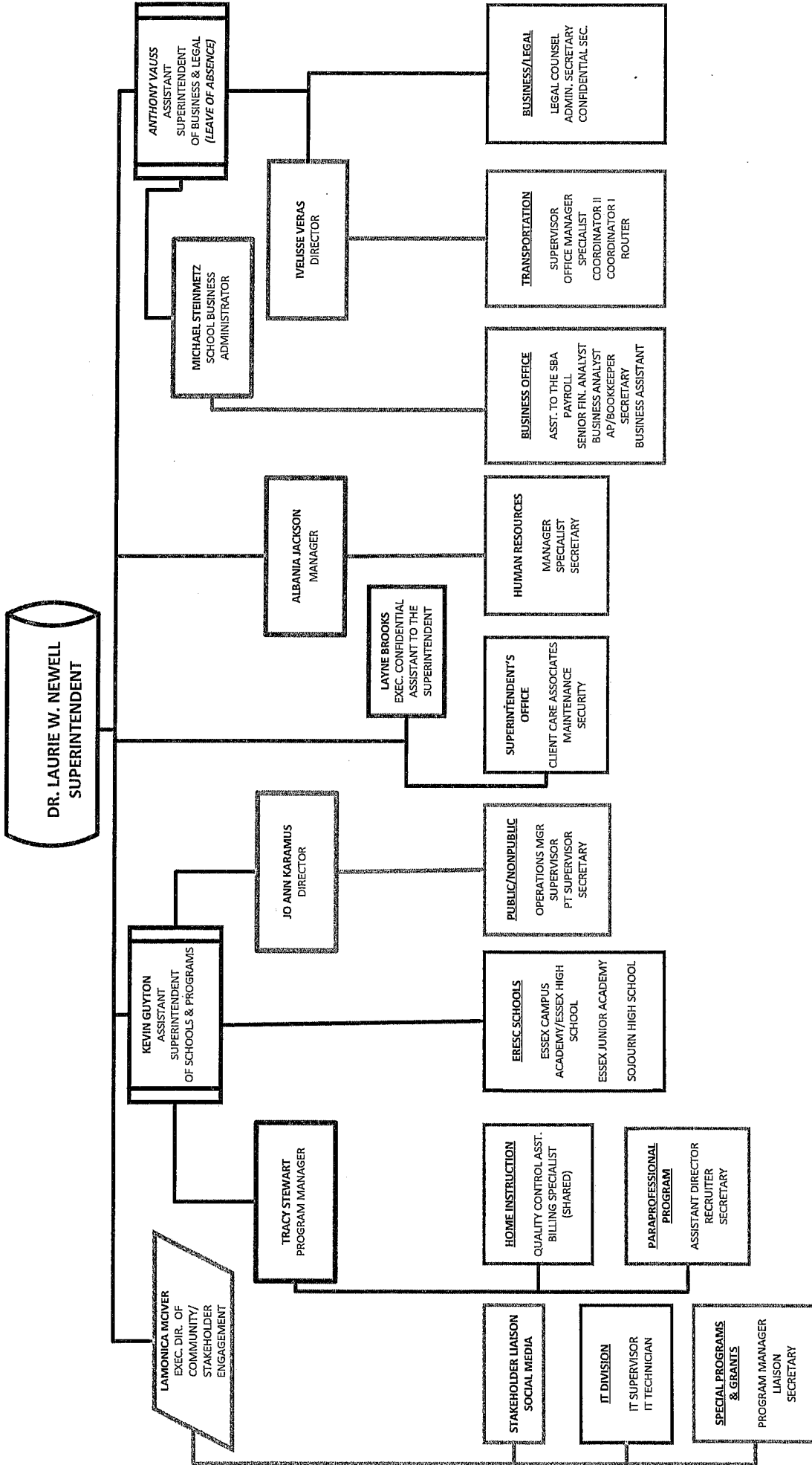
8) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Samuel Klein and Company was appointed as auditor at the reorganization meeting. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the U.S. Uniform Guidance and State OMB Circular 15-08. The auditor's report on the basic financial statements and specific required supplemental information 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.

9) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Board of Directors for their concern in providing fiscal accountability to the citizens and taxpayers of the State 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 service of the Business Office staff.

Respectfully submitted,



Dr. Laurie W. Newell
Superintendent of Schools



ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
BOARD OF DIRECTORS
DIRECTORY
2020 - 2021

MR. RICHARD WILLIAMS, *President*
Irvington Board Of Education
1 University Place Irvington, NJ 07111
Irvington, NJ 07111

MR. SALVATORE CARNOVALE, *Vice President*
Essex County Vo-Tech
60 Nelson Place, 1st Floor N.
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MS. CHRISTINE LAMPARELLO, *Exe. Committee Member*
Belleville Board Of Education
102 Passaic Avenue
Belleville, NJ 07109

MS. ELLEN ROGERS, *Board Member*
Bloomfield Board of Education
155 Broad Street
Bloomfield, NJ 07003

MS. ANDREA MCPHATTER, *Board Member*
East Orange Board Of Education
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East Orange, NJ 07017

MS. SAMANTHA MESSER, *Board Member*
Livingston Board of Education
11 Foxcroft Drive
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MS. ROBIN BAKER, *Board Member*
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525 Academy Street
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MS. PRISCILLA CHURCH, *Board Member*
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MS. SHAYVONNE ANDERSON, *Board Member*
Newark Board of Education
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Newark, NJ 07102

MR. TYRONE TARVER
Orange Board Of Education
451 Lincoln Avenue
Orange, NJ 07050

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION

ROSTER OF OFFICIALS

MEMBERS OF THE BOARD OF DIRECTORS

Richard Williams, President
Salvatore Carnovale, President
Christine Lamperello, Executive Committee Member
Ellen Rogers
Andrea McPhatter
Samantha Messer
Robin Baker
Latifah Jannah
A'Dorian Murray-Thomas
Tyrone Tarver

SCHOOL DISTRICT

Irvington Board of Education
Essex County Vocational
Belleville Board of Education
Bloomfield Board of Education
East Orange Board of Education
Livingston Board of Education
Maplewood Board of Education
Montclair Board of Education
Newark Board of Education
Orange Board of Education

OTHER OFFICIALS

Dr. Laurie W. Newell, Superintendent of Schools
Carrie Grapstein, School Business Administrator
John H. Watson, Esq., Board Attorney

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION

CONSULTANTS AND ADVISORS

AUDIT FIRM

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Certified Public Accountants
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ATTORNEY

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63 Washington Street, Suite 200
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Sciarrillo, Cornell, Merlino, McKeever & Osborne, LLC
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OFFICIAL DEPOSITORY

PNC Bank
49 Little Falls Road
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FINANCIAL SECTION

SAMUEL KLEIN AND COMPANY, LLP

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INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members
of the Board of Directors
Essex Regional Educational Services Commission
Fairfield, New Jersey 07004

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 Essex Regional Educational Services Commission, as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, as listed in the table of contents. The financial statements of the Essex Regional Educational Services Commission as of June 30, 2021, were audited by other auditors whose report dated December 19, 2021, expressed an unmodified opinion on those statements.

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 *Governmental Auditing Standards*, issued by the Controller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Board'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 Board'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 Essex Regional Educational Services Commission, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the schedules of the District's proportionate share of the net pension liability, the schedules of the District's contributions, the budgetary comparison information, the schedule of changes in the District's total OPEB liability, related ratios and notes, and the notes to the required supplementary information, 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 Essex Regional Educational Services Commission's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the schedule 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 combining and individual nonmajor fund financial statements and the schedule 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 and statistical sections 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2022, on our consideration of the Essex Regional 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 Essex Regional 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 Essex Regional Educational Services Commission's internal control over financial reporting and compliance.



JOSEPH J. FACCONI
Licensed Public School Accountant #194



SAMUEL KLEIN AND COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey
March 11, 2022

REQUIRED SUPPLEMENTARY INFORMATION - PART I

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

The discussion and analysis of the Borough of Essex Regional Educational Services Commission's financial performance provides an overall review of the Commission's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the Commission's financial performance as a whole. Readers should also review the notes to the basic financial statements and other financial statements to enhance their understanding of the Commission's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

In total, net assets totaled \$45,469,920 which represents a decrease from 2020.

General revenue was \$2,786,657 or 9.5% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$26,609,004 or 90.5% of total revenues of \$29,395,661.

Total assets of governmental activities decreased by \$8,888,445 as cash and cash equivalents decreased approximately \$10,159,257, capital assets decreased by approximately \$758,399 and receivables increased by \$2,509,898.

The Commission had \$31,705,570 in expenses; only \$26,609,004 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$2,786,657 were adequate to provide for these programs.

Among major funds, the General Fund had \$23,779,462 in revenues and \$23,972,779 in expenditures, which does not include the operating transfer out for the Enterprise Fund. The General Fund's fund balance decreased \$193,317 from 2020. The General Fund's fund balance is \$18,207,761.

Using this Comprehensive Annual Financial Report (CAFR)

The annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Essex Regional Educational Services Commission as a financial whole, an entire operating entity. The statements then proceed to provide a detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the Commission, presenting both an aggregate view of the Commission's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. Governmental fund statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements also look at the Commission's most significant funds with all other non-major funds presented in total in one column. In the case of the Essex Regional Educational Services Commission, the General Fund is by far the most significant.

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED (CONTINUED)

Reporting the Commission as a Whole

Statement of Net Assets and the Statement of Activities

This document contains all funds used by the Commission to provide programs and activities, viewing the Commission as a whole and reports the culmination of all financial transactions. The report answers the question "How We Did Financially during Fiscal Year 2021". The Statement of Net Assets and the Statement of Activities provides the summary. The statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Commission's net assets and changes in those assets. This change in net assets is important because they report on whether the Commission's financial position has improved or diminished.

In the Statement of Net Assets and the Statement of Activities, the Commission is divided into two types of activities:

Governmental Activities - all of the Commission's programs and services are reported here including, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

Business-Type Activities - these services are provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service and Community School Enterprise Funds are reported as business activities.

Reporting the Commission's Most Significant Funds

Fund Financial Statement

The Analysis of the Commission's major funds provides detailed information about the Commission's major funds. The Commission's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

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

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED (CONTINUED)

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities. The reporting of this fund did not change with the conversion to GASB 34.

The Commission as a Whole

The Statement of Net Position provides the financial perspective of the Commission as a whole.

Table 1 provides a comparative summary of the Commission's net assets for 2021 and 2020.

Table 1 - Net Assets

Assets	<u>2021</u>	<u>2020</u>
Current and Other Assets	\$26,050,535	\$34,411,553
Capital Assets	<u>19,419,385</u>	<u>20,180,595</u>
Total Assets	<u>\$45,469,920</u>	<u>\$54,592,148</u>
Liabilities		
Long-Term Liabilities	\$25,798,182	\$29,512,012
Other Liabilities	<u>11,543,408</u>	<u>14,620,067</u>
Total Liabilities	<u>\$37,341,590</u>	<u>\$44,132,079</u>
Net Assets		
Invested in Capital Assets, Net of Debt	\$ 3,287,137	\$ 3,367,579
Restricted	354,460	50,032
Unrestricted	<u>4,511,165</u>	<u>7,042,458</u>
Total Net Position	<u>\$ 8,152,763</u>	<u>\$10,460,069</u>

The Commission's combined net assets were \$45,469,920 and \$54,592,148 on June 30, 2021 and June 30, 2020, respectively.

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED (CONTINUED)

Table 2 shows the comparative changes in net assets from fiscal year 2021 and 2020.

Table 2 - Comparative Changes in Net Assets

	<u>2021</u>	<u>2020</u>	<u>Total % Change</u>
Revenues:			
Program Revenues:			
Charges for Services	\$ 16,243,085	\$ 50,955,874	-68.12%
Operating Grants and Contributions	10,365,919	5,449,477	90.22%
General Revenues:			
Property Taxes			
Federal and State Aid-Unrestricted	1,137,774		
Tuition			
Other	<u>1,648,883</u>	<u>627,770</u>	162.66%
Total Revenues	<u>29,395,661</u>	<u>57,033,121</u>	<u>-48.46%</u>
Program Expenses:			
Instruction	8,200,554	13,854,319	-40.81%
Support Services:			
Tuition/Pupils and Instructional Staff	4,915,719	3,536,236	39.01%
General Administration, School Administration, Business Operations and Maintenance of Facilities	5,670,440	8,751,489	-35.21%
Pupil Transportation	12,409,605	35,360,572	-64.91%
Interest on Debt	490,001	474,664	3.23%
Food Service and Community School	<u>19,251</u>	<u>45,509</u>	-57.70%
Total Expenses	<u>31,705,570</u>	<u>62,022,789</u>	<u>-48.88%</u>
Increase (Decrease) in Net Assets	(2,309,909)	(4,989,667)	
Beginning Net Assets	<u>10,462,673</u>	<u>15,449,737</u>	
Ending Net Assets	<u>\$ 8,152,763</u>	<u>\$ 10,460,069</u>	

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED (CONTINUED)

Government Activities

The Commission's total revenues were \$29,395,661 for the year ended June 30, 2021. Federal, state and local grants accounted for another 35.3%.

The total cost of all programs and services was \$31,705,570. Instruction comprises 25.9% of the Commission's expenses.

Business-Type Activities

Revenues for the Commission's business-type activities (food service program) were comprised of charges for services.

Food service expenses exceeded revenues by \$450. Charges for services represent \$130 of revenue. This represents the amount paid by patrons for daily food service and catering.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the Commission's taxpayers by each of these functions.

Table 3 - Comparative Statement of Activities

	Total Cost of Services			Net Cost of Services		
	<u>2020-2021</u>	<u>2019-2020</u>	<u>% Change</u>	<u>2020-2021</u>	<u>2019-2020</u>	<u>% Change</u>
Instruction	\$ 8,200,554	\$ 13,854,319	-40.81%	\$ (1,227,668)	\$ (4,993,869)	-75.42%
Support Services:						
Tuition/Pupils and Instructional Staff	4,915,719	3,536,236	39.01%	(617,399)	7,204,749	-108.57%
General Administration, School Administration, Business Operation and Maintenance of Facilities	5,670,440	8,751,489	-35.21%	(2,761,049)	(5,534,327)	-50.11%
Pupil Transportation	12,409,605	35,360,572	-64.91%	(1,238,242)	(1,238,242)	-100.00%
Interest on Debt	490,001	474,664	3.23%	(490,001)	(473,765)	
Food Services	19,251					
	<u>\$ 31,705,571</u>	<u>\$ 61,977,279</u>	<u>-48.84%</u>	<u>\$ (5,096,117)</u>	<u>\$ (5,035,454)</u>	<u>1.20%</u>

Instructional expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Extracurricular activities includes expenses related to student activities provided by the Commission which are designed to provide opportunities for students to participate in school and public events for the purpose of motivation, enjoyment, skill improvement, school spirit and leadership.

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED (CONTINUED)

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching students, including curriculum and staff development.

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

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

Pupil transportation includes activities involved with the conveyance of students to and from school, to school co-curricular, athletic activities and co-curricular field trips as provided by state law.

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

The Commission's Funds

Information about the Commission's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$31,125,740 and expenditures of \$31,330,613.

As demonstrated by the various statements and schedules included in the financial section of this report, the Commission continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal years ended June 30, 2021 and June 30, 2020, and the amount and percentage of increases and decreases in relation to prior year revenues.

Comparative Summary of Revenues

Revenue	<u>June 30, 2021</u>	<u>Percent of Total</u>	<u>June 30, 2020</u>	<u>Increase (Decrease) from 2020</u>	<u>Percent of Increase (Decrease)</u>
Local Sources					
Tuition Charges	\$ 3,833,350	16.12%	\$ 2,939,807	\$ 893,543	30.39%
Transportation Fees	17,235,884	72.48%	34,300,797	(17,064,913)	-49.75%
Miscellaneous	399,149	1.68%	9,332,325	(8,933,176)	-95.72%
State Sources	<u>2,311,079</u>	<u>9.72%</u>	<u>2,303,219</u>	<u>7,860</u>	<u> </u>
	<u>\$23,779,462</u>	<u>100.00%</u>	<u>\$48,876,148</u>	<u>\$(25,096,686)</u>	<u>-51.35%</u>

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED (CONTINUED)

The following schedule presents a summary of the General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2021 and the amount and percentage of increases (decreases) in relation to prior year amounts.

Comparative Summary of Expenditures

<u>Expenditures</u>	<u>June 30, 2021</u>	<u>Percent of Total</u>	<u>June 30, 2020</u>	<u>Increase/ (Decrease) from 2020</u>	<u>Percent of Increase (Decrease)</u>
Current Expenditures					
Instruction	\$ 1,887,442	7.87%	\$ 9,038,671	\$ (7,151,229)	-79.12%
Support Services	20,633,864	86.07%	42,511,849	(21,877,985)	-51.46%
Debt Service	<u>1,451,473</u>	<u>6.05%</u>	<u>1,315,885</u>	<u>135,588</u>	<u>10.30%</u>
	<u>\$23,972,779</u>	<u>100.00%</u>	<u>\$52,866,405</u>	<u>\$(28,893,626)</u>	<u>-54.65%</u>

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED (CONTINUED)

General Fund Budgeting Highlights

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

During the course of the fiscal year 2021, the Commission amended its General Fund budget as needed. The Commission uses program based budgeting and the budgeting systems are designed to tightly control program budgets, but provide flexibility for program management. Transfers from one program to another must be approved by the Board of Education.

At the end of the fiscal year 2021, the Commission had \$19,413,763 invested in land, buildings, furniture and equipment and vehicles. Table 4 shows fiscal 2021 balances compared to 2020.

Table 4 - Capital Assets at June 30

	<u>2021</u>	<u>2020</u>
Land/Sites	\$ 2,924,000	\$ 2,924,000
Site Improvements	29,331	31,324
Buildings and Improvements	16,039,510	16,618,164
Leasehold Improvements		82,954
Machinery and Equipment	<u>420,922</u>	<u>515,720</u>
Totals	<u>\$ 19,413,763</u>	<u>\$ 20,172,162</u>

Overall capital assets decreased \$758,399 from fiscal year 2021 to fiscal year 2020.

For the Future

The Essex Regional Educational Services Commission is financially sound and is able to meet all instructional programs and service requirements.

Contacting the Commission's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional information, you may contact Michael Steinmetz, School Business Administrator/Board Secretary, Essex Regional Educational Services Commission, 333 Fairfield Road, Fairfield, NJ 07004.

BASIC FINANCIAL STATEMENTS

A. DISTRICT-WIDE FINANCIAL STATEMENTS

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2021

A-1

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 7,379,430.11	\$ 11,393.94	\$ 7,390,824.05
Accounts Receivable, Net	16,783,235.49	3,034.20	16,786,269.69
Total Current Assets	<u>24,162,665.60</u>	<u>14,428.14</u>	<u>24,177,093.74</u>
Noncurrent Assets:			
Capital Assets, Net (Note 6)	<u>19,413,763.00</u>	<u>5,621.84</u>	<u>19,419,384.84</u>
Total Assets	<u>43,576,428.60</u>	<u>20,049.98</u>	<u>43,596,478.58</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount Related to Pension	<u>1,873,441.00</u>		<u>1,873,441.00</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	1,046,212.72		1,046,212.72
Interfunds Payable		12,218.01	12,218.01
Payable to Other Governments	233,558.65		233,558.65
Deferred Inflows	4,578,664.47		4,578,664.47
Total Current Liabilities	<u>5,858,435.84</u>	<u>12,218.01</u>	<u>5,870,653.85</u>
Long-Term Liabilities:			
Due Beyond One Year (Note 7)	16,757,853.76		16,757,853.76
Net Pension Liability (Note 9)	9,040,328.00		9,040,328.00
Total Long-Term Liabilities	<u>25,798,181.76</u>		<u>25,798,181.76</u>
Total Liabilities	<u>31,656,617.60</u>	<u>12,218.01</u>	<u>31,668,835.61</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount Related to Pension	<u>5,672,754.00</u>		<u>5,672,754.00</u>
NET POSITION			
Investment in Capital Assets, Net of Related Debt	3,281,515.40	5,621.84	3,287,137.24
Restricted for:			
Capital Projects	352,691.93		352,691.93
Student Activities	1,768.41		1,768.41
Unrestricted	<u>4,508,955.33</u>	<u>2,210.13</u>	<u>4,511,165.46</u>
Total Net Position	<u>\$ 8,144,931.07</u>	<u>\$ 7,831.97</u>	<u>\$ 8,152,763.04</u>

See accompanying notes to financial statements.

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

A-2

Function/Programs	Program Revenues		Net (Expense) Revenue and Change In Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:						
Instruction:						
Regular Instruction	\$ 6,062,248.01	\$ 463,642.46	\$ 4,810,310.67	(788,294.87)	\$	\$ (788,294.87)
Special Education Instruction	2,138,306.30	1,109,473.80	589,459.16	(439,373.35)		(439,373.35)
Support Services:						
Student and Instruction Related Services	4,915,719.44	363,494.13	3,934,826.03	(617,399.28)		(617,399.28)
General Administration Services	1,739,910.90	759,261.66	403,392.80	(577,256.44)		(577,256.44)
School Administration Services	963,095.27	257,582.81	136,852.75	(568,659.71)		(568,659.71)
Central Services	1,402,134.17	590,336.68	313,643.61	(498,153.88)		(498,153.88)
Administration of Information Technology	268,720.22	140,147.29	79,381.42	(49,191.51)		(49,191.51)
Plant Operations and Maintenance	1,296,579.85	149,410.87	79,381.42	(1,067,787.56)		(1,067,787.56)
Pupil Transportation	12,409,605.35	12,409,605.35				
Debt Service:						
Interest	490,000.55			(490,000.55)		(490,000.55)
Total Governmental Activities	\$ 31,686,320.07	\$ 16,242,955.05	\$ 10,347,247.86	\$ (5,096,117.16)	\$ -	\$ (5,096,117.16)
Business-Type Activities:						
Food Services	19,250.94	130.24	18,670.67		(450.03)	(450.03)
Total Business-Type Activities	19,250.94	130.24	18,670.67		(450.03)	(450.03)
Total Primary Government	\$ 31,705,571.01	\$ 16,243,085.29	\$ 10,365,918.53	\$ (5,096,117.16)	\$ (450.03)	\$ (5,096,567.19)
General Revenues:						
Transportation Fees				\$ 1,204,127.61		1,204,127.61
Federal and State Aid - Unrestricted				1,137,774.00		1,137,774.00
Miscellaneous				444,755.38		444,755.38
Total General Revenues				2,786,656.99		2,786,656.99
Change in Net Position				(2,309,460.17)	(450.03)	(2,309,910.20)
Net Position, July 1				10,451,787.24		10,451,787.24
Prior Period Adjustment				2,604.00		2,604.00
Net Position, July 1 Restated				10,454,391.24	8,282.00	10,462,673.24
Net Position, June 30				\$ 8,144,931.07	\$ 7,831.97	\$ 8,152,763.04

26 See accompanying notes to financial statements.

B. FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Fund
ASSETS				
Cash and Cash Equivalents	\$ 9,038,026.21 *		\$ 352,691.93	\$ 9,390,718.14
Accounts Receivable:				
Intergovernmental Due from Federal		958,119.60		958,119.60
Intergovernmental Due from State	64,981.73			64,981.73
Receivables from Other Governments - Local		3,443,790.23		3,443,790.23
Tuition	994,151.00			994,151.00
Other	11,156,420.44	102,439.15		11,258,859.59
Interfunds Account Receivable	1,418,650.86			1,418,650.86
Security Deposits	63,333.34			63,333.34
Total Assets	\$ 22,735,563.58	\$ 4,504,348.98	\$ 352,691.93	\$ 27,592,604.49
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Cash Overdraft		\$ 2,011,288.03		\$ 2,011,288.03
Accounts Payable	530,535.35	207,943.26		738,478.61
Accrued Salaries and Wages	30,815.18	85,718.75		116,533.93
Payroll Deductions and Withholdings Payable	158,829.37 ***			158,829.37
Other Liabilities	10,668.05	21,702.76		32,370.81
Interfunds Account Payable		1,394,217.79		1,394,217.79
Deferred Revenue	3,796,954.49	781,709.98		4,578,664.47
Total Liabilities	4,527,802.44	4,502,580.57		9,030,383.01
Fund Balances:				
Restricted for:				
Capital Projects			352,691.93	352,691.93
Student Activities		1,768.41		1,768.41
Unassigned Fund Balance	18,207,761.14			18,207,761.14
Total Fund Balances	18,207,761.14	1,768.41	352,691.93	18,562,221.48
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 22,735,563.58	\$ 4,504,348.98	\$ 352,691.93	\$ 27,592,604.49
Total Fund Balance Above				\$ 18,562,221.48
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 \$191,990,127.62 and the accumulated depreciation is \$60,258,141.29. (See Note 5).				19,413,763.00
The Commission has financed capital assets through the issuance of long-term debt. The interest accrued at year end is:				(233,558.65)
Deferred Outflows related to pension contributions subsequent to the Net Position Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 8).				1,873,441.00
Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the funds. (See Note 8).				(5,672,754.00)
Long-Term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 8).				(9,040,328.00)
Long-Term liabilities, including Compensated Absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 8).				(625,606.16)
Long-Term liabilities, including Capital Leases Payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 6).				(16,132,247.60)
Net Position of Governmental Activities (A-1)				\$ 8,144,931.07

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

* Include former fiduciary fund cash and cash equivalents

** Include payable due to the State for unreimbursed unemployment invoices

*** Include payroll deductions payable and flexible benefits liabilities (flex spending has no net position, only liabilities)

**** Include unspent employee payroll unemployment contributions

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Local Sources:				
Tuition Charges	3,833,349.70			3,833,349.70
Transportation Fees	17,235,883.96			17,235,883.96
Unrestricted Miscellaneous Revenues	399,149.42			399,149.42
Total Local Sources	21,468,383.08			21,468,383.08
State Sources	2,311,078.96			2,311,078.96
Federal Sources		1,142,695.71		1,142,695.71
Private (Local) Sources		6,203,537.28	44.87	6,203,582.15
Total Revenues	<u>23,779,462.04</u>	<u>7,346,232.99</u>	<u>44.87</u>	<u>31,125,739.90</u>
Expenditures				
Current:				
Regular Instruction	582,916.17	3,213,908.32		3,796,824.49
Special Education Instruction	1,304,525.88			1,304,525.88
Support Services and Undistributed Costs:				
Student and Instructional Related Services	550,935.52	2,941,955.46		3,492,890.98
General Administration	1,161,834.15			1,161,834.15
School Administrative Services	756,891.53			756,891.53
Central Services	938,961.06			938,961.06
Administration of Information Technology	163,435.71			163,435.71
Plant Operations and Maintenance	1,050,959.48			1,050,959.48
Pupil Transportation	12,073,797.69			12,073,797.69
Employee Benefits	3,937,048.41	1,188,256.80		5,125,305.21
Capital Outlay		2,950.00	10,763.18	13,713.18
Debt Service:				
Principal	994,146.40			994,146.40
Interest and Other Charges	457,326.90			457,326.90
Total Expenditures	<u>23,972,778.90</u>	<u>7,347,070.58</u>	<u>10,763.18</u>	<u>31,330,612.66</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(193,316.86)</u>	<u>(837.59)</u>	<u>(10,718.31)</u>	<u>(204,872.76)</u>
Net Change in Fund Balances	(193,316.86)	(837.59)	(10,718.31)	(204,872.76)
Fund Balances, July 1	18,401,078.00		363,410.24	18,764,488.24
Prior Period Adjustments	*****	2,604.00	*****	2,604.00
Fund Balance, July 1, Restated	<u>18,401,078.00</u>	<u>2,604.00</u>	<u>363,410.24</u>	<u>18,767,092.24</u>
Fund Balances, June 30	<u>\$ 18,207,761.14</u>	<u>\$ 1,766.41</u>	<u>\$ 352,691.93</u>	<u>\$ 18,562,219.48</u>

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

- * Include interest earnings on the unemployment compensation bank account
- ** Special revenue fund now includes revenues from scholarships and student activities
- *** Special revenue fund now includes expenditures from scholarships and student activities
- **** Unemployment Fund Net Position as of June 30, 2020
- ***** Scholarship Fund and Student Activity Fund Net Position as of June 30, 2020

**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Ref.</u>	
Total Net Change in Fund Balances - Governmental Funds	B-2	\$ (204,872.76)
<p>Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are different because:</p>		
<p>Capital Outlays are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation.</p>		
Depreciation Expense		\$ (795,060.50)
Capital Outlays/Adjustments		<u>13,713.18</u>
		(781,347.32)
<p>In the statement of activities revenues that do not provide current financial resources are not reported as revenue but are deferred in the funds.</p>		
Unearned Revenue - June 30, 2020		<u>(3,622,151.00)</u>
		(3,622,151.00)
<p>Repayment of debt is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities. Forgiveness of debt is a revenue in the statement of activities and reduces long-term debt in the statement of net position but does not affect the governmental funds.</p>		
Capital Leases Principal Paid		<u>\$ 994,146.40</u>
		994,146.40
<p>Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest cost, administrative costs, investment returns, and experience/assumption. This is the amount by which net position liability and deferred inflows/outflows related to pension changed during the period.</p>		
		1,325,963.00
<p>In the statement of activities, certain operating expenses, (e.g., pensions, compensated absences and claims and judgements) 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). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		11,475.16
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>		
Accrued Interest Payable:		
Balance June 30, 2020		\$ 200,885.00
Balance June 30, 2021		<u>233,558.65</u>
Decrease in Accrued Interest		<u>(32,673.65)</u>
Change in Net Position of Governmental Activities	A-2	<u>\$ (2,309,460.17)</u>

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

PROPRIETARY FUNDS

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2021

	Business-Type Activities Enterprise Funds	
	<u>Food Service</u>	<u>Totals</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 11,393.94	\$ 11,393.94
Intergovernmental Accounts Receivable:		
State	186.24	186.24
Federal	2,847.96	2,847.96
Total Current Assets	<u>14,428.14</u>	<u>14,428.14</u>
Noncurrent Assets:		
Furniture, Machinery & Equipment	21,224.39	21,224.39
Less Accumulated Depreciation	(15,602.55)	(15,602.55)
Total Noncurrent Assets	<u>5,621.84</u>	<u>5,621.84</u>
Total Assets	<u>\$ 20,049.98</u>	<u>\$ 20,049.98</u>
 <u>LIABILITIES</u>		
Current Liabilities:		
Interfunds Payable	\$ 12,218.01	\$ 12,218.01
Total Current Liabilities	<u>12,218.01</u>	<u>12,218.01</u>
Total Liabilities	<u>\$ 12,218.01</u>	<u>\$ 12,218.01</u>
 <u>NET POSITION</u>		
Invested in Capital Assets, Net of Related Debt	\$ 5,621.84	\$ 5,621.84
Unrestricted (Deficit)	<u>2,210.13</u>	<u>2,210.13</u>
Total Net Position	<u>\$ 7,831.97</u>	<u>\$ 7,831.97</u>

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

**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Business-Type Activities Enterprise Funds	
	Food Service Programs	Total Enterprise
	School Nutrition (A)	
Operating Revenues:		
Charges for Services:		
Miscellaneous	130.24	130.24
Total Operating Revenues	130.24	130.24
Operating Expenses:		
Cost of Sales / Goods Sold - Reimbursable Programs	13,628.94	13,628.94
Depreciation Expense	5,622.00	5,622.00
Total Operating Expenses	19,250.94	19,250.94
Operating Income/(Loss)	(19,120.70)	(19,120.70)
Nonoperating Revenues (Expenses):		
State Sources:		
School Lunch	458.02	458.02
Free		
Federal Sources:		
National School Breakfast Program	6,517.84	6,517.84
National School Lunch Program	10,382.40	10,382.40
Fresh Fruit and Vegetables Program	1,312.41	1,312.41
Total Nonoperating Revenues (Expenses)	18,670.67	18,670.67
Income (Loss) before Contributions	(450.03)	(450.03)
Change in Net Position	(450.03)	(450.03)
Total Net Position - Beginning	8,282.00	8,282.00
Total Net Position - Ending	\$ 7,831.97	\$ 7,831.97

(A) For SFAs that are self-operated / FSMC Cost Reimbursable Contracts / SFA-SFA Vended Meal Contract

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

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities Enterprise Funds	
	Food Service	Totals
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from Customers and Other Funds	\$ 130.24	\$ 130.24
Payments to Suppliers (for Goods and Services)	(19,250.94)	(19,250.94)
Net Cash Provided by (Used for) Operating Activities	<u>(19,120.70)</u>	<u>(19,120.70)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Cash Received (Paid) from Interfund Activities	14,878.17	14,878.17
Cash Received from State and Federal Subsidy Reimbursements	15,636.47	15,636.47
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>30,514.64</u>	<u>30,514.64</u>
Net Increase (Decrease) in Cash and Cash Equivalents	11,393.94	11,393.94
Balances - Beginning of Year		
Balances - End of Year	<u>\$ 11,393.94</u>	<u>\$ 11,393.94</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Operating Income/(Loss)	\$ (19,120.70)	\$ (19,120.70)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Change in Assets and Liabilities:		
Total Adjustments		
Net Cash Provided by (Used for) Operating Activities	<u>\$ (19,120.70)</u>	<u>\$ (19,120.70)</u>

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

FIDUCIARY FUNDS (IF APPLICABLE)

NOTES TO FINANCIAL STATEMENTS

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

1. DESCRIPTION OF THE COMMISSION AND REPORTING ENTITY

The Essex Regional Educational Services Commission (the "Board" or the "Commission") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of ten member school districts who assign an individual to serve on the Commission's Board of Directors. The Commission is located in the County of Essex and the Board of Directors is responsible for fiscal control of the Commission. A Superintendent of Schools is appointed by the Board and is responsible for the administrative control of the Commission. A School Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions of the Commission. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls. The Superintendent of Schools is the Chief Administrative Officer of the Commission who is responsible for general supervision of all schools, planning and operational functions of the Commission. The School Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent to the Board.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the Commission are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Commission. For the Commission, this includes general operations, food service and student related activities of the Commission.

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

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

Based on the aforementioned criteria, the Commission has no component units.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Commission have been prepared in conformity with generally accepted accounting principles (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 most significant of the Commission's accounting policies are described below.

A. Basis of Presentation

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

1. Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Commission as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the Commission at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Commission's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Commission, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Commission.

2. Fund Financial Statements

During the year, the Commission segregates transactions related to certain Commission functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Fund financial statements are designed to present financial information of the Commission at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

B. Fund Accounting

The Commission uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

1. Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Commission's major governmental funds:

General Fund - The General Fund is the general operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund. This fund also includes payroll agency, payroll net and unemployment reserve accounts.

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 (GAAP) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

1. Governmental Funds (Continued)

General Fund (Continued)

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, commission taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

Permanent Fund - The Permanent Fund is used to account for assets held under the terms of a formal trust agreement, whereby the Commission is under obligation to maintain the trust principal. Resources are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting entity's programs - that is, for the benefit of the school commission. The Commission presently has no resources that are considered permanent funds.

2. Proprietary Fund Type

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Fund of the Commission:

Enterprise Fund - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the Commission is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the Commission has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Commission's Enterprise Fund is comprised of the Food Service Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

2. Proprietary Fund Type (Continued)

Enterprise Fund (Continued)

All Proprietary Funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported on Proprietary Fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Machinery and Equipment	5 - 12 Years

Internal Service Funds - These funds may be used to report any activity that provides goods or services to other funds, departments or agencies of the primary entity and its component units, or to other governments, on a cost-reimbursement basis. In addition, internal service funds are used only if the reporting school commission is the predominant participant in the activity. The Commission does not currently utilize any Internal Service Funds.

3. Long-Term Debt

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt, not in the governmental funds. This includes serial bonds outstanding that are expected to be financed from governmental funds, the outstanding principal balance on capital leases, lease-purchase agreements, compensated absences, claims and judgments, early retirement incentive programs and rebatable arbitrage.

C. Measurement Focus

1. Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Commission are included on the Statement of Net Position.

2. Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus (Continued)

2. Fund Financial Statements (Continued)

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

Ad Valorem (Property) Taxes are susceptible to accrual and under New Jersey State Statute a municipality is required to remit to its school commission the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The Commission records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The Commission is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

In its accounting and financial reporting, the Commission follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The Commission's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the County Office for approval. Budgets which meet the tax levy cap requirements do not require voter approval. Budgets which exceed the tax levy cap require voter approval for the excess amount at the November election. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of N.J.A.C. 6A:23A-2.3 (et seq.).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets/Budgetary Control (Continued)

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

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

The overexpenditures related to on-behalf payments in the general fund are due to the inclusion of the nonbudgeted on-behalf payments made by the State of New Jersey as commission expenditures. These amounts are offset by related revenues and as such do not represent budgetary overexpenditures.

The following presents a reconciliation of the General Fund Revenue and Special Revenue Fund Revenue from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. Budget/Budgetary Control (Continued)

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.	\$ 23,779,462.04	\$ 7,346,232.99
Difference - Budget-to-GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		
	<hr/>	<hr/>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u><u>\$ 23,779,462.04</u></u>	<u><u>\$ 7,346,232.99</u></u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 23,972,778.90	\$ 7,347,070.58
Differences - Budget-to-GAAP:		
The District budgets for claims and compensated absences only to the extent expected to be paid, rather than on the modified accrual bases. <i>[Not applicable in this example]</i>		
Encumbrances for supplies and equipment but not received are reported in the year the order is placed for <i>budgetary purposes</i> , but in the year the supplies are received for <i>financial reporting purposes</i> .		
	<hr/>	<hr/>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - balances - governmental funds.	<u><u>\$ 23,972,778.90</u></u>	<u><u>\$ 7,347,070.58</u></u>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Encumbrances

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

Open encumbrances in the Special Revenue Fund, for which the Commission has received advances, are reflected in the balance sheet as deferred inflows at fiscal year end. There were no open encumbrances recorded in the Special Revenue Fund as of June 30, 2021.

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.

G. Cash, Cash Equivalents and Investments

Cash and cash equivalents 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. 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.

The commission is limited to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased the commission.

Additionally, the Commission has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks, (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

H. Inventories and Prepaid Expenses

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

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2021.

I. Allowance for Uncollectible Accounts

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

K. Tuition Payable

Tuition charges were based on rates established by the receiving commission. These rates are subject to change when the actual costs have been determined.

L. Short-Term Interfund Receivables/Payables

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

M. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Commission maintains a capitalization threshold of two thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20 - 50 Years
Furniture and Equipment	7 - 20 Years
Vehicles	8 Years

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

O. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Compensated Absences (Continued)

The entire sick leave and vacation leave liabilities are reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

P. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, 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 governmental funds. However, the noncurrent portion of capital leases, compensated absences and loans payable 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.

Q. Net Position

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

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

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

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

R. Deferred Inflows

Deferred inflows in the special revenue fund represents cash that has been received but not yet earned.

S. Fund Equity

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Fund Balance

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five (5) categories, as defined below:

- a. **Nonspendable** - includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, noncurrent receivables and corpus of any permanent funds.
- b. **Restricted** - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.
- c. **Committed** - includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The Commission's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revised or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- d. **Assigned** - amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Interest is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
- e. **Unassigned** - includes all spendable amounts not contained in the other classifications in 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 position unassigned fund balance amount. In the 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 both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the Commission first spends committed funds, then assigned funds, and finally, unassigned funds.

U. Proprietary Funds Revenues and Expenses

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Commission enterprise fund (the Food Service) are charges to customers for sales of food service. Operating expenses for enterprise funds include the cost of sales and services, administrative expense and depreciation on Capital Assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. Rebatale Arbitrage

Rebatale arbitrage results from investing the proceeds of borrowed funds either directly or indirectly into investments that are higher in yield than the bond yield incurred on the borrowed funds. In accordance with GASB 34, rebatale arbitrage is treated like a claim or judgment. All interest income is reported as revenue of the Capital Projects Fund. The liability, if any, is recorded in the "Statement of Net Position".

W. Allocation of Expenses

The Commission reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Employee benefits, including the employer's share of social security, worker's compensation and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the direct expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is reported separately on the Statement of Activities. No expenses were allocated as "Indirect Expenses".

X. On-Behalf Payments

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

Y. Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Z. Accounting and Financial Reporting for Pensions

In fiscal year 2018, the Commission implemented GASB 75. This Statement replaces the requirements of Statement No. 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions as amended and No. 57 OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB Statement No.74 Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, establish new accounting and financial reporting requirements for OPEB plans. This statement is effective for periods beginning after June 15, 2017.

In fiscal year 2015, the Commission implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement was effective for periods beginning after June 15, 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Z. Accounting and Financial Reporting for Pensions

The Commission has also implemented GASB Statement 71, *Pension Transition for Contributions made Subsequent to the Measurement Date-an Amendment to GASB No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

AA. Accounting and Financial Reporting for Other Post-Retirement Benefits ("OPEB")

In 2018 the Commission implemented GASB #75 which addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, revenues and expense/expenditures. The Statement GASB #45 supersedes Accounting and Financial Reporting for Post-Employment Benefits with other than Pension.

The participating local education employer allocations included in the supplemental Schedule of special funding amounts by employer are provided as each local education employer is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation and to include their respective amount of total OPEB liability in their notes to their financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

AB. GASB Statement No. 84 Fiduciary Activities

The Commission implemented GASB Statement No. 84 Fiduciary Activities on July 1, 2020. 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. 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 component units and postemployment benefit arrangements that are fiduciary activities. The Commission reclassified the payroll agency, payroll net and unemployment reserve accounts to the General Fund. The Special Revenue Fund was adjusted to include student activities and scholarship accounts. There was no adverse impact on the financial statements of the Commission.

AC. Other Accounting Standards

The Commission is currently reviewing the following for applicability and potential impact on the financial statements:

- *GASB 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 component units and postemployment benefit arrangements that are fiduciary activities.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The Commission does not expect this Statement to impact its financial statements.

GASB Statement No. 95 was issued in May 2020, which postponed the effective date of this GASB by one year.

- *GASB 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.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement 95 was issued in May 2020, which postponed the effective date of this GASB by eighteen months.

- *GASB Statement No. 89. Accounting for Interest Cost Incurred Before the End of a Construction Period.* The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

AC. Other Accounting Standards (Continued)

GASB Statement No. 95 was issued in May 2020, which postponed the effective date of this GASB by one year.

- *GASB Statement No. 90. Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61.* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The Commission does not expect this Statement to impact its financial statements.

GASB Statement No. 95 was issued in May 2020, which postponed the effective date of this GASB by one year.

- *GASB Statement No. 91. Conduit Debt Obligations.* The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The Commission does not expect this Statement to impact its financial statements.

GASB Statement No. 95 was issued in May 2020, which postponed the effective date of this GASB by one year.

- *GASB Statement No. 92. Omnibus 2020.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2020. Earlier application is encouraged. The Commission does not expect this Statement to impact its financial statements.

GASB Statement No. 95 was issued in May 2020, which postponed the effective date of this GASB by one year.

- *GASB Statement No. 93. Replacement of Interbank Offered Rates.* The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).

Effective Date: The removal of London Interbank Offered Rate (IBOR) as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Earlier application is encouraged. The Commission does not expect this Statement to impact its financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

AC. Other Accounting Standards (Continued)

GASB Statement No. 95 was issued in May 2020, which postponed the effective date of this GASB by one year.

- *GASB Statement No. 94. Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The Commission does not expect this Statement to impact its financial statements.

- *GASB Statement No. 96. Subscription-Based Information Technology Arrangements.* This Statement provides guidance on the accounting and financial reporting for subscriptions-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

- *GASB Statement No. 97. Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.* The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months, but less than twelve months from the date of purchase, as investments. The Commission is in compliance with GASB Statement No. 3 as amended by GASB Statement No. 40.

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

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

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

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

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

Custodial Credit Risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Board will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Board does not have a policy for custodial credit risk. Federal depository insurance and New Jersey's Governmental Unit Deposit Protection Act mitigate this risk.

Interest Rate Risk - This is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to change in market interest rates. The Board's investment policy does not include limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of June 30, 2021, cash and cash equivalents of the Commission consisted of the following:

Checking and Money Market Accounts	<u>\$7,590,824.05</u>
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The carrying amount of the Board's cash and cash equivalents at June 30, 2021 was \$12,677,507.59. Of the bank balance, \$713,516.16 was covered by Federal Depository Insurance and \$11,963,991.43 was covered by the Governmental Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:9-41, et seq., for all New Jersey governmental unit's deposits in excess of the Federal deposit maximums. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 40.

The Commission had no securities as of June 30, 2021 that would be considered investments as defined by GASB No. 3 as amended by GASB No. 40.

New Jersey P.L. 2017, c. 310 permits the Board of Education to purchase various investments in accordance with the Board's Cash Management Plan.

4. CAPITAL ASSETS

Capital Asset Activity for the year ended June 30, 2021 was as follows:

	Beginning Balance <u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	Ending Balance <u>June 30, 2021</u>
Governmental Activities				
Nondepreciable:				
Land	\$ 2,924,000.00	-	\$	\$ 2,924,000.00
	<u>2,924,000.00</u>			<u>2,924,000.00</u>
Depreciable:				
Site Improvements	39,850.00			39,850.00
Buildings and Improvements	22,197,864.00			22,197,864.00
Leasehold Improvements	154,389.00	10,763.18		1,584,686.00
Machinery and Equipment	1,581,736.00	2,950.00		1,584,686.00
Totals at Historical Costs	<u>23,973,839.00</u>	<u>13,713.18</u>	-	<u>23,822,400.00</u>
Less Accumulated Depreciation:				
Site Improvements	(8,526.00)	(1,993.00)		(10,519.00)
Buildings and Improvements	(5,579,700.00)	(578,654.00)		(6,158,354.00)
Leasehold Improvements	(71,435.00)	(7,673.00)		(1,163,764.00)
Machinery and Equipment	(1,066,016.00)	(97,748.00)		(1,163,764.00)
Total Accumulated Depreciation	<u>(6,725,677.00)</u>	<u>(686,068.00)</u>	-	<u>(7,332,637.00)</u>
Assets Net of Depreciation	17,248,162.00	(672,354.82)	-	16,489,763.00
Governmental Activities Capital Assets, Net	<u>\$20,172,162.00</u>	<u>\$ (672,354.82)</u>	\$ -	<u>\$19,413,763.00</u>
Business-Type Activities:				
Machinery and Equipment:	\$ 21,225.00			\$ 21,225.00
Less Accumulated Depreciation	(12,792.00)	(5,622.00)		(18,414.00)
Business-Type Activities Capital Assets, Net	<u>\$ 8,433.00</u>	<u>\$ (5,622.00)</u>	\$ -	<u>\$ 2,811.00</u>

5. LONG-TERM DEBT

Long-Term Liability Conversion Schedule - June 30, 2021

	Balance June 30, 2020	Additions	Reduction	Balance June 30, 2021	Amounts Due Within One Year	Long-Term Portion
Governmental Activities:						
Capital Leases	\$17,126,394.00	\$	\$ 994,146.40	\$16,132,247.60	\$	\$16,132,247.60
Net Pension Liability	11,740,753.00		2,700,425.00	9,040,328.00		9,040,328.00
Compensated Absences	614,131.00		21,194.84	592,936.16		592,936.16
	<u>\$29,481,278.00</u>	<u>\$ -</u>	<u>\$3,715,766.24</u>	<u>\$25,765,511.76</u>	<u>\$ -</u>	<u>\$25,765,511.76</u>

5. LONG-TERM DEBT (Continued)

A. Capital Leases

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021 were as follows.

Fiscal Year Ending June 30,	
2022	\$ 1,436,983.00
2023	3,057,328.00
2024	1,437,359.00
2025	1,438,074.00
2026-2030	6,255,604.00
2031-2035	4,391,712.00
2036-2038	1,265,152.00
	<hr/>
	19,282,212.00
Less Minimum Lease Payments	(3,099,964.40)
	<hr/>
	<u>\$16,182,247.60</u>

6. PENSION PLANS

Description of Plans

All required employees of the Commission are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both systems will be assumed by the State of New Jersey should the systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P. O. Box 295, Trenton, New Jersey 08625.

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey On-Behalf of the Commission and the system's other related noncontributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

6. PENSION PLANS (Continued)

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Pension benefits for members enrolled in PERS after May 21, 2010 would be based on 1/60th of the average annual compensation for the last five years of service or any five fiscal years of membership that provide the largest benefit to the member or the member's beneficiary. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55). The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the system.

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.

Significant Legislation

P.L. 2011, c. 78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operates and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Contribution Requirements

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contribution employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

In accordance with the provisions of Chapter 78, P.L. 2011, employee pension contribution rates for TPAF and PERS is currently 7.34% of employees' annual compensation, as defined.

6. **PENSION PLANS (Continued)**

Contribution Requirements (Continued)

Employers are required to contribute at an actuarially determined rate in both PERS and TPAF. The actuarially determined employer contribution includes funding for both cost-of-living adjustments and noncontributory death benefits in the PERS and TPAF. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premium. Under current statute, the Commission is a noncontributing employer of the TPAF.

<u>Year Ending</u>	<u>PERS</u>
June 30, 2021	\$ 606,453.00
June 30, 2020	633,813.00
June 30, 2019	648,412.00

(Paid On-Behalf of the District)

<u>Year Funding</u>	<u>Pension Contributions</u>	<u>Post- Retirement Medical Contributions</u>	<u>NCGI Premium</u>	<u>LTD Liability</u>
June 30, 2021	\$1,481,507.00	\$464,282.00	\$	\$ 641.00
June 30, 2020	1,372,114.00	518,153.00	24,594.00	1,157.00

During the fiscal year ended June 30, 2021, the State of New Jersey contributed \$5,283,059.00 to the TPAF for normal pension, \$1,655,629.00 for post-retirement medical benefits and \$3,065.00 for long-term disability insurance On-Behalf of the Commission. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Commission \$1,576,831.41 during the year ended June 30, 2021 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements and the individual fund statements and schedules as a revenue and expenditure in accordance with GASB 27.

Teachers' Pension and Annuity Fund (TPAF)

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

6. **PENSION PLANS (Continued)**

Teachers' Pension and Annuity Fund (TPAF) (Continued)

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

The employer contributions for the Commission are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, the Commission (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the Commission (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the Commission. However, the State's portion of the net pension liability that was associated with the Commission was \$41,193,013 as measured on June 30, 2020 and \$38,350,505, as measured on June 30, 2019.

For the year ended June 30, 2021, the Commission recognized pension expense of \$2,561,557 and revenue of \$2,561,557 for support provided by the State. The measurement period for the pension expense and revenue reported in the Commission's financial statements (A-2) at June 30, 2021 is based upon changes in the collective net pension liability with a measurement period of June 30, 2019 through June 30, 2020. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2019 and June 30, 2020.

Although the Commission does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the Commission. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Collective Deferred Outflows of Resources	\$ 9,458,881,999	\$10,077,460,797
Collective Deferred Inflows of Resources	14,424,322,612	17,525,379,167
Collective Net Pension Liability (Nonemployer - State of New Jersey)	65,848,796,740	61,370,943,870
State's Portion of the Net Pension Liability that was Associated with the Commission	41,193,013	38,350,505
State's Portion of the Net Pension Liability that was Associated with the Commission as a Percentage of the Collective Net Pension Liability	☞ .06256%	☞ .06249%

6. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55% - 4.45%
	Based on Years of Service
Thereafter	2.75% - 5.65%
	Based on Years of Service
Investment Rate of Return:	7.00%

Preretirement 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-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

6. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Mkt Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% 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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

Since the Commission has no proportionate share of the net pension liability because of the special funding situation, the Commission would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/documents/financial/gasb/gasb68-tpaf21-val.pdf>.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rpts-home.shtml>.

6. **PENSION PLANS (Continued)**

Public Employees' Retirement System (PERS)

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

At June 30, 2021, the Commission reported a liability of \$9,040,328 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2019. The Commission's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2020 and 2019. At June 30, 2020, the Commission's proportion was .05543%, which was an increase of .009722% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Commission recognized pension expense of \$(81,117). At June 30, 2021, 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	\$ 164,610	\$ 31,971
Changes of Assumptions	293,278	3,785,271
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	309,006	
Changes in Proportion	500,094	1,855,512
Commission Contributions Subsequent to the Measurement Date	<u>606,453</u>	
Total	<u>\$1,873,441</u>	<u>\$5,672,754</u>

6. **PENSION PLANS (Continued)**

Public Employees' Retirement System (PERS) (Continued)

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

The \$606,453 reported as deferred outflows of resources related to pensions resulting from the Commission's contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2021 the plan measurement date is June 30, 2020) will be recognized as a reduction of the net pension liability as of June 30, 2021. 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>Year Ended</u> <u>June 30</u>	<u>Amount</u>
2021	\$(1,134,396.00)
2022	(1,034,224.00)
2023	(591,033.00)
2024	(239,004.00)
2025	(51,691.00)
	<u><u>\$(3,050,348.00)</u></u>

Additional Information:

Collective balances at June 30, 2020 and 2019 are as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Collective Deferred Outflows of Resources	\$ 2,347,583,337	\$ 3,149,522,616
Collective Deferred Inflows of Resources	7,849,949,467	7,645,087,574
Collective Net Pension Liability (Non-State - Local Group)	16,435,616,426	18,143,832,135
Commission's Portion of Net Pension Liability	9,040,328	11,740,753
Commission's Proportion Percentage	.05543%	.06515%

Actuarial Assumptions

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00% - 6.00%
	Based on Years of Service
Thereafter	3.00% - 7.00%
	Based on Years of Service
Investment Rate of Return	7.00%

6. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Preretirement 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-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

6. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

The following presents the Commission's proportionate share of the collective net pension liability measured as of June 30, 2020, calculated using the discount rate of 7.00%, as well as what the Commission's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	At 1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	At 1% Increase <u>(8.00%)</u>
Commission's Proportionate Share of the Collective Net Pension Liability	\$ 11,469,752	\$ 9,040,328	\$ 7,110,302

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Division of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

7. POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

The State of New Jersey provides post-retirement (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2020, the State paid PRM benefits for 143,053 State and local retirees.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2020, the State contributed \$1,578 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's "pay-as-you-go" contributions have decreased from Fiscal Year 2019 amounts. Reductions are attributable to various cost savings initiatives implemented by the State, including new Medicare Advantage contracts. The State has appropriated \$1.775 billion in Fiscal Year 2021 as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2020 total State OPEB liability to provide these benefits is \$65.5 billion, a decrease of \$10.5 billion or 13.8 percent from the \$76.0 billion liability recorded in Fiscal Year 2019.

Additional information on Pensions and OPEB can be accessed at state.nj.us/treasury/pensions/financial-reports.shtml.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

7. POST-RETIREMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB’s No. 75.

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA’s proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB’s No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State’s level and is not specific to the board of education/board of trustees. Note that actual numbers will be published in the NJ State CAFR on the Office of Management and Budget webpage: nj.gov/treasury/OMB/fr.shtm.

Actual assumptions and other imputes. The total OPEB liability in the June 30, 2020 actuarial valuation reported by the State in the State’s most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Total Nonemployer OPEB Liability	\$67,809,962,608	
Inflation Rate	2.50%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary Increases:		
Through 2026	1.55% - 4.45%	2.00% - 6.00%
	Based on	Based on
	Service Years	Service Years
Thereafter	1.55% - 4.45%	3.00% - 7.00%
	Based on	Based on
	Service Years	Service Years

Preretirement mortality rates were based on the Pub-2010 Health “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2020.

The actuarial assumptions used in the June 30, 2019 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.

7. POST-RETIREMENT BENEFITS (Continued)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%

Discount Rate

The discount rate for June 30, 2020 was 2.21%. 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 OPEB Liability Reported by the State of New Jersey

	<u>Increase/(Decrease)</u>
	<u>Total OPEB Liability</u>
Balance as of June 30, 2019 Measurement Date	<u>\$41,729,081,045</u>
Changes Recognized for the Fiscal Year:	
Service Cost	1,790,973,822
Interest on the Total OPEB Liability	1,503,341,357
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	11,544,750,637
Changes of Assumptions	12,386,549,981
Gross Benefit Payments ¹	(1,180,515,618)
Contributions from the Non-Employer	N/A
Contributions from the Member ¹	35,781,384
Net Investment Income ¹	N/A
Administrative Expense ¹	N/A
Net Changes	<u>26,080,881,563</u>
Balance as of June 30, 2020 Measurement Date	<u>\$67,809,962,608</u>

¹Data for Measurement Periods Ending June 30, 2020 were provided by the State.

At June 30, 2020, the State's proportionate share of the OPEB liability attributable to the Commission is \$50,592,233. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the Commission at June 30, 2020 to the total OPEB liability of the State Health Benefit Program Fund - Local Education Retired Employees Plan at June 30, 2020. At June 30, 2020, the State's share of the OPEB liability attributable to the Commission was .07 percent, which was a decrease of .02 percent from its proportionate share measured as of June 30, 2019 of .09 percent.

There were no changes of benefit term.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 percent in 2019 to 2.21 percent in 2020.

7. **POST-RETIREMENT BENEFITS (Continued)**

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

The following presents the total nonemployer OPEB liability as of June 30, 2020 and 2019, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	June 30, 2020		
	At 1% Decrease ¶ (1.21%)	At Discount Rate ¶ (2.21%)	At 1% Increase ¶ (3.21%)
Total OPEB Liability (School Retirees)	\$60,991,548	\$50,592,233	\$42,460,970
	June 30, 2019		
	At 1% Decrease ¶ (2.50%)	At Discount Rate ¶ (3.50%)	At 1% Increase ¶ (4.50%)
Total OPEB Liability (School Retirees)	\$42,154,264	\$35,681,764	\$30,540,365

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB liability as of June 30, 2020 and 2019, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate:

	June 30, 2020		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability (School Retirees)	\$40,839,757	\$50,592,233	\$62,205,265
	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability (School Retirees)	\$29,400,183	\$35,681,764	\$43,997,287

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

For the year ended June 30, 2021, the Commission recognized OPEB expense of \$1,873,271 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB's No. 75 and in which there is a special funding situation. This amount has been included in the District-Wide Statement of Activities (accrual basis) as a Revenue and Expense in accordance with GASB No. 85.

7. POST-RETIREMENT BENEFITS (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

In accordance with GASB's No. 75, the Old Bridge Board of Education proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
(1) Difference Between Actual and Expected Experience	\$10,295,318,750	\$ (9,170,703,615)
(2) Net Difference Between Expected and Actual Earnings on OPEB Plan Investments	-	-
(3) Assumption Changes	<u>11,534,251,250</u>	<u>(7,737,500,827)</u>
(4) Sub-Total	21,829,570,000	(16,908,204,442)
(5) Contributions Made in Fiscal Year Ending 2020 After June 30, 2019 Measurement Date ¹	<u>TBD</u>	<u>N/A</u>
(6) Total	<u>\$21,829,570,000</u>	<u>\$(16,908,204,442)</u>

¹Employer contributions made after June 30, 2020 are reported as a deferred outflow of resources but are not amortized in expense.

Amounts recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

<u>Measurement Period Ending June 30,</u>	
2021	\$ 43,440,417
2022	43,440,417
2023	43,440,417
2024	43,440,417
2025	43,440,417
Total Thereafter	<u>4,704,163,473</u>
	<u>\$4,921,365,558</u>

8. DEFINED CONTRIBUTION RETIREMENT PROGRAM

Description of System

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. This waiver is irrevocable.

As of May 21, 2010, the base salary required for eligibility in the DCRP was increased to \$5,000.00.

8. DEFINED CONTRIBUTION RETIREMENT PROGRAM

Description of System

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee and employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment options provided by the

The law requires that three classes of employees enroll in the DCRP, detailed as follows:

- All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the Public Employees' Retirement System (PERS).
- A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.
- Employees enrolled in the PERS on or after July 1, 2007 who earn salary in excess of established "maximum compensation" limits.
- Employees otherwise eligible to enroll in the PERS on or after November 2, 2008 who do not earn the minimum salary for PERS Tier 3, but who earn salary of at least \$5,000.00.
- Employees otherwise eligible to enroll in the PERS after May 21, 2010, who do not work the minimum number of hours per week required for PERS Tier 4 or Tier 5 enrollment (32 hours per week) but who earn salary of at least \$5,000.00 annually.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to join or remain in PERS.

Contributions Required and Made

Contributions made by employees for DCRP are currently at 5.5% of their base wages. Member contributions are matched by a 3.0% employer contribution. Contributions to the plan for the past three years are as follows:

<u>Year</u>	<u>Commission</u>
2021	\$454,338.00
2020	198,781.00
2019	303,235.00

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

9. COMPENSATED ABSENCES (Continued)

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to Employees as of June 30, 2021. No liability existed for compensated absences in the Proprietary Fund Types.

10. DEFERRED COMPENSATION

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

11. 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.

Property and Liability Insurance - The Commission maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

12. INTERFUND RECEIVABLES AND PAYABLES

The following are reflected as interfund receivables and payables on the various balance sheets at June 30, 2021:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$644,637.21	\$
Special Revenue Fund		644,637.21
	<u>\$644,637.21</u>	<u>\$644,637.21</u>

13. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE

Intergovernmental Accounts Receivable at June 30, 2021 consisted of Federal Source, State Sources and transportation. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables are as follows:

	<u>Governmental Fund Financial Statements</u>
State Aid:	
General Fund:	
TPAF FICA Reimbursement	<u>\$ 64,982.00</u>
Special Revenue Fund:	
Federal Source	<u>\$ 958,120.00</u>

14. FUND BALANCE APPROPRIATED

General Fund [Exhibit B-1] - Of the \$18,207,761.14 General Fund fund balance at June 30, 2021, \$18,207,761.14 is unreserved and undesignated.

Special Revenue Fund - Of the \$1,768.41 Special Revenue Fund fund balance at June 30, 2021, \$1,768.41 is restricted for student activities.

15. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget.

There was no excess surplus as of June 30, 2021.

16. SECONDARY MARKET DISCLOSURE

Solely for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"), and provided that the Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the requirements in accordance with Paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the municipality shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof various financial documents relating to the financial conditions of the Municipal Securities Rulemaking Board through the Electronic Municipal Access Data Port (the "MSRB").

17. CONTINGENT LIABILITIES

A. Litigation

The Management did not indicate any litigation, claims or contingent liabilities that are either not covered by the Commission's insurance carrier or would have a material financial impact on the Commission.

B. Federal and State Awards

The Commission participates in several federal and state grant and aid programs which are governed by various rules and regulations of the grantor agencies, therefore, to the extent that the Commission has not complied with the rules and regulations governing the grants or aid, refunds of any money received may be required and the collectability of any related receivable at June 30, 2021 may be impaired. In the opinion of the management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants, therefore, no provisions have been recorded in the accompanying general purpose financial statements for such contingencies.

18. TAX ABATEMENTS

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

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

19. PRIOR PERIOD ADJUSTMENT - GASB NO. 84

The Commission implemented GASB No. 84 related to former Fiduciary Funds being reclassified into the Governmental Funds. The reasoning related to the fact that the Commission has control of the funds and as such, are more properly reflected in the Governmental Funds. The reclassification was reflected as a prior period adjustment to the Governmental Funds - Statement of Revenues, Expenditures and Change in Fund Balance (B-2) basic financial statements B-2) and the Statement of Activities (A-2), effective July 1, 2020, and no retroactive restatement of financial statements was done since financial statements are not comparative. The reclassification involved liabilities and fund balance with no adverse impact on the financial position of the Commission.

20. SUBSEQUENT EVENT

The Essex Regional Educational Services Commission has evaluated subsequent events that occurred after the balance sheet date, but before March 11, 2022. Based upon this evaluation, the Commission has determined that the following subsequent event needed to be disclosed:

Subsequent to the date of these financial statements, the COVID-19 Corona Virus continued to spread across the State of New Jersey and the Nation as a whole. The impact of this view on the Commission's operation in Fiscal Year 2022 cannot be reasonably estimated at this time, but may negatively affect revenues and expenditures.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

C. BUDGETARY COMPARISON SCHEDULES

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Tuition					
Tuition From Other LEAs Within the State	4,632,983.00	103,244.61	4,736,227.61	3,833,349.70	(902,877.91)
Total Tuition	4,632,983.00	103,244.61	4,736,227.61	3,833,349.70	(902,877.91)
Transportation Fees From Other LEAs	36,857,111.00	(2,047,316.02)	34,809,794.98	17,235,883.96	(17,573,911.02)
Unrestricted Miscellaneous Revenues	9,264,457.00	1,944,071.41	11,208,528.41	399,149.42	(10,809,378.99)
Total Local Sources	50,754,551.00		50,754,551.00	21,468,383.08	(29,286,167.92)
Total Revenues from Intermediate Sources					
State Sources:					
Nonbudgeted:					
On-Behalf Contributions:					
TPAF - Pension Contribution				1,481,507.00	1,481,507.00
TPAF - Long-Term Disability Contribution				641.00	641.00
TPAF - Post-Retirement Medical Contribution				464,282.00	464,282.00
Reimbursed TPAF Social Security Contributions				364,648.96	364,648.96
Total State Sources				2,311,078.96	2,311,078.96
Total Revenues	\$ 50,754,551.00		\$ 50,754,551.00	\$ 23,779,462.04	\$ (26,975,088.96)
EXPENDITURES					
Current Expense					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	424,000.00	18,271.55	442,271.55	365,397.67	76,873.88
Regular Programs - Home Instruction:					
Salaries of Teachers	457,000.00		457,000.00	174,377.00	282,623.00
Purchased Professional-Educational Services	25,000.00	(6,424.22)	18,575.78	5,895.54	12,680.24
Other Purchased Services (400-500 series)	200.00		200.00		200.00
Regular Programs - Undistributed Instruction:					
General Supplies	5,000.00	32,245.96	37,245.96	37,245.96	
TOTAL REGULAR PROGRAMS - INSTRUCTION	911,200.00	44,093.29	955,293.29	582,916.17	372,377.12
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of Teachers	418,490.00	11,565.82	430,055.82	266,170.07	163,885.75
Other Salaries for Instruction	217,304.00	(122,139.80)	95,164.20	79,667.80	15,496.40
General Supplies	2,500.00	1,902.70	4,402.70	3,760.87	641.83
Other Objects	500.00	(274.43)	225.57	225.57	
Total Learning and/or Language Disabilities	638,794.00	(108,945.71)	529,848.29	349,824.31	180,023.98
Behavioral Disabilities:					
Salaries of Teachers	193,000.00	76,893.54	269,893.54	256,893.55	12,999.99
Other Salaries for Instruction	5,861,404.00	(124,556.72)	5,736,747.28	674,574.28	5,062,173.00
General Supplies	10,000.00	(3,791.74)	6,208.26	6,208.26	
Textbooks	1,000.00	(1,000.00)			
Other Objects	16,000.00	(13,323.28)	2,676.72	2,676.72	
Total Behavioral Disabilities	6,081,404.00	(65,878.20)	6,015,525.80	940,352.81	5,075,172.99
Preschool Disabilities - Full-Time:					
Other Salaries for Instruction		15,000.00	15,000.00	14,348.76	651.24
Total Preschool Disabilities - Full-Time		15,000.00	15,000.00	14,348.76	651.24
TOTAL SPECIAL EDUCATION - INSTRUCTION	6,720,198.00	(159,823.91)	6,560,374.09	1,304,525.88	5,255,848.21
Total Instruction	7,631,398.00	(115,730.62)	7,515,667.38	1,887,442.05	5,628,225.33
Undistributed Expenditures - Instruction:					
Tuition to County Vocational School - Special	140,000.00	(140,000.00)			
Total Undistributed Expenditures - Instruction	140,000.00	(140,000.00)			
Undistributed Expenditures - Health Services:					
Salaries	64,200.00	27,176.72	91,376.72	90,166.00	1,210.72
Supplies and Materials	800.00	1,891.06	2,691.06	550.65	2,140.41
Total Undistributed Expenditures - Health Services	65,000.00	29,067.78	94,067.78	90,716.65	3,351.13
Undist. Expend. - Speech, OT, PT, Related Svcs.:					
Salaries	262,410.00	(23,468.00)	238,942.00	169,672.50	69,269.50
Purchased Professional - Educational Services	45,000.00		45,000.00		45,000.00
Total Undist. Expend. - Speech, OT, PT, Related Svcs.	307,410.00	(23,468.00)	283,942.00	169,672.50	114,269.50
Undistributed Expenditures - Child Study Team:					
Salaries of Other Professional Staff	37,500.00	161,480.14	198,980.14	163,343.02	35,637.12
Purchased Professional - Educational Services	127,770.00	(22,991.00)	104,779.00	46,772.20	58,006.80
Total Undistributed Expenditures - Child Study Team	165,270.00	138,489.14	303,759.14	210,115.22	93,643.92
Undistributed Expenditures - Improvement of Instructional Services:					
Purchased Professional-Educational Services	115,000.00	(438.62)	114,561.38	80,431.15	34,130.23
Total Undistributed Expenditures - Improvement of Instructional Services	115,000.00	(438.62)	114,561.38	80,431.15	34,130.23

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undistributed Expenditures - Instructional Staff Training Services:					
Purchased Professional-Educational Services	8,900.00		8,900.00		8,900.00
Total Undistributed Expenditures - Instructional Staff Training Services	8,900.00		8,900.00		8,900.00
Undistributed Expenditures - Support Services - General Administration:					
Salaries	1,009,934.00	28,315.92	1,038,249.92	883,935.89	154,314.03
Legal Services	135,000.00	1,068.75	136,068.75	135,581.25	487.50
Audit Fees	50,000.00		50,000.00	49,707.25	292.75
Other Purchased Professional Services	75,000.00	(63,974.00)	11,026.00	2,412.25	8,613.75
Communications / Telephone	60,728.00	1,784.00	62,512.00	53,838.39	8,673.61
Other Purch. Serv. (400-500 series other than 530 & 585)	6,680.00	5,366.67	12,046.67	11,379.28	667.39
General Supplies	1,800.00	(1,055.06)	744.94	144.94	600.00
BOE In-house training/ Meeting Supplies	2,000.00	(2,000.00)			
Miscellaneous Expenditures	49,066.00	3,654,466.31	3,703,532.31	12,000.90	3,691,531.41
BOE Membership Dues and Fees	15,300.00	(1,511.00)	13,789.00	12,834.00	955.00
Total Undistributed Expenditures - Support Services - General Administration	1,405,508.00	3,622,461.59	5,027,969.59	1,161,834.15	3,866,135.44
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals/Assistant Principals	274,721.00	174,255.30	448,976.30	399,154.58	49,821.72
Salaries of Other Professional Staff	96,900.00	842.00	97,742.00	97,741.65	0.35
Salaries of Secretarial and Clerical Assistants	358,350.00	14,851.03	373,201.03	202,137.43	171,063.60
Purchased Professional and Technical Services	8,500.00	6,829.62	15,329.62	15,329.62	
Other Purchased Services (400-500 Series)	35,087.00	(1,255.58)	33,831.42	26,468.04	7,363.38
Supplies and Materials	5,000.00	(2,039.84)	2,960.16	2,910.18	49.98
Other Objects	10,800.00	7,169.40	17,969.40	13,150.03	4,819.37
Total Undistributed Expenditures - Support Services - School Administration	789,358.00	200,651.93	990,009.93	756,891.53	233,118.40
Undistributed Expenditures - Central Services:					
Salaries	703,795.00	172,994.21	876,789.21	687,272.66	189,516.55
Purchased Professional Services	132,165.00	5,010.75	137,175.75	135,175.75	2,000.00
Purchased Technical Services	107,224.00	(2,334.87)	104,889.13	77,683.00	27,206.13
Miscellaneous Purchased Services (400-500 series other than 594)	27,650.00	4,952.75	32,602.75	23,855.53	8,747.22
Supplies and Materials	2,500.00	(528.40)	1,971.60	1,931.75	39.85
Interest on Lease Purchase Agreements	466,386.00	(6,500.00)	459,886.00	457,326.90	2,559.10
Other Objects	22,051.00	108.32	22,159.32	13,042.37	9,116.95
Total Undistributed Expenditures - Central Services	1,461,771.00	173,702.76	1,635,473.76	1,396,287.96	239,185.80
Undistributed Expenditures - Administrative Information Technology:					
Salaries	241,304.00		241,304.00	163,160.11	78,143.89
Purchased Professional Services	1,000.00	(10.00)	990.00	249.75	740.25
Supplies and Materials		10.00	10.00	1.00	9.00
Other Objects	443.00		443.00	24.85	418.15
Total Undistributed Expenditures - Administrative Information Technology	242,747.00		242,747.00	163,435.71	79,311.29
Undistributed Expenditures - Operations and Maintenance of Plant Services:					
Undist. Expend. - Required Maintenance for School Facilities:					
Cleaning, Repair, and Maintenance Services	27,942.00	30,471.33	58,413.33	41,939.95	16,473.38
General Supplies	3,750.00	(1,733.79)	2,016.21	505.29	1,510.92
Other Objects	16,000.00	613.62	16,613.62	7,285.75	9,327.87
Total Undist. Expend. - Required Maintenance for School Facilities	47,692.00	29,351.16	77,043.16	49,730.99	27,312.17
Undistributed Expenditures - Custodial Services:					
Salaries	185,211.00	12,652.14	197,863.14	173,944.82	23,918.32
Purchased Professional and Technical Services	40,000.00		40,000.00	29,520.00	10,480.00
Cleaning, Repair, and Maintenance Services	18,185.00	43,751.13	61,936.13	60,228.57	1,707.56
Rental of Land & Bldg. Oth. than Lease Pur. Agrmt.	445,000.00	(7,235.00)	437,765.00	428,230.60	11,534.40
Insurance	234,649.00	(71,700.00)	162,949.00	91,717.30	71,231.70
Miscellaneous Purchased Services	7,000.00	(2,000.00)	5,000.00	2,084.52	2,915.48
General Supplies	12,000.00	150.00	12,150.00	4,198.31	7,951.69
Energy (Natural Gas)	198,943.00	41,163.88	240,106.88	208,860.97	31,245.91
Other Objects	13,863.00	(6,828.25)	7,034.75	4,445.40	2,589.35
Total Undistributed Expenditures - Custodial Services	1,154,851.00	9,953.90	1,164,804.90	1,001,228.49	163,576.41
Undistributed Expenditures - Security:					
Salaries	25,750.00	(3,744.97)	22,005.03		22,005.03
Total Undistributed Expenditures - Security	25,750.00	(3,744.97)	22,005.03		22,005.03
Total Undistributed Expenditures - Operations and Maintenance of Plant Services	1,228,293.00	35,560.09	1,263,853.09	1,050,959.48	212,893.61
Undistributed Expenditures - Student Transportation Services:					
Sal. for Pupil Trans. (Bet. Home and Sch.)-Spl. Ed.	858,392.00	(3,635.00)	854,757.00	554,928.64	299,828.36
Contract. Serv.(Spl. Ed. Students)-Vendors	32,480,008.00	(4,082,884.52)	28,397,123.48	11,518,869.05	16,878,254.43
Total Undistributed Expenditures - Student Transportation Services	33,338,400.00	(4,086,519.52)	29,251,880.48	12,073,797.69	17,178,082.79
UNALLOCATED BENEFITS:					
Social Security Contributions	696,087.00	39,612.96	735,699.96	235,534.54	500,165.42
Other Retirement Contributions - PERS	706,216.00	47,647.78	753,863.78	454,334.57	299,529.21
Unemployment Compensation	94,007.00	(757.89)	93,249.11	27,883.76	65,365.35
Workers' Compensation	258,909.00	(10,852.00)	248,057.00	247,431.20	625.80
Health Benefits	1,153,023.00	8,998.22	1,162,021.22	680,785.38	501,235.84
Tuition Reimbursement	2,000.00		2,000.00		2,000.00
TOTAL UNALLOCATED BENEFITS	2,910,242.00	84,649.07	2,994,891.07	1,625,969.45	1,368,921.62
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	2,910,242.00	84,649.07	2,994,891.07	1,625,969.45	1,368,921.62
ON-BEHALF CONTRIBUTIONS:					

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
On-Behalf TPAF Pension Contributions (Nonbudgeted)	\$	\$	\$	\$ 1,481,507.00	\$ (1,481,507.00)
On-Behalf TPAF Post-Retirement Medical Benefits (Nonbudgeted)				464,282.00	(464,282.00)
Reimbursed TPAF Social Security Contributions (Nonbudgeted)				364,648.96	(364,648.96)
On-Behalf TPAF Long-Term Disability Insurance (Nonbudgeted)				641.00	(641.00)
TOTAL TPAF PENSION/SOCIAL SECURITY				<u>2,311,078.96</u>	<u>(2,311,078.96)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>42,177,899.00</u>	<u>34,156.22</u>	<u>42,212,055.22</u>	<u>21,091,190.45</u>	<u>21,120,864.77</u>
TOTAL GENERAL CURRENT EXPENSE	<u>49,809,297.00</u>	<u>(81,574.40)</u>	<u>49,727,722.60</u>	<u>22,978,632.50</u>	<u>26,749,090.10</u>
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services:					
Lease Purchase Agreements - Principal	915,154.00	89,924.40	1,005,078.40	994,146.40	10,932.00
Total Facilities Acquisition and Construction Services	<u>915,154.00</u>	<u>89,924.40</u>	<u>1,005,078.40</u>	<u>994,146.40</u>	<u>10,932.00</u>
TOTAL CAPITAL OUTLAY	<u>915,154.00</u>	<u>89,924.40</u>	<u>1,005,078.40</u>	<u>994,146.40</u>	<u>10,932.00</u>
SPECIAL SCHOOLS					
Summer School - Instruction:					
Purchased Professional and Technical Services	18,000.00		18,000.00		18,000.00
Total Summer School - Instruction	<u>18,000.00</u>		<u>18,000.00</u>		<u>18,000.00</u>
Total Summer School	18,000.00		18,000.00		18,000.00
TOTAL SPECIAL SCHOOLS	<u>18,000.00</u>		<u>18,000.00</u>		<u>18,000.00</u>
TOTAL EXPENDITURES	<u>50,742,451.00</u>	<u>8,350.00</u>	<u>50,750,801.00</u>	<u>23,972,778.90</u>	<u>26,778,022.10</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>12,100.00</u>	<u>(8,350.00)</u>	<u>3,750.00</u>	<u>(193,316.86)</u>	<u>(197,066.86)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing Sources (Uses)	<u>12,100.00</u>	<u>(8,350.00)</u>	<u>3,750.00</u>	<u>(193,316.86)</u>	<u>(197,066.86)</u>
Fund Balance, July 1	18,401,078.00		18,401,078.00	18,401,078.00	
Fund Balance, June 30	<u>\$ 18,413,178.00</u>	<u>\$ (8,350.00)</u>	<u>\$ 18,404,828.00</u>	<u>\$ 18,207,761.14</u>	<u>\$ (197,066.86)</u>
Recapitulation:					
Fund Balances:					
Unassigned:					
General Fund				\$ 18,207,761.14	
Total Fund Balances				<u>18,207,761.14</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis					
Fund Balance per Governmental Funds (GAAP)					
				<u>\$ 18,207,761.14</u>	

- * Include interest earnings on the unemployment compensation bank account
- ** Include interest earnings on the flexible benefits bank account
- *** Represents Unemployment Fund Net Position as of June 30, 2020

**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 1,583,114.00	\$ 1,190,165.70	\$ 2,773,279.70	\$ 1,142,695.71	\$ 1,630,583.99
Local Sources	6,979,483.00	1,925,905.56	8,905,388.56	6,203,537.28	2,701,851.28
Total Revenues	<u>8,562,597.00</u>	<u>3,116,071.26</u>	<u>11,678,668.26</u>	<u>7,346,232.99</u>	<u>4,332,435.27</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	2,485,883.00	1,479,322.90	3,965,205.90	2,542,103.77	1,423,102.13
Other Salaries for Instruction	589,521.00	16,051.35	605,572.35	416,243.87	189,328.48
Purchased Professional-Educational Services	29,125.00	(7,916.61)	21,208.39	5,518.45	15,689.94
Other Purchased Services (400-500 series)	20,531.00	15,416.37	35,947.37	7,957.75	27,989.62
Travel	19,875.00	23,865.20	43,540.20	42,714.50	825.70
General Supplies	162,400.00	167,571.57	329,971.57	197,051.52	132,920.05
Other Objects	11,012.00	7,955.46	18,967.46	2,318.46	16,649.00
Total Instruction	<u>3,318,347.00</u>	<u>1,702,066.24</u>	<u>5,020,413.24</u>	<u>3,213,908.32</u>	<u>1,806,504.92</u>
Support Services:					
Salaries-Support	451,125.00	409,954.88	861,079.88	526,750.95	334,328.93
Salaries of Supervisor of Instruction	289,285.00	37,059.09	326,344.09	266,919.90	59,424.19
Salaries of Program Directors	495,658.00	765.13	496,423.13	461,076.86	35,346.27
Salaries of Other Professional Staff	207,262.00	6,935.50	214,197.50	175,698.73	38,498.77
Salaries of Secretarial and Clerical Assistants	309,652.00	17,404.26	327,056.26	237,105.18	89,951.08
Other Salaries	173,964.00	148,456.73	322,420.73	80,269.19	242,151.54
Personal Services - Employee Benefits	1,330,570.00	217,638.59	1,548,208.59	1,188,256.80	359,951.79
Purchased Professional - Technical Services	816,923.00	177,118.07	994,041.07	675,812.57	318,228.50
Purchased Professional-Educational Services	1,500.00	(1,500.00)			
Other Purchased Professional Services	128,250.00	(26,228.66)	102,021.34	77,182.09	24,839.25
Purchased Property-Support	9,000.00		9,000.00	4,024.00	4,976.00
Cleaning, Repair and Maintenance Services	5,063.00	2,596.06	7,659.06	4,312.62	3,346.44
Rentals	44,375.00	21,363.02	65,738.02	52,182.81	13,555.21
Other Purchased Services _Support	23,083.00	5,299.44	28,382.44	19,424.03	8,958.41
Contract Services-Transportation (Between Home and School)	26,615.00	13,832.00	40,447.00	1,197.48	39,249.52
Contract Services - Transportation (Field Trips)	72,377.00	77,500.00	149,877.00	6,926.63	142,950.37
Travel	26,369.00	23,900.00	50,269.00	955.90	49,313.10
Miscellaneous Purchased Services	45,921.00	54,723.05	100,644.05	32,101.32	68,542.73
Supplies and Materials	282,270.00	192,464.50	474,734.50	303,187.97	171,546.53
Other Object	494,238.00	37,223.36	531,461.36	15,989.64	515,471.72
Student Activities				837.59	(837.59)
Total Support Services	<u>5,233,500.00</u>	<u>1,416,505.02</u>	<u>6,650,005.02</u>	<u>4,130,212.26</u>	<u>2,519,792.76</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment	10,750.00	(2,500.00)	8,250.00	2,950.00	5,300.00
Total Facilities Acquisition and Construction Services	<u>10,750.00</u>	<u>(2,500.00)</u>	<u>8,250.00</u>	<u>2,950.00</u>	<u>5,300.00</u>
Total Expenditures	<u>8,562,597.00</u>	<u>3,116,071.26</u>	<u>11,678,668.26</u>	<u>7,347,070.58</u>	<u>4,331,597.68</u>
Other Financing Sources (Uses):					
Total Other Financing Sources (Uses)					
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ (837.59)</u>	<u>\$ 837.59</u>
Fund Balance, July 1					
Prior Period Adjustment				2,604.00	
Fund Balance, July 1 (Restated)				<u>2,604.00</u>	
Fund Balance, June 30				<u>\$ 1,766.41</u>	
Recapitulation:					
Restricted:					
Scholarships					
Student Activities				1,766.41	
Total Fund Balance				<u>\$ 1,766.41</u>	

Note 1 Not required to budget for Scholarships and Student Activities funds.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION - Part II
BUDGET-TO-GAAP RECONCILIATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

	General <u>Fund</u>	Special Revenue <u>Fund</u>
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 23,779,462.04	[C-2] \$ 7,346,232.99
Difference - Budget-to-GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	2,775,724	2,775,724
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	[C-1] _____	2,775,724
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2] \$ <u>23,779,462.04</u>	[B-2] \$ <u>7,346,232.99</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 23,972,778.90	[C-2] \$ 7,347,070.58
Differences - Budget-to-GAAP:		
The district budgets for claims and compensated absences only to the extent expected to be paid, rather than on the modified accrual basis. <i>[Not applicable in this example]</i>		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary purposes</i> , but in the year the supplies are received for <i>financial reporting purposes</i> .		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$ <u>23,972,778.90</u>	[B-2] \$ <u>7,347,070.58</u>

The general fund budget basis is GAAP, therefore no reconciliation is required.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

L. SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)

Note: GASB 68 requires that ten years of statistical data be presented. The following unaudited information is presented utilizing information available. Data for the latest years available has been presented. Each year hereafter, an additional year's data will be included until ten years of data is presented.

**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS **
(Unaudited)**

	Fiscal Year Ending June 30,							
	2013	2014	2015	2016	2017	2018	2019	2020
Commission's proportion of the net pension liability (asset)	0.0640%	0.0602%	0.0615%	0.0620%	0.0606%	0.0652%	0.0652%	0.0554%
Commission's proportionate share of the net pension liability (asset)	\$ 12,224,394	\$ 11,277,307	\$ 13,796,195	\$ 18,370,051	\$ 14,095,321	\$ 12,835,232	\$ 11,740,753	\$ 9,040,328
State's proportionate share of the net pension liability (asset) associated with the District	\$ 12,224,394	\$ 11,277,307	\$ 13,796,195	\$ 18,370,051	\$ 14,095,321	\$ 12,835,232	\$ 11,740,753	\$ 9,040,328
Total	\$ 4,088,734	\$ 4,036,385	\$ 4,080,778	\$ 4,074,250	\$ 4,151,769	\$ 4,546,675	\$ 4,171,001	
Commission's covered-employee payroll								
Commission's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.53%	35.79%	29.58%	22.18%	29.45%	35.42%	35.53%	
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	

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

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
 SCHEDULE OF THE COMMISSION'S CONTRIBUTIONS
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 LAST NINE FISCAL YEARS
 (Unaudited)

	Fiscal Year Ending June 30,								
	2013	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$	\$ 481,940	\$ 496,554	\$ 528,378	\$ 551,022	\$ 560,941	\$ 648,412	\$ 633,813	\$ 606,453
Contributions in relation to the contractually required contribution		(481,940)	(496,554)	(528,378)	(551,022)	(560,941)	(648,412)	(633,813)	(606,453)
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$
Commission's covered-employee payroll	\$	\$ 4,036,385	\$ 4,080,778	\$ 4,074,250	\$ 4,151,769	\$ 4,546,675	\$ 4,171,001	\$ 3,372,601	\$
Contributions as a percentage of covered-employee payroll	*	11.94%	12.17%	12.97%	13.27%	12.34%	15.55%	18.79%	*

* Data was not provided by Commission.

**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
TEACHERS' PENSION AND ANNUITY FUND
LAST EIGHT FISCAL YEARS **
(Unaudited)**

	Fiscal Year Ending June 30,							
	2013	2014	2015	2016	2017	2018	2019	2020
Commission's proportion of the net pension liability (asset)								
Commission's proportionate share of the net pension liability (asset)	\$ 42,289,363	\$ 42,303,700	\$ 51,495,835	\$ 56,683,140	\$ 43,115,001	\$ 38,186,687	\$ 38,350,505	\$ 41,193,013
State's proportionate share of the net pension liability (asset) associated with the District	\$ 42,289,363	\$ 42,303,700	\$ 51,495,835	\$ 56,683,140	\$ 43,115,001	\$ 38,186,687	\$ 38,350,505	\$ 41,193,013
Total	\$ 7,705,990	\$ 7,355,503	\$ 6,692,070	\$ 5,975,010	\$ 6,118,584	\$ 6,868,336	\$ 5,761,496	\$ 5,761,496
Commission's covered-employee payroll								
Commission's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.76%	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	*
Plan fiduciary net position as a percentage of the total pension liability								

* Data was not provided by Commission.

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III

**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
COUNTY OF ESSEX**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Changes of Benefit Terms and Changes of Assumptions

Refer to Note 6 in the Notes to Financial Statements for benefits and assumptions.

**M. SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

Note: GASB 75 requires that ten years of statistical data be presented. The following unaudited information is presented utilizing information available. Data for the latest years available has been presented. Each year hereafter, an additional year's data will be included until ten years of data is presented.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III

OTHER SUPPLEMENTARY INFORMATION

D. SCHOOL-BASED BUDGET SCHEDULES (IF APPLICABLE)

E. SPECIAL REVENUE FUND

**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Total Brought Forward E-1C1	Title I D	Migrant	Migrant	Mckinney Vento	Totals 2021
REVENUE						
Federal Sources	\$ 6,203,537.28	\$ 575,419.00	\$ 103,343.78	\$ 180,035.92	\$ 283,897.01	\$ 1,142,695.71
Local Sources	\$ 6,203,537.28	\$ 575,419.00	\$ 103,343.78	\$ 180,035.92	\$ 283,897.01	\$ 7,346,232.99
Total Revenue	\$ 12,407,074.56	\$ 1,150,838.00	\$ 206,687.56	\$ 360,071.84	\$ 567,794.02	\$ 18,753,937.70
EXPENDITURES						
Instruction:						
Salaries of Teachers	\$ 2,256,460.65	\$ 246,612.00	\$ 6,449.59	\$ 16,029.67	\$ 16,551.86	\$ 2,542,103.77
Other Salaries for Instruction	305,048.81	100,842.02		4,789.30	5,563.74	416,243.87
Purchased Professional-Educational Services	5,518.45	42,585.20		299.00	7,658.75	50,672.25
Other Purchased Services (400-500 series)	129.30	1,989.00	251.75			197,051.52
General Supplies	194,810.77					2,318.46
Other Objects	2,318.46					
Total Instruction	2,764,286.44	392,028.22	6,701.34	21,117.97	23,774.35	3,213,908.32
Salaries-Support	526,750.95					526,750.95
Salaries of Supervisors of Instruction	266,919.90					266,919.90
Salaries of Program Directors	309,192.38				102,448.48	461,076.86
Salaries of Other Professional Staff	175,545.50				153.23	175,698.73
Salaries of Secretarial and Clerical Employees	218,745.18					237,105.18
Other Salaries	2,462.80					80,269.19
Personal Services - Employee Benefits	833,649.07		23,206.31		41,487.93	1,188,256.80
Purchased Professional and Technical Services	670,820.02	173,947.52	47,188.59		98,947.04	670,820.02
Other Purchased Professional Services	77,182.09		408.55			82,174.64
Purchased Property-Support	4,024.00					4,024.00
Cleaning, Repair and Maintenance Services	4,312.82					4,312.82
Rentals	40,182.81		1,500.00			52,182.81
Other Purchased Services - Support	12,319.81				1,795.08	19,424.03
Contractual Services (Other Than Between Home and School)	1,197.48					1,197.48
Contractual Services Field Trips	777.40					6,926.63
Travel	21,786.24		178.50		2,431.03	955.90
Miscellaneous Purchased Services	255,610.95	9,443.26	315.00		5,691.87	32,101.32
Supplies and Materials	14,821.64		23,845.49		1,168.00	303,187.87
Other Object	837.59					15,989.64
Student Activities						837.59
Facilities Acquisition and Construction Services:						
Instructional Equipment	2,950.00					2,950.00
Total Facilities Acquisition and Construction Services	2,950.00					2,950.00
Total Expenditures	\$ 6,204,374.87	\$ 575,419.00	\$ 103,343.78	\$ 180,035.92	\$ 283,897.01	\$ 7,347,070.58
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(837.59)					(837.59)
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing (Uses)	\$ (837.59)					\$ (837.59)
Fund Balance, July 1	2,604.00					2,604.00
Prior Period Adjustment						
Fund Balance, July 1 (Restated)	2,604.00					2,604.00
Fund Balance, June 30	\$ 1,766.41					\$ 1,766.41

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Total Brought Forward E-1C2	Non public 192/193 Multi-districts	Non public title 1 and 2 Multi-districts	Non Public IDEA Multi-districts	Migrant/food program	Sojourn Contract JDC	Non public 192/193 Multi-districts	Totals Carried Forward 2021
REVENUE								
Local Sources	\$ 2,169,619.46	\$ 485,959.30	\$ 241,169.07	\$ 428,138.23	\$ 4,741.30	\$ 1,715,968.23	\$ 1,157,941.69	\$ 6,203,637.28
Total Revenue	<u>\$ 2,169,619.46</u>	<u>\$ 485,959.30</u>	<u>\$ 241,169.07</u>	<u>\$ 428,138.23</u>	<u>\$ 4,741.30</u>	<u>\$ 1,715,968.23</u>	<u>\$ 1,157,941.69</u>	<u>\$ 6,203,637.28</u>
EXPENDITURES								
Instruction:								
Salaries of Teachers	\$ 412,080.83	\$	\$ 44,300.67	\$ 165,219.50	\$	\$ 823,411.14	\$ 976,688.01	\$ 2,296,460.65
Other Salaries for Instruction	2,893.96					136,935.35		305,048.81
Purchased Professional-Educational Services	3,435.06		129.30			2,063.39		5,518.45
Other Purchased Services (400-500 series)			77,618.12	104,999.06		11,891.70	301.89	126.30
General Supplies						2,318.46		194,810.77
Other Objects			122,048.09	270,218.56		976,640.04	976,969.90	2,318.46
Total Instruction	<u>418,409.85</u>		<u>122,048.09</u>	<u>270,218.56</u>		<u>976,640.04</u>	<u>976,969.90</u>	<u>2,764,266.44</u>
Salaries-Support	526,750.95		55,888.77					526,750.95
Salaries of Supervisors of Instruction	158,833.67							266,919.90
Salaries of Program Directors	16,500.00	66,493.52						309,192.38
Salaries of Other Professional Staff								175,945.50
Salaries of Secretarial and Clerical Employees								218,745.18
Other Salaries	2,462.80							2,462.80
Personal Services - Employee Benefits	176,734.62		59,187.21	34,633.17		223,097.75		833,649.07
Purchased Professional and Technical Services	596,689.00		2,625.00	123,286.50				670,620.02
Other Purchased Professional Services	77,182.09							77,182.09
Purchased Property-Support	4,024.00							4,024.00
Cleaning, Repair and Maintenance Services	1,300.00							4,312.62
Rentals	19,000.00							40,162.61
Other Purchased Services - Support	1,197.48							12,319.81
Contractual Services (Other Than Between Home and School)	712.75							1,197.48
Travel	16,124.94		920.00		4,741.30		64.65	777.40
Miscellaneous Purchased Services	210,647.31							21,786.24
Supplies and Materials	200.00							285,610.95
Other Object	837.59							14,821.64
Student Activities								837.59
Facilities Acquisition and Construction Services:								
Instructional Equipment	2,950.00							2,950.00
Total Facilities Acquisition and Construction Services	<u>2,950.00</u>							
Total Expenditures	<u>\$ 2,170,457.05</u>	<u>\$ 485,959.30</u>	<u>\$ 241,169.07</u>	<u>\$ 428,138.23</u>	<u>\$ 4,741.30</u>	<u>\$ 1,715,968.23</u>	<u>\$ 1,157,941.69</u>	<u>\$ 6,204,374.97</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(637.59)</u>							<u>(637.59)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	<u>\$ (637.59)</u>							<u>\$ (637.59)</u>
Fund Balance, July 1	2,604.00							2,604.00
Prior Period Adjustment								
Fund Balance, July 1 (Restated)	2,604.00							2,604.00
Fund Balance, June 30	<u>1,766.41</u>							<u>1,766.41</u>

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Total Brought Forward E-1C3	Non public 192/193 Multidistricts	Non public 192/193 Multidistricts	Non public 192/193 Multidistricts	Non public 192/193 Multidistricts	Non Public Nursing Multidistricts	Totals Carried Forward 2021
REVENUE							
Local Sources	\$ 116,142.29	\$ 137,992.00	\$ 71,125.63	\$ 571,096.74	\$ 275,675.53	\$ 994,152.16	\$ 2,169,619.46
Total Revenue	\$ 116,142.29	\$ 137,992.00	\$ 71,125.63	\$ 571,096.74	\$ 275,675.53	\$ 994,152.16	\$ 2,169,619.46
EXPENDITURES							
Instruction:							
Salaries of Teachers	\$ 2,893.96	\$ 3,435.06	\$ 3,435.06	\$ 35,381.74	\$ 274,088.83	\$	\$ 412,080.83
Other Salaries for Instruction	2,893.96	3,435.06	3,435.06	35,381.74	274,088.83		2,893.96
Purchased Professional-Educational Services							3,435.06
Total Instruction	2,893.96	3,435.06	3,435.06	35,381.74	274,088.83		412,080.83
Salaries-Support							
Salaries of Supervisors of Instruction	16,500.00		62,651.63			526,750.95	526,750.95
Salaries of Program Directors	2,462.80					60,800.30	168,633.67
Other Salaries	778.78						16,500.00
Personal Services - Employee Benefits							2,462.80
Purchased Professional and Technical Services							175,955.84
Other Purchased Professional Services					874.00		176,734.62
Purchased Property-Support							536,989.00
Cleaning, Repair and Maintenance Services							77,182.09
Rentals	19,000.00		4,024.00				4,024.00
Travel	1,197.48		1,300.00				1,300.00
Contractual Services (Other Than Between Home and School)							19,000.00
Miscellaneous Purchased Services	73,309.27				712.75		712.75
Supplies and Materials							1,197.48
Other Object							16,124.94
Student Activities	837.59		200.00				210,647.31
Facilities Acquisition and Construction Services:							200.00
Instructional Equipment							837.59
Total Facilities Acquisition and Construction Services							2,950.00
Total Expenditures	\$ 116,979.88	\$ 137,992.00	\$ 71,125.63	\$ 571,096.74	\$ 275,675.53	\$ 994,152.16	\$ 2,170,457.05
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(837.59)						(837.59)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	\$ (837.59)	\$	\$	\$	\$	\$	\$ (837.59)
Fund Balance, July 1	2,604.00						2,604.00
Prior Period Adjustment	2,604.00						2,604.00
Fund Balance, July 1 (Restated)	\$ 1,766.41	\$	\$	\$	\$	\$	\$ 1,766.41
Fund Balance, June 30							

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	SECURITY AID	Extended Day	Student Activity	Totals Carried Forward 2021
REVENUE				
Local Sources	\$ 73,309.27	\$ 42,833.02		\$ 116,142.29
Total Revenue	\$ 73,309.27	\$ 42,833.02		\$ 116,142.29
EXPENDITURES				
Instruction:				
Other Salaries for Instruction	2,893.96	2,893.96		2,893.96
Total Instruction	2,893.96	2,893.96		2,893.96
Salaries of Program Directors	16,500.00	16,500.00		16,500.00
Other Salaries	2,462.80	2,462.80		2,462.80
Personal Services - Employee Benefits	778.78	778.78		778.78
Rentals	19,000.00	19,000.00		19,000.00
Contractual Services (Other Than Between Home and School)	1,197.48	1,197.48		1,197.48
Supplies and Materials	73,309.27			73,309.27
Student Activities			837.59	837.59
Total Expenditures	\$ 73,309.27	\$ 42,833.02	\$ 837.59	\$ 116,979.88
Excess (Deficiency) of Revenues Over/(Under) Expenditures			(837.59)	(837.59)
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing (Uses)				
Fund Balance, July 1				2,604.00
Prior Period Adjustment				2,604.00
Fund Balance, July 1 (Restated)				2,604.00
Fund Balance, June 30	\$	\$	\$ 1,766.41	\$ 1,766.41

F. CAPITAL PROJECTS FUND

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Project Title/Issue	Approval Date	Original Budgetary Appropriation	Adjustments	Modified Budgetary Authorization	GAAP Expenditures to Date		Balance June 30, 2021
					Prior Years	Current Year	
Various Capital Improvements		\$ 40,000.00	\$ (1,586.00)	\$ 38,414.00	\$	\$	
Capital Improvements - 369 Passaic avenue		1,500,000.00		1,500,000.00	1,186,622.00	10,763.18	302,614.82
various capital improvements		300,000.00	4,735.00	304,735.00	291,860.00		12,875.00
improvements at 23 fairfield place		293,000.00	(16,149.00)	276,851.00	276,851.00		
		<u>\$ 2,133,000.00</u>	<u>\$ (13,000.00)</u>	<u>\$ 2,120,000.00</u>	<u>\$ 1,793,747.00</u>	<u>\$ 10,763.18</u>	<u>\$ 315,489.82</u>

**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Revenues and Other Financing Sources:

Interest Earned	\$ 44.87
Total Revenues	44.87

Expenditures and Other Financing Uses:

Purchased Professional and Technical Services	\$ 10,763.18
Total Expenditures and Other Financing Uses	10,763.18

Excess (Deficiency) of Revenues Over/(Under) Expenditures	(10,718.31)
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Fund Balance, June 30 2020	326,253.00
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Fund Balance, June 30 2021	\$ 315,534.69
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Reconciliation to Governmental Funds Statements (GAAP Basis)

Fund Balance (Budgetary Basis)	\$ 315,534.69
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Less: Encumbrances	-
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Fund Balance Per Governmental Funds (GAAP Basis)	\$ 315,534.69
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ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
 Various Capital Improvements
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Local Sources- Transfer from General Fund	\$ 38,414.00		\$ 38,414.00	\$ 38,414.00
Total Revenues	38,414.00		38,414.00	38,414.00
Expenditures and Other Financing Uses:				
Facilities Acquisition and Construction Services	32,040.00		32,040.00	32,040.00
Purchased Professional and Technical Services	6,374.00		6,374.00	6,374.00
Total Expenditures	38,414.00		38,414.00	38,414.00

Excess (Deficiency) of Revenues Over/(Under) Expenditures

Additional Project Information:

Original Authorized Cost	\$ 40,000.00
Additional Authorized Cost	\$ (1,586.00)
Revised Authorized Cost	\$ 38,414.00

Percentage Increase Over Original

Authorized Cost (0.04)

Percentage Completion

100.00%

Original Target Completion Date

6/30/2018

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
 Capital Improvements - 369 Passaic avenue
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Proceeds from Lease Purchase Agreement	\$ 1,500,000.00		\$ 1,500,000.00	\$ 1,500,000.00
Interest Earned		\$ 44.87	\$ 44.87	
Total Revenues	<u>1,500,000.00</u>	<u>44.87</u>	<u>1,500,044.87</u>	<u>1,500,000.00</u>
Expenditures and Other Financing Uses:				
Facilities Acquisition and Construction Services	1,038,452.00		1,038,452.00	
Purchased Professional and Technical Services	148,170.00	10,763.18	158,933.18	
Total Expenditures	<u>1,186,622.00</u>	<u>10,763.18</u>	<u>1,197,385.18</u>	
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 313,378.00</u>	<u>\$ (10,718.31)</u>	<u>\$ 302,659.69</u>	<u>\$ 1,500,000.00</u>

Additional Project Information:

Original Authorized Cost	\$ 1,500,000.00
Revised Authorized Cost	\$ 1,500,000.00

Percentage Completion	79.83%
Original Target Completion Date	6/30/2018
Revised Target Completion Date	6/30/2021

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
 AND PROJECT STATUS - BUDGETARY BASIS
 various capital improvements
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Local Sources- Transfer from General Fund	\$ 304,735.00		\$ 304,735.00	\$ 304,735.00
Total Revenues	<u>304,735.00</u>		<u>304,735.00</u>	<u>304,735.00</u>
Expenditures and Other Financing Uses:				
Facilities Acquisition and Construction Services	70,075.00		70,075.00	
Purchased Professional and Technical Services	221,785.00		221,785.00	
Total Expenditures	<u>291,860.00</u>		<u>291,860.00</u>	
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 12,875.00</u>		<u>\$ 12,875.00</u>	<u>\$ 304,735.00</u>

Additional Project Information:

Original Authorized Cost	\$ 300,000.00
Additional Authorized Cost	\$ 4,735.00
Revised Authorized Cost	\$ 304,735.00

Percentage Increase Over Original

Authorized Cost	0.02
Percentage Completion	95.78%
Original Target Completion Date	6/30/2018
Revised Target Completion Date	6/30/2021

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
 improvements at 23 fairfield place
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Local Sources- Transfer from General Fund	\$ 276,851.00		\$ 276,851.00	\$ 276,851.00
Total Revenues	<u>276,851.00</u>		<u>276,851.00</u>	<u>276,851.00</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	276,851.00		276,851.00	
Total Expenditures	<u>276,851.00</u>		<u>276,851.00</u>	
Excess (Deficiency) of Revenues Over/(Under) Expenditures				<u>\$ 276,851.00</u>

Additional Project Information:

Original Authorized Cost	\$ 293,000.00
Additional Authorized Cost	\$ (16,149.00)
Revised Authorized Cost	\$ 276,851.00

Percentage Increase Over Original Authorized Cost	(0.06)
Percentage Completion	100.00%
Original Target Completion Date	12/31/2019
Revised Target Completion Date	12/31/2019

G. PROPRIETARY FUNDS

ENTERPRISE FUND

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
 STATEMENT OF NET POSITION
 NON-MAJOR ENTERPRISE FUNDS
 AS OF JUNE 30, 2021

	Business-Type Activities Enterprise Funds	
	Food Service	Totals
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 11,393.94	\$ 11,393.94
Intergovernmental Accounts Receivable:		
State	186.24	186.24
Federal	2,847.96	2,847.96
Total Current Assets	<u>14,428.14</u>	<u>14,428.14</u>
Noncurrent Assets:		
Capital Assets	21,224.39	21,224.39
Less Accumulated Depreciation	(15,602.55)	(15,602.55)
Total Noncurrent Assets	<u>5,621.84</u>	<u>5,621.84</u>
Total Assets	<u>\$ 20,049.98</u>	<u>\$ 20,049.98</u>
 <u>LIABILITIES</u>		
Current Liabilities:		
Due to Other Funds	12,218.01	12,218.01
Total Current Liabilities	<u>12,218.01</u>	<u>12,218.01</u>
Total Liabilities	<u>12,218.01</u>	<u>12,218.01</u>
 <u>NET POSITION</u>		
Invested in Capital Assets, Net of Related Debt	5,621.84	5,621.84
Unrestricted (Deficit)	2,210.13	2,210.13
Total Net Position	<u>\$ 7,831.97</u>	<u>\$ 7,831.97</u>

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities Enterprise Funds	
	Food Service	Totals
Operating Revenues:		
Charges for Services:		
Miscellaneous	130.24	130.24
Total Operating Revenues	<u>130.24</u>	<u>130.24</u>
Operating Expenses:		
Cost of Sales - Reimbursable Programs	13,628.94	13,628.94
Depreciation Expense	5,622.00	5,622.00
Total Operating Expenses	<u>19,250.94</u>	<u>19,250.94</u>
Operating Income/(Loss)	<u>(19,120.70)</u>	<u>(19,120.70)</u>
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	458.02	458.02
Federal Sources:		
School Breakfast Program	6,517.84	6,517.84
National School Lunch Program	10,382.40	10,382.40
Fresh Fruits and Vegetable Program	1,312.41	1,312.41
Total Nonoperating Revenues (Expenses)	<u>18,670.67</u>	<u>18,670.67</u>
Income (Loss) before Contributions and Transfers	(450.03)	(450.03)
Change in Net Position	<u>(450.03)</u>	<u>(450.03)</u>
Total Net Position - Beginning	<u>8,282.00</u>	<u>8,282.00</u>
Total Net Position - Ending	<u>\$ 7,831.97</u>	<u>\$ 7,831.97</u>

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
 COMBINING STATEMENT OF CASH FLOWS
 NON-MAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities Enterprise Funds	
	Food Service	Totals
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from Customers and Other Funds	\$ 130.24	\$ 130.24
Payments to Suppliers (for Goods and Services)	(19,250.94)	(19,250.94)
Net Cash Provided by (Used for) Operating Activities	(19,120.70)	(19,120.70)
 <u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Cash Received (Paid) from Interfund Activities	14,878.17	14,878.17
Cash Received from State and Federal Subsidy Reimbursements	15,636.47	15,636.47
Net Cash Provided by (Used for) Noncapital Financing Activities	30,514.64	30,514.64
Net Increase (Decrease) in Cash and Cash Equivalents	11,393.94	11,393.94
Balances - Beginning of Year		
Balances - End of Year	\$ 11,393.94	\$ 11,393.94
 <u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>		
Operating Income/(Loss)	\$ (19,120.70)	\$ (19,120.70)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Change in Assets and Liabilities:		
Total Adjustments		
Net Cash Provided by (Used for) Operating Activities	\$ (19,120.70)	\$ (19,120.70)

INTERNAL SERVICE FUND

H. FIDUCIARY FUNDS (IF APPLICABLE)

I. LONG-TERM DEBT

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
Unaudited

NOT APPLICABLE

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
 LONG-TERM DEBT
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
 YEAR ENDED JUNE 30, 2021

Purpose	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance June 30, 2020	Issued	Retired	Balance June 30, 2021
			Principal	Interest					
369 Passiac Avenue			\$ 12,500,000.00		2.90%	\$ 8,719,785.00		\$590,078.40	\$ 8,129,706.60
333 Fairfield Road			7,465,499.00		3.15%	6,765,499.00		284,500.00	6,480,999.00
22 Fairfield Place			1,620,000.00			1,620,000.00		119,568.00	1,500,432.00
School Bus			103,374.00		2.15%	21,110.00			21,110.00
						<u>\$ 17,126,394.00</u>		<u>\$ 994,146.40</u>	<u>\$ 16,132,247.60</u>

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
Unaudited

NOT APPLICABLE

STATISTICAL SECTION (UNAUDITED)

INTRODUCTION TO THE STATISTICAL SECTION

FINANCIAL TRENDS

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
Unaudited

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities:										
Invested in Capital Assets, Net of Related Debt	\$ 3,123,390	\$ 2,976,864	\$ 2,831,476	\$ 2,756,573	\$ 2,591,880	\$ 2,541,005	\$ 3,083,300	\$ 3,125,354	\$ 3,359,146	\$ 3,281,515
Restricted	1,697,005	1,414,198	88,212	36,052	23,060,890	57,960	153,063	115,417	50,032	354,460
Unrestricted	26,373,107	26,679,257	17,995,299	18,609,424	25,652,770	19,714,712	17,195,870	12,240,845	7,042,609	4,506,955
Total Governmental Activities Net Position	\$ 31,193,502	\$ 31,070,319	\$ 20,914,987	\$ 21,602,049	\$ 25,652,770	\$ 22,313,677	\$ 20,432,233	\$ 15,481,616	\$ 10,451,787	\$ 8,144,930
Business-Type Activities:										
Invested in Capital Assets, Net of Related Debt	\$ 4,302	\$ 2,868	\$ 1,434	\$ 40,253	\$ 22,631	\$ 5,992	\$ 14,055	\$ 11,244	\$ 8,433	\$ 5,622
Unrestricted	14,807	18,642	25,163	40,253	22,631	5,992	(27,049)	(43,123)	(151)	2,210
Total Business-Type Activities Net Position	\$ 19,109	\$ 21,710	\$ 26,597	\$ 40,253	\$ 22,631	\$ 5,992	\$ (12,994)	\$ (31,879)	\$ 8,282	\$ 7,832
Commission-Wide:										
Invested in Capital Assets, Net of Related Debt	\$ 3,127,682	\$ 2,979,732	\$ 2,832,910	\$ 2,756,573	\$ 2,591,880	\$ 2,541,005	\$ 3,097,355	\$ 3,136,598	\$ 3,367,579	\$ 3,287,137
Restricted	1,697,005	1,414,198	88,212	36,052	23,083,521	57,960	153,063	115,417	50,032	354,460
Unrestricted	26,387,914	26,698,099	18,020,462	18,849,677	25,675,401	19,720,704	17,166,821	12,197,722	7,042,458	4,511,165
Total Commission-Wide Net Position	\$ 31,212,611	\$ 31,092,029	\$ 20,941,584	\$ 21,642,302	\$ 25,675,401	\$ 22,319,669	\$ 20,419,239	\$ 15,449,737	\$ 10,460,069	\$ 8,152,762

Source: Commission's financial statements

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
CHANGES IN NET ASSETS / NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities:										
Instruction:										
Regular	\$ 3,631,613	\$ 4,122,477	\$ 3,480,662	\$ 4,470,116	\$ 3,871,547	\$ 5,012,806	\$ 4,188,444	\$ 4,054,676	\$ 2,905,673	\$ 5,956,647
Special Education	8,530,077	9,136,576	9,773,594	10,245,503	10,717,912	14,128,685	16,308,664	11,997,948	8,014,396	2,102,024
Other Instruction	6,321,903	4,875,645	5,089,113	5,331,868	5,739,014	4,033,579	3,920,277	3,418,164	2,934,250	
Nonpublic School Programs						71,700	152,942	219,076		
Support Services:										
Student and Instruction Related Services	7,860,385	6,420,782	6,234,603	6,322,752	6,144,644	5,063,109	4,774,875	4,316,450	3,536,236	4,833,319
General Administrative Services	683,125	934,794	2,276,788	1,784,255	1,683,334	3,535,822	4,412,369	4,517,319	2,230,622	1,707,597
School Administrative Services	1,136,124	1,255,294	1,207,752	1,171,115	1,361,735	2,599,427	3,053,961	3,014,382	2,881,470	942,044
Central Services	770,527	782,318	725,075	727,272	712,869	961,956	1,481,206	1,542,509	1,235,548	1,363,299
Administration of Information Technology	234,833	194,258	151,218	132,688	137,436	248,240	336,974	322,472	296,899	264,175
Plant Operations and Maintenance	1,642,414	1,690,455	1,487,824	1,486,500	1,530,426	1,574,760	1,686,201	2,023,005	2,106,950	1,158,357
Pupil Transportation	42,106,886	43,751,326	43,201,600	55,971,127	71,711,850	41,370,389	47,538,897	33,493,611	35,360,572	12,073,798
Personal Services - Employee Benefits										
Interest on Long-Term Debt	461,169	384,009	436,410	422,747	407,624	390,852	889,536	499,619	474,664	490,001
Unallocated Depreciation										
Total Governmental Activities	73,379,056	73,547,934	74,074,959	88,067,953	104,018,391	79,391,325	88,744,346	69,419,231	61,977,280	34,120,171
Business-Type Activities:										
Food Service	78,552	68,163	94,109	87,471	66,942	86,674	101,422	84,867	45,509	19,251
Cooperative Purchasing						20,750				
Total Business-Type Activities	78,552	68,163	94,109	87,471	66,942	107,424	101,422	84,867	45,509	19,251
Total Commission Expenses	\$ 73,457,608	\$ 73,616,097	\$ 74,169,068	\$ 88,155,424	\$ 104,085,333	\$ 79,498,749	\$ 88,845,768	\$ 69,504,098	\$ 62,022,789	\$ 34,139,422
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition):										
Regular	3,063,560	2,783,443	2,201,921	2,493,540	2,449,612	2,787,678	2,230,013	2,391,345	1,101,759	
Special Education	5,972,108	5,630,256	5,656,240	5,009,749	4,906,330	4,812,603	4,143,574	3,134,266	3,105,016	
Other Instruction	5,612,115	4,630,818	4,846,085	4,299,240	3,501,992	3,543,957	3,662,178	2,910,442	2,076,336	
Support Services:										
Student and Instruction Related Services	12,621,977	11,611,081	12,465,347	13,243,687	13,062,651	12,601,468	14,610,704	11,510,853	9,580,767	
General Administration Services	434,196	262,489	1,764,771	1,110,950	636,931	1,024,340	794,872	778,489	372,571	
School Administration Services	90,960	26,609				580,602	1,074,012	1,165,486	632,669	
Administration of Information Technology				13,866	37,458	34,810	111,957	104,372	87,920	
Plant Operations and Maintenance	43,475,789	45,303,697	45,293,817	56,991,948	77,109,790	41,843,848	50,167,515	34,505,363	33,998,836	
Pupil Transportation	298,455	106,842								
Central and Other Support Services	2,210,734	2,659,989	2,299,589	4,654,659	5,809,409	6,789,033	7,305,308	6,007,648	5,409,616	10,342,326
Operating Grants and Contributions	73,769,894	72,914,624	74,527,770	87,817,659	107,514,173	74,018,339	84,100,133	62,508,284	56,365,490	
Total Governmental Activities Program Revenues										

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
CHANGES IN NET ASSETS / NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business-Type Activities:										
Charges for Services:										
Food Service										130
Cooperative Purchasing							4,200	900		
Operating Grants and Contributions	82,873	70,764	98,996	101,127	51,320	90,785	78,236	65,082	39,861	
Total Business-Type Activities Program Revenues	82,873	70,764	98,996	101,127	51,320	90,785	82,436	65,982	39,861	130
TOTAL COMMISSION PROGRAM REVENUES	\$ 73,852,767	\$ 72,985,388	\$ 74,626,766	\$ 87,918,766	\$ 107,565,493	\$ 74,109,124	\$ 84,182,569	\$ 62,574,246	\$ 56,405,351	\$ 10,942,456
Net (Expense)/Revenue:										
Governmental Activities	390,938	(633,310)	453,111	(250,314)	3,495,782	(5,372,986)	(4,644,213)	(6,910,967)	(5,611,790)	(23,777,845)
Business-Type Activities	4,321	2,601	4,887	13,656	(17,622)	(16,639)	(18,986)	(18,885)	(5,648)	(19,121)
Total Commission-Wide Net Expense	\$ 395,159	\$ (630,709)	\$ 457,998	\$ (236,658)	\$ 3,478,160	\$ (5,389,625)	\$ (4,663,199)	\$ (6,929,852)	\$ (5,617,438)	\$ (23,796,966)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, net										
Property Taxes Levied for Debt Service Principal										
Grants and Contributions										
Payments in Lieu of Taxes - State Aid Restricted										
Tuition Received										
Investment Earnings										
Miscellaneous Income										
Proceeds of Long-Term Debt (Refunding Bonds)										
Capital Lease Principal Cancelled										
NJ Schools Development Authority Grants										
Special Item—[Write In]										
Adjustment to Capital Assets										
Transfers										
Total Governmental Activities	(1,681)	510,127	1,615,851	937,376	554,939	2,033,893	2,102,804	2,406,823	581,961	21,468,383
Business-Type Activities:										
Investment Earnings										
Adjustment to Capital Assets										
Transfers										
Total Business-Type Activities	1,681	510,127	1,615,851	937,376	554,939	2,033,893	2,102,804	2,406,823	627,770	3,833,350
Total Commission-Wide	\$ 117,164	\$ 510,127	\$ 1,615,851	\$ 937,376	\$ 554,939	\$ 2,033,893	\$ 2,102,804	\$ 2,406,823	\$ 627,770	\$ 21,468,383
Change in Net Position:										
Governmental Activities	506,321	(123,183)	2,068,962	687,062	4,050,721	(3,339,093)	(2,541,409)	(4,504,144)	(5,029,829)	(2,309,462)
Business-Type Activities	6,002	2,601	4,887	13,656	(17,622)	(16,639)	(18,986)	(18,885)	(40,161)	(19,121)
Total Commission	\$ 512,323	\$ (120,582)	\$ 2,073,849	\$ 700,718	\$ 4,033,099	\$ (3,355,732)	\$ (2,560,395)	\$ (4,523,029)	\$ (4,989,668)	\$ (2,328,583)

Source: Commission's financial statements

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)
 Unaudited

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund:										
Reserved	\$ 4,533,122	\$ 16,441,121	\$ 17,134,018	\$ 16,385,038	\$ 15,671,090	\$ 14,811,090	\$ 24,795,602	\$ 21,036,844	\$ 17,105,284	\$ 18,207,761
Unreserved	20,443,335	7,611,329	7,610,158	8,282,043	13,089,192	15,828,831	1,209,493	1,400,300	1,295,794	
Total General Fund	\$ 24,976,457	\$ 24,052,450	\$ 24,744,176	\$ 24,667,081	\$ 28,760,282	\$ 30,639,921	\$ 26,005,095	\$ 22,437,144	\$ 18,401,078	\$ 18,207,761
All Other Governmental Funds:										
Reserved	\$	\$	\$	\$	\$	\$	\$ 618,066	\$ 329,564	\$ 313,378	\$ 354,460
Unreserved, Reported In: Debt Service Fund	1,697,005	1,414,198	88,212	36,052	57,960	57,960	153,063	115,417	50,032	
Total All Other Governmental Funds	\$ 1,697,005	\$ 1,414,198	\$ 88,212	\$ 36,052	\$ 57,960	\$ 57,960	\$ 771,129	\$ 444,981	\$ 363,410	\$ 354,460

Source: Commission's financial statements

**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**
(Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Tuition Charges	4,767,441	4,733,809	3,867,628	4,679,444	3,848,879	4,137,786	3,604,340	2,778,270	2,939,807	3,833,350
Transportation Fees	42,790,390	44,296,463	43,808,107	54,508,463	77,827,845	44,805,695	47,628,824	35,373,105	34,300,797	17,235,184
Unrestricted Miscellaneous Revenues	24,218,331	20,531,007	23,266,126	24,109,079	20,142,315	24,325,451	25,153,444	21,944,202	15,657,863	399,149
State Sources	1,620,817	1,915,432	1,592,682	1,811,978	1,881,895	2,031,729	2,111,594	2,353,962	2,400,888	2,311,079
Federal Sources	589,917	743,957	706,907	1,006,830	1,321,651	1,217,627	1,213,240	1,360,043	1,476,881	1,142,696
Private Sources	73,986,896	72,220,668	73,241,450	86,115,794	105,022,565	76,518,288	79,711,442	63,809,582	56,776,236	6,203,582
Total Revenues										
Expenditures:										
Instruction:										
Regular Instruction	3,633,314	4,124,419	3,456,189	3,259,296	3,223,866	3,741,810	3,478,654	3,559,060	2,586,245	3,796,824
Special Education Instruction	8,479,605	9,107,491	9,713,583	10,136,081	10,264,996	12,376,851	14,192,142	10,888,821	7,569,923	1,304,526
Other Instruction	6,330,597	4,875,645	5,099,113	5,331,868	4,824,129	4,033,579	3,911,863	3,411,893	2,933,142	
Community Services:						71,700	152,942	200,691		
Student and Instruction Related Services	7,878,960	6,423,908	6,226,591	6,003,875	5,696,875	4,588,859	4,472,001	4,181,008	3,411,373	3,492,891
General Administration	1,328,410	928,168	2,265,945	1,743,482	1,472,773	3,465,369	3,962,551	4,243,940	2,027,395	1,161,894
School Administrative Services	1,121,016	1,240,552	1,189,158	1,050,228	1,159,525	1,987,351	2,575,900	2,741,680	2,634,777	756,892
Central Services	770,824	780,663	722,882	727,501	700,842	912,902	1,309,634	1,426,432	1,166,795	938,961
Administration of Information Technology	235,181	194,422	150,829	133,282	134,202	303,897	295,954	295,954	285,957	163,436
Plant Operations and Maintenance	1,209,822	1,201,781	1,049,769	1,057,239	1,080,251	1,119,946	1,207,507	1,405,334	1,500,021	1,050,959
Pupil Transportation	42,108,609	43,752,176	43,199,016	55,975,710	71,681,291	41,258,298	47,366,120	33,376,985	35,308,726	12,073,798
Employee Benefits										5,125,305
Capital Outlay	241,718	153,257	79,635	96,487		32,040	10,234,161	643,613	86,261	13,713
Debt services:										
Principal	252,965	255,073	277,160	300,286	334,613	370,551	607,053	818,208	851,903	994,146
Interest and other charges	466,882	389,927	442,840	429,714	415,387	369,449	860,578	510,062	485,546	457,327
Total Expenditures	74,057,903	73,427,482	73,875,710	86,245,049	100,988,750	74,580,689	94,625,003	67,703,681	60,848,064	31,330,612
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(71,007)	(1,206,814)	(634,260)	(129,255)	4,033,815	1,937,599	(14,913,561)	(3,894,099)	(4,071,828)	(204,872)
Other Financing Sources (Uses):										
Insurance Recovery					23,334					
Lease Purchase Proceeds							9,085,499			
Refunding Lease Purchase Proceeds							10,034,501			
Payments for Refunding Lease Purchase							(8,128,096)			
Transfers In	(1,681)		1,562,898	18,980	36,052	90,000	300,000	230,000	(45,809)	
Transfers Out	(1,681)		(1,562,898)	(18,980)	(36,052)	(90,000)	(300,000)	(230,000)	(45,809)	
Total Other Financing Sources (Uses)	(1,681)		(1,562,898)	(18,980)	36,052	90,000	(300,000)	230,000	(45,809)	
Net Change in Fund Balances	(72,688)	(1,206,814)	(634,260)	(129,255)	4,057,149	1,937,599	(3,921,657)	(3,894,099)	(4,117,637)	(204,872)
Debt service as a percentage of noncapital expenditures	0.98%	0.88%	0.98%	0.85%	0.74%	1.03%	1.74%	1.98%	2.20%	4.63%

Note: Noncapital expenditures are total expenditures less capital outlay.

Source: Commission's financial statements

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
 GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
 LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)
 Unaudited

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Indirect Cost Fees	\$ 654,016	\$ 228,221	\$ 1,597,052	\$ 937,376	\$ 469,212	\$ 1,865,118	\$ 1,989,508	\$ 2,158,128	\$ 207,997	\$ 207,997
Interest Earned on Deposits/Investments	17,007	26,577	7,012	2,757	2,757	12,177,461	23,347	148,692	132,584	132,584
Local Education Agency Fees	10,414,271	8,958,318	9,655,402	11,688,846	9,766,625	12,177,461	12,754,041	10,184,262	8,709,244	8,709,244
Miscellaneous	117,164	483,550	11,788		82,970	162,979	61,209	90,798	282,500	399,149
Annual Totals	\$11,202,458	\$ 9,686,666	\$11,271,254	\$12,626,222	\$10,321,564	\$14,205,558	\$14,828,105	\$12,581,880	\$ 9,332,325	\$ 399,149

Source: Commission's financial statements

REVENUE CAPACITY

**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
*Unaudited***

NOT APPLICABLE

**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
*Unaudited***

NOT APPLICABLE

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
Unaudited

NOT APPLICABLE

**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
*Unaudited***

NOT APPLICABLE

DEBT CAPACITY

**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
Unaudited**

Fiscal Year Ended June 30,	Governmental Activities		Total Commission	Percentage of Personal Income ^a	Per Capita ^a
	Capital Leases				
2012	\$ 9,867,527	\$	9,867,527	0.02%	\$ 13
2013	9,612,454		9,612,454	0.02%	12
2014	9,335,294		9,335,294	0.02%	12
2015	9,035,008		9,035,008	0.02%	11
2016	8,700,395		8,700,395	0.02%	11
2017	8,329,844		8,329,844	0.02%	11
2018	18,796,505		18,796,505	0.04%	24
2019	17,978,297		17,978,297	0.04%	23
2020	17,126,394		17,126,394	0.03%	21
2021					

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

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

Source: Commission's Records

**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
*Unaudited***

NOT APPLICABLE

**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2021
*Unaudited***

NOT APPLICABLE

**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS
*Unaudited***

NOT APPLICABLE

DEMOGRAPHIC AND ECONOMIC INFORMATION

**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
Unaudited**

<u>Year</u>	<u>County Population^a</u>	<u>Personal Income^b</u>	<u>Per Capita Personal Income^c</u>	<u>Unemployment Rate^d</u>
2012	785,063	\$ 40,781,667,661	\$ 51,947	10.80%
2013	786,649	42,656,042,025	54,225	10.80%
2014	788,726	43,418,577,574	55,049	9.50%
2015	790,439	44,104,124,883	55,797	7.90%
2016	792,689	46,348,525,830	58,470	6.70%
2017	796,349	48,446,687,764	60,836	6.00%
2018	798,570	49,713,378,210	62,253	5.70%
2019	798,975	51,319,762,200	64,232	5.20%
2020	*	*	*	*
2021	*	*	*	*

Note: Information represents County of Essex demographics

Source:

- ^a Population information provided by the NJ Department of Labor and Workplace Development.
- ^b Personal Income has been estimated based upon the county population and per capita personal income presented.
- ^c Per Capita personal income by county source is U.S. Census Data.
- ^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

*Unavailable

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
Unaudited

NOT APPLICABLE

OPERATING INFORMATION

**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
Unaudited**

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Instruction:										
Regular	140	140	145	142	393	482	482	206	183	
Support Services:										
Student and Instructional Related Services	280	290	292	298	10	38	38	16	37	
General Administration	5	5	5	5	8	11	11	11	13	
School Administrative Service	10	10	10	9	12	10	10	14	20	
Central Services	16	17	18	18	6	39	39	36	13	
Plant Operations and Maintenance	6	6	6	6	4	3	3	3	3	
Pupil Transportation	15	15	15	17	17	15	15	16	14	
Total	<u>472</u>	<u>483</u>	<u>491</u>	<u>495</u>	<u>450</u>	<u>598</u>	<u>598</u>	<u>302</u>	<u>283</u>	

Source: Commission's Personnel Records

Note- Beginning in FY 2016, the Commission's FTE's were calculated based on the function as detailed in the State Chart of Accounts.

**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
OPERATING STATISTICS
LAST TEN FISCAL YEARS
Unaudited**

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost per Pupil ^d	Percentage Change	Pupil/Teacher Ratio			Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff ^b	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c			
2012	135	\$ 73,096,338	*	(1.24%)	17.0	135.0	104.1	15.67%	77.11%	
2013	127	72,629,225	*	*	20.0	126.8	96.9	(6.07%)	76.42%	
2014	120	73,076,075	*	*	20.0	120.0	106.5	(5.36%)	88.75%	
2015	122	85,418,562	*	*	20.0	122.0	105.0	1.67%	86.07%	
2016	118	100,238,750	*	*	N/A	118.0	93.3	(3.28%)	79.07%	
2017	139	73,778,649	*	*	N/A	138.7	99.5	17.54%	71.74%	
2018	103	82,923,211	*	*	N/A	98.5	70.4	(28.98%)	71.47%	
2019	75	65,731,798	*	*	N/A	75.0	58.7	(23.86%)	78.27%	
2020	73	59,424,354	*	*	N/A	73.1	52.4	(2.49%)	71.64%	
2021		29,865,426	*	*				(100.00%)	*	

Source: Commission's Records

Note: a Commission's operating expenditures represent cost for services rendered to other local education agencies as well as Commission students.

b Teaching staff includes only full-time equivalents of certified staff.

c Average daily enrollment and average daily attendance are obtained from School Registry Summary (SRS).

d The cost per pupil is not representative of cost associated with students included in the Commission's enrollment. Therefore, cost per pupil has not been calculated.

*Information was not provided by School District

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS
 Unaudited

Commission Building	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Commission Building										
Elementary / Middle School										
Essex Junior Academy:										
Square Feet	33,276	38,000	38,000	38,000	38,000	19,000	19,000	19,000	19,000	19,000
Capacity (Students)	192	220	220	220	220	110	110	110	110	110
Enrollment	46	44	41	42	41	48	33	15	15	15
High School										
Essex Campus Academy:										
Square Feet	30,000	30,000	30,000	30,000	30,000	30,000	25,000	17,000	17,000	17,000
Capacity (Students)	125	125	125	125	125	125	125	125	125	125
Enrollment	46	36	40	40	41	45	34	26	26	26
Essex High School:										
Square Feet	7,580	7,580	7,580	7,580	7,580	19,000	19,000	17,000	17,000	17,000
Capacity (Students)	48	48	48	48	48	110	110	110	110	110
Enrollment	44	46	39	40	36	45	36	34	34	34
Other										
Central Office/Administration:										
Square Feet	9,000	9,000	9,000	9,000	9,000	9,000	9,000	25,000	25,000	25,000
23 Fairfield Place:										
Square Feet								15,500	15,500	15,500
Dr. Jacqueline A. Young Education Center:										
Square Feet	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Total Enrollment - All Schools	136	126	120	122	118	138	103	75	75	75

Number of Schools at June 30, 2021:
 Elementary / Middle = 1
 High School = 2
 Other = 3

Source: Commission's Records

Note: Year of original construction is shown in parentheses, if available. Increases in square footage and capacity are the result of additions. Enrollment is based on annual October Commission count.

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITIES
Unaudited

NOT APPLICABLE

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
INSURANCE SCHEDULE
JUNE 30, 2021
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package - NJSIG:		
Blanket Real & Personal Property	\$ 500,000,000	\$ 1,000
Electronic Data Processing	250,000	1,000
Extra Expense	50,000,000	1,000
Valuable Papers	10,000,000	1,000
Equipment Breakdown	100,000,000	25,000
Flood Zone X Limit	75,000,000	10,000
Flood Zone A Limit	25,000,000	500,000
Earthquake	50,000,000	1,000
Comprehensive General Liability - NJSIG:		
Aggregate Limit	31,000,000	None
Employee Benefit Liability	31,000,000	N/A
Employee Benefit Liability	31,000,000	1,000
Commercial Automobile Liability - NJSIG:		
Automobile Physical Damage (Symbol 7)	31,000,000 Actual Cash Value	None 1,000
Crime - NJSIG:		
Computer Fraud	500,000	1,000
Forgery	500,000	1,000
Theft/Disappearance/Destruction: Money & Securities	500,000	1,000
Inside	100,000	500
Outside	100,000	500
Money Orders & Counterfeit Paper Currency	100,000	500
Environmental Impairment Liability - Ironshore:		
Aggregate Limit	1,000,000 11,000,000	50,000 N/A
Nurse Professional Liability - Landmark American Ins. Co.		
Aggregate Limit of Liability	2,000,000 4,000,000	2,500 N/A
Public Official Bonds - Western Surety:	400,000	None
School Leaders Errors & Omissions Liability - NJSIG:		
Coverage B Each Claim Limit	31,000,000 100,000	5,000 5,000
Coverage B Aggregate Limit	300,000	N/A
Student Accident - Bollinger:	1,000,000	None
Workers' Compensation - NJSIG:		
Employer's Liability	Included 3,000,000	None None

Source: Risk Manager

Source: Commission's records

SINGLE AUDIT SECTION

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**INDEPENDENT AUDITOR'S 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**

The Honorable President and Members
of the Board of Directors
Essex Regional Educational Services Commission
Fairfield, New Jersey 07004

We have audited, in accordance with the 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 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 Town of Dover Board of Education, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Essex Regional Educational Services Commission's basic financial statements, and have issued our report thereon dated March 11, 2022.

Internal Control Over Financial Reporting

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

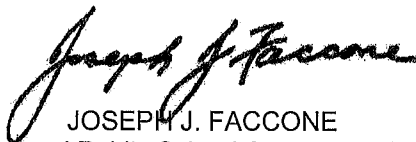
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Essex Regional 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* 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* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



JOSEPH J. FACCONI
Licensed Public School Accountant #194



SAMUEL KLEIN AND COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey
March 11, 2022

SAMUEL KLEIN AND COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS REQUIRED BY UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE) AND NEW JERSEY OMB CIRCULAR 15-08

The Honorable President and Members
of the Board Directors
Essex Regional Educational Services Commission
Fairfield, New Jersey 07004

Report on Compliance for Each Major Program

We have audited the Essex Regional Educational Services Commission's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal and state programs for the year ended June 30, 2021. Essex Regional Educational Services Commission's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, Essex Regional Educational Services Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of Essex Regional Educational Services Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Essex Regional Educational Services Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with Uniform Guidance and NJOMB's 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Essex Regional 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 federal and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Report on Schedules of Expenditures of Federal and State Awards Required by the Uniform Guidance and New Jersey OMB's Circular 15-08

We have audited the financial statements of the Essex Regional Educational Services Commission as of and for the year ended June 30, 2021, and have issued our report thereon dated March 11, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the Uniform Guidance and New Jersey OMB's Circular 15-08 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.



JOSEPH J. FACCONI
Licensed Public School Accountant #194



SAMUEL KLEIN AND COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey
March 11, 2022

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Program or Award Amount	Grant Period From To	Balance June 30, 2020	Carryover/ (Walkover) Amount	Cash Received	Total Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2021 Deferred Inflows	Due to Grantor
U.S. Department of Education:												
Pass-Through State Department of Education:												
Special Revenue Fund:												
Migrant Education	84.011A	S011A200030	918,500	11/2020	\$ -	\$ (49,267.00)	\$ 221,214.00	\$ (180,085.92)	\$ -	\$ -	\$ -	\$ -
Migrant Education	84.011A	S011A210030	918,500	11/2021				(103,343.78)				
Migrant Education	84.011A	S011A190030	845,000	11/2020	(49,688.00)	49,688.00						
Migrant Education	84.011A	S011A180030	845,000	11/2020	391.00	(391.00)						
McDermey Comp. Competitive Grant	84.196	S196A200031	362,749	7/1/2020		(238,688.00)	301,805.00	(238,687.01)			301,805.00	
McDermey Comp. Competitive Grant	84.196	S196A210031	362,749	7/1/2020								
McDermey Comp. Competitive Grant	84.193	S013A300030	575,439	7/1/2020		(204,307.00)	446,594.11	(575,419.00)				
McDermey Comp. Competitive Grant	84.013	S013A190030	685,742	7/1/2019								
McDermey Comp. Competitive Grant	84.013	S013A200030	685,742	7/1/2019								
Total Special Revenue Fund					\$ (483,232.00)	\$ -	\$ 994,915.49	\$ (1,142,696.71)	\$ -	\$ -	\$ 301,805.00	\$ -
U.S. Department of Agriculture												
Pass-Through State Department of Agriculture:												
Enterprise Fund:												
National School Lunch Program	10.555	211NJ504N1059	10,382	7/1/2020			6,633	(10,382)				
National School Breakfast Program	10.553	211NJ204N1059	6,518	7/1/2020			5,419	(6,518)				
Fresh Fruits and Vegetables Program	10.582	211NJ034C1603	1,312	7/1/2020			1,229	(1,312)				
Total Enterprise Fund					\$ (483,232.00)	\$ -	\$ 994,915.49	\$ (1,160,908.26)	\$ -	\$ -	\$ 301,805.00	\$ -
Total Federal Financial Awards					\$ (483,232.00)	\$ -	\$ 994,915.49	\$ (1,160,908.26)	\$ -	\$ -	\$ 301,805.00	\$ -

The accompanying Notes to the Schedules of Awards and Financial Assistance are an integral part of this schedule.

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Period		Balance June 30, 2020		Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures Pass-Through Funds	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2021		Memo Total Expenditures
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor						(Accounts Receivable)	Deferred Inflows/ Interfund Payable	
State Department of Education:														
General Fund:														
TPAF On-Behalf														
Pension Contribution	21-485-034-5054-002	\$ 1,481,587	7/1/2020	6/30/2021	\$	\$	\$ 1,481,587.00	\$ (1,481,587)			\$	\$	\$	\$ 1,481,587
Extended Day Care	21-485-034-5054-004	464,641	7/1/2019	6/30/2021			464,641.00	(464,641)						464,641
LTD Insurance	21-485-034-5054-004	641	7/1/2020	6/30/2021			641.00	(641)						641
Reimbursed TPAF Social Security Cont.	20-485-034-5055-003	387,201	7/1/2019	6/30/2020			32,446.00							
Reimbursed TPAF Social Security Cont.	21-485-034-5055-003	364,649	7/1/2020	6/30/2021			285,657	(364,649)						
Total General Fund							<u>2,276,543</u>	<u>(2,311,079)</u>						<u>(32,446)</u>
Special Revenue Fund:														
State Social Security Fund														
State Social Security Fund	20AJGM	124,987	7/1/2019	6/30/2020			324	(458)						
Extended Day Care	19AJGM	124,988	7/1/2018	6/30/2019			334	(438)						
Extended Day Care	16AJGM	124,997	7/1/2015	6/30/2016										
Total Special Revenue Fund														
Enterprises Fund:														
State Social Lunch Program	21-100-034-5120-122	488	7/1/2020	6/30/2021										
Total Enterprises Fund														
Total State Financial Assistance							<u>\$ 2,276,877</u>	<u>\$ (2,311,537)</u>		<u>\$ (53,744.00)</u>		<u>\$</u>	<u>\$</u>	<u>\$ 1,946,688</u>

Less: On-Benefit Pension System Contributions:
 On-Benefit Pension Contributions (641)
 On-Benefit LTD Insurance (464,282)
 On-Benefit Retirement Medical (1,946,430)
\$ (2,011,963)

Total-Major Program Determination for State Financial Assistance

The accompanying Notes to the Schedules of Awards and Financial Assistance are an integral part of this schedule.

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2021

1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include federal and state award activity of Essex Regional Educational Services Commission. The Commission is defined in Note 1(A) to the Commission's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed-through other government agencies is included on the Schedule of Federal Awards and State Financial Assistance.

2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 2 to the Board's basic financial statements. The information in these schedules are presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from amounts presented in or used in the preparation of the basic financial statements.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue 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 and capital projects fund are presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$ - 0 - for the general fund and \$ - 0 - for the special revenue fund. See Note 2 (the 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. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 7,168,635.89	\$ 7,168,635.89
Special Revenue Fund	310,522.14	380,003.15	690,525.29
Debt Service		<u>99,741.00</u>	<u>99,741.00</u>
Totals	<u>\$ 310,522.14</u>	<u>\$ 7,648,380.04</u>	<u>\$ 7,958,902.18</u>

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. FEDERAL AND STATE LOANS OUTSTANDING

The District had no loans payable outstanding to federal or state entities at June 30, 2021.

6. OTHER

The amount reported as TPAF Post-Retirement Medical Benefit Contributions, Teacher's Pension Contributions and Noncontributory Insurance Contributions represents the amounts paid directly by the State On-Behalf of the District for the year ended June 30, 2021. 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 year ended June 30, 2021.

7. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-Behalf State Programs for TPAF Pensions, Noncontributory Insurance and Post-Retirement Medical Benefits Contributions are not subject to a State single audit. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

8. DE MINIMIS INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Section I - Summary of Auditor's Results

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report Issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified Yes √ No

2) Significant deficiencies identified? Yes √ None Reported

Noncompliance material to basis financial statements noted? Yes √ No

Federal Awards Section

Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000.00

Auditee qualified as low-risk auditee? √ Yes No

Internal control over major programs:

1) Material weakness(es) identified? Yes √ No

2) Significant deficiency(ies) identified that are not considered to be material weaknesses? 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 2 CFR 200 section .516(a) of Uniform Guidance? Yes √ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number</u>	<u>Name of Federal Program or Cluster</u>
84.013	S013A200030	Title I, Part D

**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)**

**Section I - Summary of Auditor's Results
(Continued)**

State Awards Section

Dollar threshold used to distinguish between
Type A and Type B Programs:

\$750,000.00

Auditee qualified as low-risk auditee?

√ Yes ___ No

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

Unmodified

Internal control over major programs:

1) Material weakness(es) identified?

___ Yes √ No

2) Significant deficiency(ies) identified that are
not considered to be material weaknesses?

___ Yes √ None Reported

Any audit findings disclosed that are required to be
reported in accordance with NJOMB Circular Letters
15-08 and 04-04?

___ Yes √ No

Identification of major programs:

GMIS Number(s)

Name of State Program

495-034-5094-003

TPAF Social Security Contribution

Section II - Financial Statement Findings

NONE

Section II - Financial Statement Findings

No financial statement findings that are required to be reported under *Government Auditing Standards*.

Section III - State Financial Assistance Findings and Questioned Costs

There were no findings or questioned costs for state financial assistance.

**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2021**

There were no prior years' findings.

