

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



BOARD OF DIRECTORS
PISCATAWAY, NJ 08854

Annual **C**omprehensive **F**inancial **R**eport
for the **F**iscal **Y**ear **E**nded **J**une 30, 2021

Educational Services Commission of New Jersey
Piscataway, New Jersey

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021

Prepared by

Educational Services Commission of New Jersey
Business Office

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Introductory Section

EDUATIONAL **S**ERVICES **C**OMMISSION OF **N**EW **J**ERSEY

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February 4, 2022

President, Vice President and Board of Directors
Educational Services Commission of New Jersey
1660 Stelton Road
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Dear Board Members and Constituents:

The Annual Comprehensive Financial Report of the Educational Services Commission of New Jersey (the “Commission”) for the fiscal year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Directors. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the government-wide financial statements and 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 Annual Comprehensive Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The introductory section includes this transmittal letter (designed to complement Management’s Discussion and Analysis and should be read in conjunction with it), the Commission’s organizational chart and a list of principal officials. The financial section includes the management’s discussion and analysis, basic financial statements, required supplementary information and other supplementary information, as well as the auditor’s report. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis and is unaudited. The Commission is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and the State Treasury Circular Letter 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this single audit, including the auditors’ report on internal control and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. Reporting Entity and its Services

The Commission was created in 1977 pursuant to NJASA 18A:6-51 through 70, by the twenty-four (24) boards of education in Middlesex County (member districts), to respond to increasing federal and state mandates by developing needed educational programs and services that were best provided cooperatively by a single coordinating agency in an efficient and economic manner. On June 1, 2006, the State Board of Education officially approved a name change for the Middlesex County Educational Services Commission to the Middlesex Regional Educational Services Commission to reflect shared services offered to 11 counties statewide at that time. On May 2, 2016, the State Board of Education unanimously approved a name change for the Middlesex Regional Educational Services Commission to the Educational Services Commission of New Jersey to more accurately reflect its scope of services offered to a presence in all 21 counties. The Commission is a public education agency reporting within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds and the Government-wide financial statements of the Commission are included in this report for Fiscal Year 2021 (FY2021). The Commission and all of its educational programs constitute the Commission's reporting entity.

The Commission provided educational services and programs to the following member districts, through multi-year contracts during FY2021:

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

In addition, approximately one hundred ninety-four (94) non-member districts contracted with the Commission for educational services and programs during the FY2021 school year.

The following educational services and programs were provided during the FY2021 school year:

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

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

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

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

As of June 30, 2021 the following services were provided:

Compensatory Education	1,479 services
English as a Second Language	77 services
Home Instruction	1,427 hours
Examination/Classification	1,264 services
Supplemental Instruction	830 services
Speech Correction	557 services
Speech Evaluations	12 services

NuVIEW ACADEMY

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

NuView Academy operates on a twelve (12) month basis. In FY2021, NuView Academy served sixty-seven (67) students from thirty (30) sending districts within seven (7) counties.

PISCATAWAY REGIONAL DAY SCHOOL (PRDS)

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

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

One hundred eight (108) students with disabilities received educational services at the PRDS during the FY2021 school year.

PRDS EXTENDED SCHOOL YEAR PROGRAM (PRDS ESY)

During the summer of 2021, eighty-two (82) students participated in the PRDS ESY program.

ACADEMY LEARNING CENTER (ALC)

The Academy Learning Center (ALC) provides a comprehensive day school program for students with autism or multiple disabilities based on the principles of Applied Behavior Analysis. The staff, of

approximately ninety-five (95) teachers, instructional aides and therapists, is skilled in the education and the development of appropriate behavior for students with autism or multiple disabilities. The staff provide intensive instruction to students in a team model based upon the goals and objectives of each student's individualized educational program (IEP). Students develop skills in the areas of language and communication, social, academic, activities of daily living, vocational, fine motor and gross motor skills.

The school program is housed in a modern facility located in Monroe Township, New Jersey, especially designed and built for the needs of students with moderate to severe disabilities. In addition to the instructional areas, each classroom has an adjoining observation room for parents/guardians to observe their son/daughter in the classroom, as well as a storage room and a bathroom. The school serves approximately one hundred thirty-four (134) students from 3-21 years of age in eighteen (18) classrooms. The building contains eight (8) speech and language therapy rooms, a large occupational and physical therapy room, a spacious multipurpose room, along with administrative offices and a Health office. Three age appropriate playgrounds are on the ten (10) acre site.

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

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

ALC EXTENDED SCHOOL YEAR PROGRAM (ALC ESY)

The ALC ESY program is a continuation of the ten month program and provides a six week program from the last week in June through the first week in August. A high percentage of ten month employees also work in the ESY program. One hundred and twelve (112) students participated in the FY2021 ESY program.

TITLE I PROGRAM

The Title I Program is a compensatory educational program that provides remedial services to educationally disadvantaged students attending nonpublic schools in low income areas. Students receive services regardless of income, although program funding to local school districts is based on community needs as compared to poverty standards. During FY2021, one hundred thirty-three (133) hours of services were provided to thirty-three (33) students from three (3) nonpublic schools. Additionally, ninety-three (93) Professional Development workshops were provided through Title I this year.

COOPERATIVE TRANSPORTATION PROGRAM

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

One thousand eighty-seven (1,087) cooperative special and regular education routes, public school routes, vo-tech and nonpublic school routes, transported more than five thousand six hundred eighty eight (5,688) students to and from over eighty-six (86) destinations each day from twenty-five (25) districts before-and-after-care transportation and work-study program transportation and mid-day shuttles between schools. Additionally, approximately one thousand (1,000) students are transported daily on athletic/late routes.

NONPUBLIC TEXTBOOK LOAN PROGRAM

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

For the FY2021 school year, seventy-one (71) nonpublic schools, located within twenty (20) districts in Middlesex, Mercer, Somerset, Ocean and Monmouth Counties, have benefited from this service.

NONPUBLIC NURSING SERVICES

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

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

For the FY2021 school year, one hundred ten (110) nonpublic schools located within thirty (30) districts have benefited from this service.

NONPUBLIC SECURITY AID

The Nonpublic School Security Aid Program is an entitlement program which funds security needs for nonpublic schools in Middlesex, Somerset, Mercer, Ocean, and Monmouth Counties. The Nonpublic School Security Statute (P.L.2016,C.49) was signed into law in September of 2016 as part of the Secure Schools for All Children Act. The Commission collates, prepares/issues purchase orders, processes payments for all completed orders, and arranges for delivery of orders for nonpublic school security needs. These needs may include security services such as alarm systems, video security surveillance systems or security guards. It can also be utilized to purchase security equipment in the form of security vestibules, window tinting, signs, locks/doors and signage for parking lots. The equipment is purchased with State aid and is the property of the public school district through which the entitlement flows. All equipment is tagged with the name of the public school district, who supplies the funding for the equipment. Eligibility for this entitlement program is determined annually by the State of New Jersey.

For the FY2021 school year, sixty-seven (67) nonpublic schools located in twenty-one (21) districts have benefited from this service.

NONPUBLIC TECHNOLOGY

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

For the FY2021 school year, there was no funding allocated for Technology.

E.S.C. GENERAL PROGRAM

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

HOME INSTRUCTION TO PUBLIC STUDENTS

The Commission has provided home instruction services seventy-nine (79) public school students from twenty-two (22) school districts in and out of Middlesex County during the FY2021 school year.

CHARTER SCHOOL SERVICES

The Commission provided an array of services to seventeen (17) charter schools in Middlesex, Mercer, Essex, Hudson and Union Counties.

COUNTY DIAGNOSTIC SERVICES

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

OCCUPATIONAL AND PHYSICAL THERAPY (OT/PT)

The Commission provided nineteen (19) OT/PT evaluations for six (6) public school districts during the FY2021 school year.

PROFESSIONAL DEVELOPMENT ACADEMY (PDA)

The PDA completed its 18th full year of operation in June 2021. The PDA provided learning opportunities to all ESCNJ faculty and staff.

During the 2020 – 2021 school year, Commission staff participated in professional development opportunities offered through the PDA, which were designed to address virtual instruction and hybrid instructional models. Additionally, teletherapy delivery models were presented.

BRIGHT BEGINNINGS LEARNING CENTER (BBLC)

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

Located on the ESCNJ Piscataway Campus, the modern facility includes sixteen (16) classrooms with adjoining observation rooms, occupational, physical, and speech therapy rooms, activities-of-daily-living room, sensory room, health office, multipurpose room, and media center/library. Each classroom is equipped with a restroom.

It remains a school of choice for twenty-three (23) districts seeking placement for students with preschool disabilities, multiple disabilities, and/or autism who require a highly specialized educational program. One hundred twenty-one (121) students, ages 3 to 13 years, were enrolled at BBLC during the FY2021 school year.

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

The program for students with multiple disabilities addresses the development of physical, cognitive, communicative and social skills through individual and small group instruction. Classes are designed for a 3:1 student to staff ratio. Speech, occupational, and physical therapists work closely with classroom and nursing staff to integrate instruction. Special subject classes include Adaptive Physical Education, Art and Music. BBLC staff strives to establish and strengthen meaningful partnerships between the home and school setting.

BBLC EXTENDED SCHOOL YEAR PROGRAM (BBLC ESY)

The BBLC ESY program is a continuation of the ten month program and provides a six week program from the last week in June through the first week in August. Eighty-nine (89) students participated in FY2021.

FUTURE FOUNDATIONS ACADEMY (FFA)

The Future Foundations Academy services students with Autism, ages 11 to 21, implementing the principles of Applied Behavior Analysis (ABA). Community-based education and career exploration programs, including job sampling at community worksites, provides students with opportunities for vocational practice in preparation for post-graduation employment.

FFA focuses on learning experiences geared toward functional and independent living, including culinary, horticulture, activities of daily living, and fitness and recreation. The expanded FFA facility offers a new gymnasium, space for related services such as Speech, OT, and PT, specials such as art and music, a simulated apartment for independent living preparation, a fitness center to promote a healthy lifestyle, a student-run organic garden, an outdoor learning courtyard, a Community-Based Instruction and Pre-vocational center, and Lucy's Café, a student-run farm to table culinary program boasting a successful salad business, where both employable culinary and hospitality skills are honed.

The new Future Foundations Academy also includes an impressive Professional Development Center capable of seating three hundred (300) attendees. Future Foundations Academy currently has fourteen (14) classrooms and an enrollment of one hundred and one (101) students for the FY 21 school year, with a 2:1 student to staff ratio.

FFA EXTENDED SCHOOL YEAR PROGRAM (FFA ESY)

The FFA ESY program is a continuation of the ten month program and provides a six week program from the last week of June through the first week in August. Ninety Nine (99) students participated in the ESY program.

CENTER FOR LIFELONG LEARNING (CLL)

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

The Center for Lifelong Learning has developed into a program of choice for thirty-seven (37) districts in five (5) counties seeking placement for students classified as preschool disabled, multiply disabled and autistic. One hundred eighty-one (181) students, ages 3 to 21 years, were enrolled at CLL during the FY2021 school year.

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

CLL EXTENDED SCHOOL YEAR PROGRAM (CLL ESY)

The CLL ESY program is a continuation of the ten month program and provides a six week program from the last week in June through the first week in August. During the summer of 2021, one hundred fifty-five (155) students participated in the Remote Extended School Year.

PATHWAYS TO ADULT LIVING (PAL)

The Pathways to Adult Living (PAL) program opened September 2017. PAL is designed to ensure a successful transition to independent living for 18-21 year old students. The program is open to students who have completed their high school academic requirements. Under the guidance of appropriately certified faculty and staff (e.g., SLE-endorsed teacher, instructional aide, job coach, etc.), students enrolled in the PAL program would begin each day at a newly built storefront in downtown Sayreville. Functional academics will be a key component of the PAL program with technology infused throughout the day. Students will be engaged in household chores ranging from washing dishes, cleaning, changing bed sheets, and learn safe, effective practices pertaining to use of a washer/dryer, vacuum cleaner, and microwave. Students will also learn practical home skills including meal preparation, painting, hanging shelves, organizing closets, etc. Students will also participate both individually and in groups in Structured Learning Experiences while enrolled in the PAL program, including job sampling and internships. To access Community-based instructional opportunities, students will receive travel training in the use of public transportation

These life skills pathways will be built through an intensive Community-based Instructional program emphasizing daily living and personal social skills, vocational guidance and preparation based on the Life-Centered Career Education curriculum, in addition to other curricular resources.

TURNING POINT ACADEMY (TPA)

The Turning Point Academy started in January 2018 to serve middle and high school aged youth secured within the Middlesex County Juvenile Detention Center. Overseen by the Middlesex County Board of Chosen Freeholders, the program includes comprehensive academic and behavior management services.

ADULT COMMUNITY SERVICES (ACS)

The Adult Community Services (ACS) program opened January 2020. ACS is a program that offers individuals 21 and over an opportunity to strive for independence by helping to develop their social, emotional and life skills.

To explore individuals' interests, the ACS offers opportunities to participate in community inclusion and pre-vocational learning experiences. Hands-on experience that can be transferred to real-world opportunities is a cornerstone of the program to bridge the gap between school and adulthood.

At the end of FY2021, ACS had 14 participant.

IDEA-B

IDEA-B provides additional educational services to classified students attending private schools. These services provide speech therapy, occupational therapy and physical therapy, supplemental instruction, counseling, instructional aides, nursing and supplies. This program is funded through the federal government IDEA-B grant programs for FY2021. The Commission provides services to twenty-seven (27) districts and fifty (50) nonpublic schools.

THE ESCNJ COOPERATIVE PRICING SYSTEM

The Commission has operated a State approved Cooperative Pricing System since 1996. During FY2020, the Commission expanded this program to include the following bids and expanded its membership to include over one thousand four hundred (1,400) public agencies, which includes public school districts, municipalities, county governments, county and state colleges.

ACT Telecommunications	Facility Management Software	Pest Control Svs. w/IPM Mgmt.
Air Purifiers (Commercial)	Fencing – Purchase, Installation & Repair	Photocatalytic Oxidation Air Purifiers
Apple Educational Products	Fire Alarm Systems	Playground Equipment
Athletic Equip. Recond. & Repair	Fire Extinguisher Inspection & Related Svs. (Annual)	Playground Surfacing, Site Furnishings; Outdoor Circuit Training and Related Svs.
Athletic Equip. & Supplies	Flexible Spending Acct. Mgmt.	Playground Surfacing Materials, Installation & Inspections
Athletic Facility Lighting	Food Service Supplies, Equip. & Install.	Plumbing – Time and Material
Auto Parts & Supplies	Furniture and Accessories	Pool Supplies Equipment – Repair & Maintenance
Automotive and Diesel Lubricants and Fuel Treatment Products	Future Ready School Services Solutions & Software	Printing Services
Bio-Decontamination Services	Gaggle Software Service	Radios/ Rental Systems
Bleacher (Int/Ext) Syst. Purch. & Instal.	Generator Equipment & Maintenance	Recording & Sound Systems – Purchase & Installation
Boiler-Maintenance & Repair	Grounds Equipment	Recycling Containers/Rollout Carts
Building Access & Security Systems	Gym Floors-Repair/Refinishing/T&M	Restorative Bonding Sys. & Svs.
Building Management Systems RFP	HVAC: Airdale; Repair & Maint. Svs.; Time & Material	Roofing & Envelope Svs.
Carpet and Flooring	Hybrid Phone Systems	Safety and Security Window Film/Door Shielding Protection Products
Cars, Crossovers, SUVs and Trucks	Integrated Cloud Based Bldg. Access	School Buses
Ceiling Tiles	Interactive Floor Projectors	School Bus Surveillance Cameras
Classroom Supplies	Internet Access & Data Transmission Svs. - NJDRLAP	Scoreboards Equip. and Install.
Classroom Supplies – Cosmetology	Internet and Technology Consulting Svs RFP	Shredding & Disposal of Records
Commercial Bus	Job Order Contracting: Repair/Maint. Electric; General; HVAC; Plumbing; Paving	Snow Vehicle Attachments & Accessories

Concrete Repair Systems - Ardex	Job Order Contracting: T&M Electrician; Plumbing	Speech Services
Copy Machines, Printers and Document Lifecycle Equip. & Svs.	Landscaping Services	Staffing Services
Copy Paper (white/color)	Lawn Care Products and Services	Stage Curtains-Purch., Install. & Repair
Credit Card Processing Svs.	Lead Testing Consultant Services	Technology Supplies & Services
Custodial Supplies and Plastic Liners	LED/Other Lighting Supplies & Equip.	Tires & Tire Repairs
Demand Response	Literacy Tutoring	Toilet Partitions
Digital Display Solutions (AEPA)	Live Streaming Services	Toner and Ink Cartridges
Digital Readiness for Learning & Assmt Broadband Component, Wide Area Network & Internet Coop Purchasing Initiative (DRLAP)	Lockers-Purch./Install.& Repairs	Tracks/Courts–Athletic Surfacing AEPA
Digital Resources & Instructional Materials	Locking Hardware & Keying Systems	Translation Services
NJDRLAP Broadband Internet Access RFP	Maintenance Equipment	Tree Trimming & Removal Svs.
Disaster Recovery RFP	Maintenance & Repair Service Vehicles and Equipment 14,000 lbs. GVRW and Greater	Trip Hazard Removal Services
Document Mgmt. for Records Retention and Disposal RFP	Maintenance, Repair & Operation	Turf-Synthetic-Repair, Maint. & Replacement
Document Management Services	Medical Supplies	Ultra Violet Lighting/Sterilization in HVAC
Electric Truck Chassis – 26,000 lbs. GVW or Greater	Mercury Floor – Testing/Removal	Uniforms and Workwear
Electric Vehicle Charging Stations	Musical Instruments and Repair	Vape Detection Systems
Electrician-Time & Material	Natural Gas-Supply of	Vehicle Service Lifts & Accessories
Electricity-Supply of	Nursing Services	Visitor Management System
Electronic Cylinder Access Control Sys.	Occupational & Physical Therapy Svs.	Voice, Unified Communications & Collaboration Solutions
Emergency Notification Systems	Office Supplies	Water Bottle Filling Stations
Energy Conservation & Education Svs.	Paint & Supplies	Water Meter Management Svs.
Energy Savings Device for Commercial Refrigeration	Paint Svs – Time & Material	Wireless Duress Monitoring Sys.
Equipment & Tool Rental	Personal Protective Equip. & Related Svs.	

2. Economic Condition and Outlook

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

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

The Commission continued its efforts to consolidate and share services among and between public school districts in the county by developing and working with the County Superintendent of School's

office. This effort reviewed the cost of out-of-district and out-of-county private special education placements and provided a forum for Directors of Special Services in local districts to meet and set up a philosophy and procedures for placement of disabled students closer to their resident school district.

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

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

Examples of consolidated services include:

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

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

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

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

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

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

3. Internal Control

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

As a recipient of federal awards and state financial assistance, the Commission is also responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the Commission management.

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

4. Budgetary Controls

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balances in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance on June 30, 2021.

5. Accounting Systems and Reports

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

6. Cash Management

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

7. Risk Management

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

8. Service Efforts and Accomplishments

The Commission continued to develop new programs and services for its member districts during the FY2021 school year. These efforts were highlighted by the expansion of the Cooperative Pricing Program. Management has continued to expand the Cooperative Pricing System membership to include over one thousand four hundred (1,400) public agencies serving all twenty-one (21) counties in New Jersey. The Commission also continued its efforts in the area of technology, initiating major initiatives in all programs. These efforts include the updating of hardware and software necessary to develop a computer assisted instructional program and to allow student media access for purposes of research as well as internet resources. The Commission also served as lead agency for the statewide Digital Readiness Learning Assessment Program in cooperation with the New Jersey Department of Education. This program dramatically affected the economics of acquiring broadband and internet services by using cooperative purchasing to drive down the cost.

9. Major Operational or Fiscal Concerns

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

10. Other Information

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

Self-Recognition - The following Commission faculty were recognized for the Governor's Educator of the Year Program for the FY2021 school year:

Rachel Stern	Academy Learning Center
Kathleen Collins	Academy Learning Center
Jennifer Miller	Bright Beginnings Learning Center
Ettie Luban	Bright Beginnings Learning Center
Pauline Mendicino	Center for Lifelong Learning
Danielle Stacy	Center for Lifelong Learning
Lisa Melsopp	Piscataway Regional Day School
Charlotte Princiotta	Piscataway Regional Day School
Naomi Glassman	Future Foundations Academy
Regina Hersh	Nonpublic Department
Naomi Derhy	Nonpublic Department
Laura Cagle	NuView Academy

Student Recognition Program – Seven (7) students from the Commission were honored in February 2021 at the Annual Unsung Heroes and Heroines Student Recognition Dinner. The students were as follows:

Ryan Chin	Academy Learning Center
Servando Castro	Academy Learning Center
Christian Petrocelli	Center for Lifelong Learning
Abram Agailby	Future Foundations Academy
Jonathan Gomez	Future Foundations Academy
Ashley Calderon	Piscataway Regional Day School
Jahovah Lee Copeland	Piscataway Regional Day School

Services – Other significant developments and acknowledgments during the FY2021 school year:

- Approval of curricula as follows – September 2021
 - Academy Learning Center, Bright Beginnings Learning Center, Center for Lifelong Learning, Future Foundations Academy, NuView Academy, Piscataway Regional Day School, Turning Point Academy
 - New Jersey Student Learning Standards – Social Studies, Comprehensive Health & Physical Education, Visual & Performing Arts, Technology, 21st Century Life & Careers.
 - Restraint/Seclusion Update

11. For the Future

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

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

12. Acknowledgments

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

Respectfully submitted,



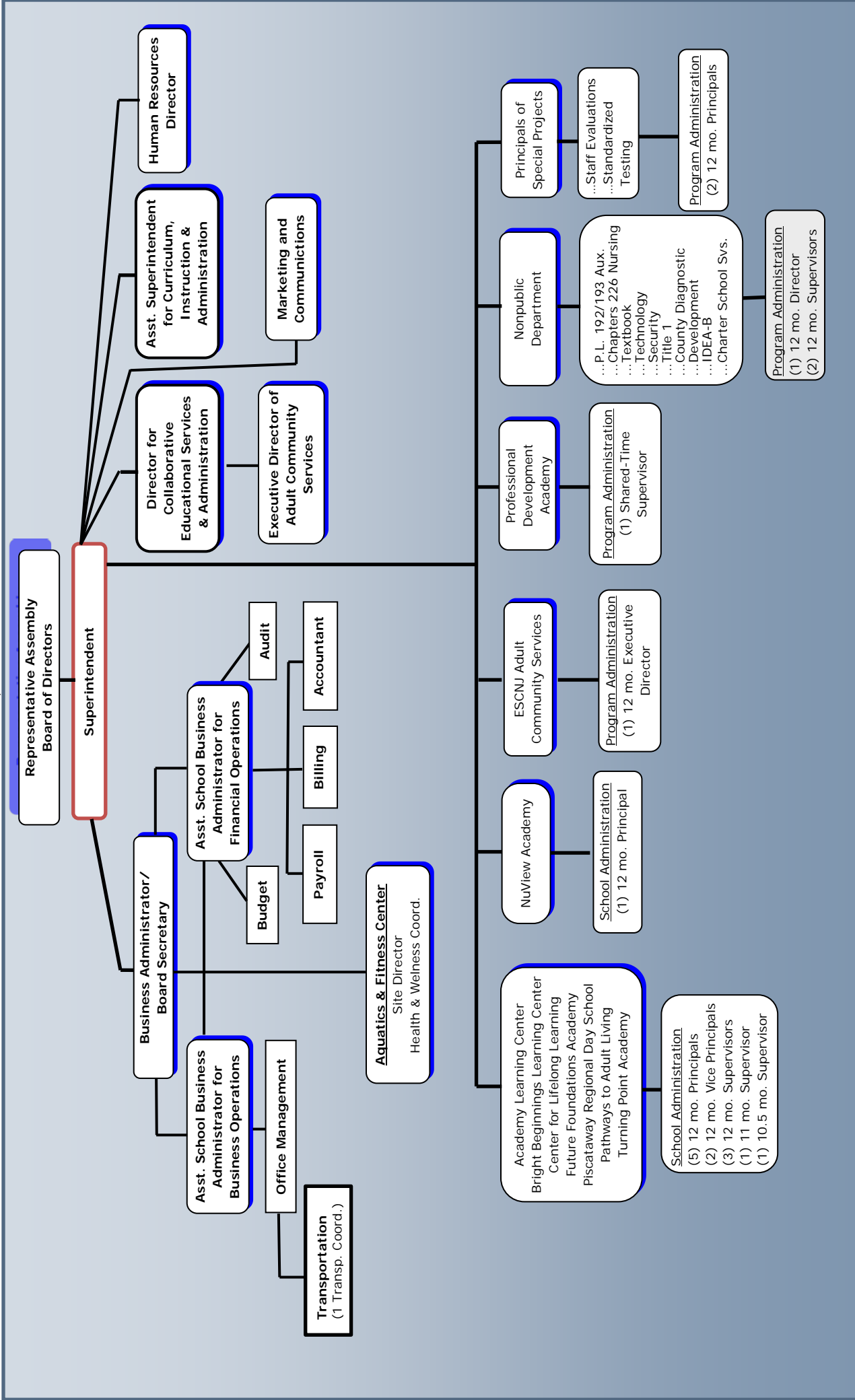
Mr. Mark J. Finkelstein
Superintendent



Mr. Patrick M. Moran
Business Administrator/Board Secretary

Educational Services Commission of New Jersey
Piscataway, New Jersey

Organizational Chart
 June 30, 2021



Educational Services Commission of New Jersey
Piscataway, New Jersey

Roster of Officials
June 30, 2021

Members of the Board of Directors

Name of School District

Dr. Richard Tomko	Belleville
Dr. Howard Lerner	Bergen County Vo. Tech./Spec. Svs.
Ms. Rosa Diaz	Carteret
Ms. Kathleen Haines	Clementon
Dr. Susan Genco	Cranbury
Mr. Eugene Mosley	Dunellen
Dr. Victor Valeski	East Brunswick
Dr. Bernard Bragen	Edison
Dr. Scott Taylor	Highland Park
Dr. Gina Villani	Jamesburg
Ms. Nicole Pormilli	Jackson
Mr. Brian Glassberg	Metuchen
Dr. Frederick Williams	Middlesex
Dr. Stephanie Brown	Milltown
Mr. Tony Trongone	Millville
Dr. Dori Alvich	Monroe
Dr. Dale Caldwell	New Brunswick
Dr. Brian Zychowski	North Brunswick
Mr. David Cittadino	Old Bridge
Dr. David Roman	Perth Amboy
Ms. Brenda Smith	Piscataway
Mr. John Walsh	Sayreville
Dr. Gretchen Dempsey	Somerset Hills Regional
Mr. Jorge Diaz	South Amboy
Mr. Scott Feder	South Brunswick
Dr. Noreen Lishak	South Plainfield
Ms. Sylvia Zircher	South River
Mr. Graham Peabody	Spotswood
Dr. Robert Zega	Woodbridge
Ms. Dianne Veilleux	Middlesex County Vo. Tech.

ESCNJ Officials

Mr. Mark J. Finkelstein, Superintendent
Mr. Gary Molenaar, Assistant Superintendent for Learning/Educational Services
Mr. Patrick M. Moran, Business Administrator/Board Secretary
Mrs. Kai-Li Pao, Assistant Business Administrator for Financial Operations
Mr. Anthony La Marco, Assistant Business Administrator for Business Operations
Mrs. Nadia Romano, Director of Human Resources
Ms. Meena Pasupathy, Director of Collaborative Educational Services and Administration

Educational Services Commission of New Jersey
Piscataway, New Jersey

Consultants, Independent Auditors and Advisors

June 30, 2021

Attorneys

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Florham Park, NJ 07932

Labor Consultant

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

Official Depository

TD Bank
1906 Lincoln Highway
Edison, New Jersey 08817

Architects

USA Architects
20 North Doughty Avenue
Somerville, New Jersey 08876

Financial Section



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Educational Services Commission of New Jersey (the "Commission"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and requirements 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 auditors' 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 Commission'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 Commission'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 and each major fund of the 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 16 to the financial statements, during the fiscal year ended June 30, 2021, the Commission adopted new accounting guidelines, Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, which represents a change in accounting principle. As discussed in Note 16 to the financial statements, as of July 1, 2020, the Commission's government-wide financial statements net position and the fund balances of the general fund and special revenue fund were retrospectively adjusted to reflect the impact of the change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of the Commission's proportionate share of the net pension liability-PERS, schedule of Commission pension contributions-PERS, schedule of the State's proportionate share of the net pension liability associated with the Commission-TPAF, schedule of the State's proportionate share of the net OPEB liability associated with the Commission and changes in the total OPEB liability and related ratios-PERS and TPAF and budgetary comparison information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 Commission's basic financial statements. The combining and individual fund financial statements, long-term debt schedules and the schedules of expenditures of federal awards and state

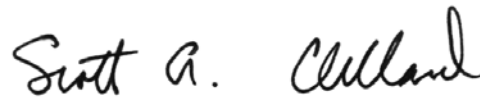
financial assistance, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory 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 February 4, 2022 on our consideration of the Commission’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 Commission’s internal control over financial reporting and compliance.



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

February 4, 2022
Florham Park, New Jersey

Required Supplementary Information - Part I

Management's Discussion and Analysis

Educational Services Commission of New Jersey
Piscataway, New Jersey

Management's Discussion and Analysis
Year Ended June 30, 2021

As management of the Educational Services Commission of New Jersey (the "Commission"), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages as listed on the table of contents.

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

Financial Highlights

Key financial highlights for 2021 are as follows:

- General revenues accounted for \$35,048,348 or 31.79 percent of all revenues. Program specific revenues in the form of charges for services and operating and capital grants and contributions accounted for \$75,203,012 or 68.21 percent of total revenues of \$110,251,360.
- The Commission had \$100,779,315 in expenses (governmental and business-type activities); \$75,203,012 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily fees for tuition and services provided to other districts) of \$35,048,348 were adequate to provide for these programs.
- In total, net position increased \$9,804,686, or 16.69 percent.
- Among major funds, the General Fund had \$87,774,910 in revenues and \$81,877,956 in expenditures and net other financing sources and uses. The General Fund's fund balance increased \$5,896,954 over 2020. This increase was mainly due to the increases in the co-op purchasing and pricing programs.

Overview of the Financial Statements

This discussion and analysis of the Commission's financial performance provides an overall review of the Commission's financial activities for the year ended June 30, 2021 with certain comparisons to the year ended June 30, 2020. The intent of this discussion and analysis is to look at the Commission's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Commission's financial performance. The Commission's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This document also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

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

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

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

The Commission uses enterprise funds to account for its operation of the Piscataway Regional Day School, Food, Pool and Adult and Community Services Programs.

Reporting the Commission's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

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

The Commission adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund and supplementary information for the special revenue fund and debt service fund to demonstrate compliance with this budget. The basic governmental fund financial statements are Schedules B-1, B-2 and B-3.

Proprietary funds. The Commission maintains two proprietary fund types. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The *Internal Service Fund* accounts for employer and employees contributions that pay benefits, claims costs, and administrative cost of self-insured health benefits program.

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

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

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

Government-Wide (Governmental Activities) Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Commission, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$64,020,570 at the close of the most recent fiscal year.

The largest portion of the Commission's net position reflects its net investment in capital assets. The Commission has restricted net position for debt service and capital projects fund and its capital and maintenance reserves. The restricted net position for debt service will be used for debt service principal and interest obligations.

Table 1 shows the comparison of the Commission’s Government-Wide net position from fiscal year 2020 to 2021.

**Table 1 - Net Position
June 30, 2021 and 2020**

	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Current and other assets	\$58,708,328	\$56,871,585	\$3,674,245	\$3,392,871	\$62,382,573	\$60,264,456
Capital assets, net	81,454,428	79,648,905	892,699	975,583	82,347,127	80,624,488
Total assets	140,162,756	136,520,490	4,566,944	4,368,454	144,729,700	140,888,944
Deferred Outflows of Resources	5,463,266	6,420,073			5,463,266	6,420,073
Current liabilities and other	9,720,319	10,082,970	30,698	122,749	9,751,017	10,205,719
Net pension liability	15,226,299	17,476,404			15,226,299	17,476,404
Long-term liabilities	49,112,448	53,732,102			49,112,448	53,732,102
Total liabilities	74,059,066	81,291,476	30,698	122,749	74,089,764	81,414,225
Deferred Inflows of Resources	7,546,386	7,142,662			7,546,386	7,142,662
Net position:						
Net investment in capital assets	32,242,098	29,913,254	892,699	975,583	33,134,797	30,888,837
Restricted	10,675,076	9,463,146	2,000,000		12,675,076	9,463,146
Unrestricted	21,103,396	15,130,025	1,643,547	3,270,122	22,746,943	18,400,147
Total net position	\$64,020,570	\$54,506,425	\$4,536,246	\$4,245,705	\$68,556,816	\$58,752,130

Restricted net position represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of governmental activities unrestricted net position of \$21,103,396 and may be used to meet the government’s ongoing obligations to member districts.

At the end of the current fiscal year, the Commission is able to report positive balances in all three categories of net position.

Total current and other assets increased mainly due to increases in cash held by fiscal agent and net receivables. The capital assets, net of depreciation, increased mainly due to increases in capital assets acquisitions related to the Aquatic Fitness project.

Total liabilities decreased mainly due to a decrease in accounts payable and net pension liability during fiscal year 2021.

Restricted Net Position increased mainly due to an increase in Maintenance Reserve for Piscataway Regional Day School.

Unrestricted net position increased mainly due to an excess of revenues over expenses and other financing sources of governmental activities.

Table 2 shows the changes in the Commission’s net position from fiscal year 2020 to 2021.

Government-Wide Activities

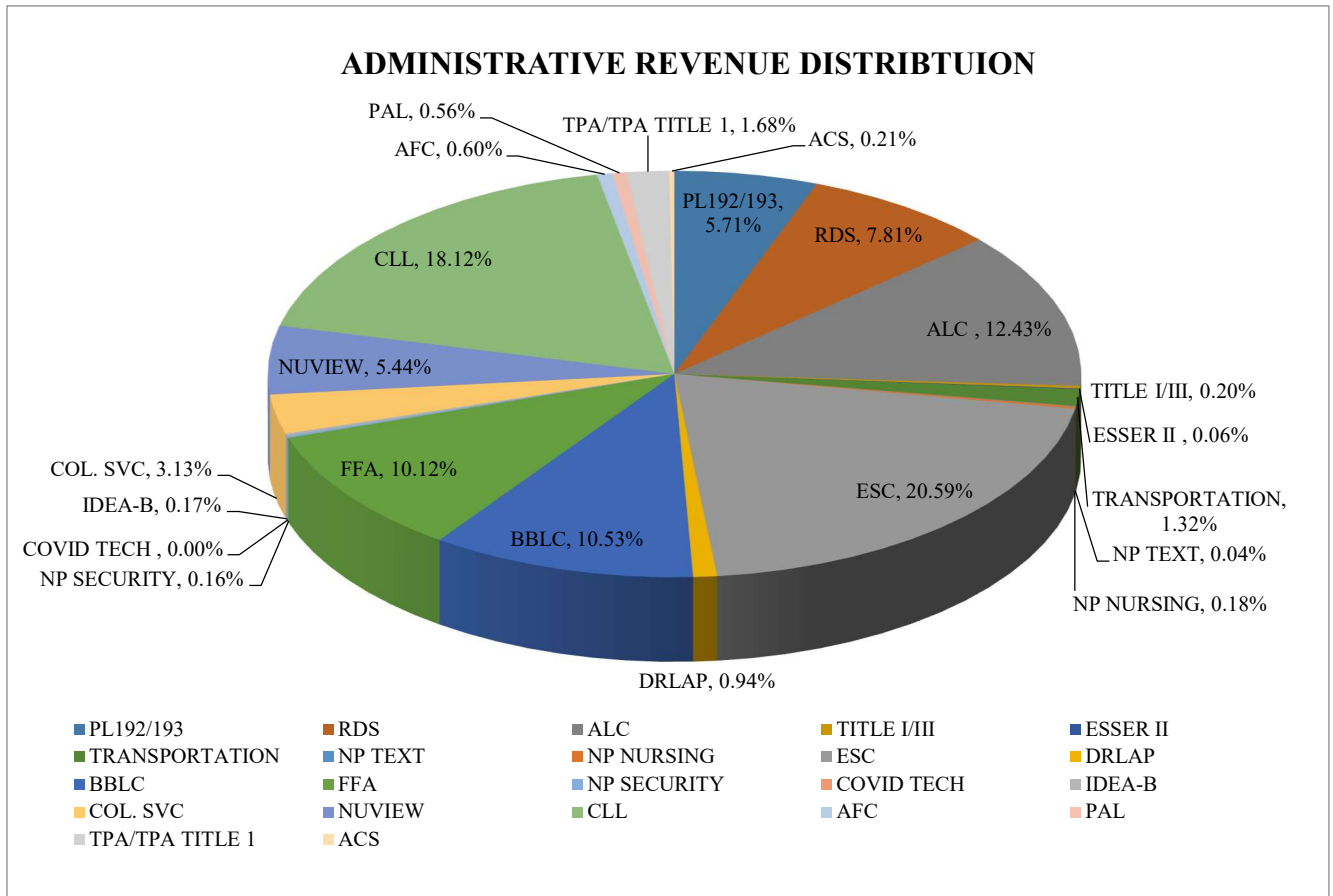
**Table 2 - Changes in Net Position
Years Ended June 30, 2021 and 2020**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for Services	\$35,466,085	\$ 37,660,076	\$ 5,694,817	\$ 6,426,978	\$ 41,160,902	\$ 44,087,054
Operating/Cap Grants and Contributions	10,080,264	10,238,750	197,071	222,245	10,277,335	10,460,995
Transportation	23,764,775	34,957,021			23,764,775	34,957,021
General Revenues:						
Service Provided to Other Districts	21,562,394	22,530,597			21,562,394	22,530,597
Grants and Entitlements	13,304,926	8,952,472			13,304,926	8,952,472
Miscellaneous	181,028	510,765			181,028	510,765
Total Revenues	104,359,472	114,849,681	5,891,888	6,649,223	110,251,360	121,498,904
Program Expenses:						
Instructional Services	23,673,363	23,404,394	5,246,698	5,424,465	28,920,061	28,828,859
Support Services	67,131,676	74,948,864			67,131,676	74,948,864
Special Schools	1,650,522	2,856,474			1,650,522	2,856,474
Interest on Long- Term Debt	1,955,528	2,060,011			1,955,528	2,060,011
Operation of non- instructional services			1,121,528	1,419,291	1,121,528	1,419,291
Total Expenses	94,411,089	103,269,743	6,368,226	6,843,756	100,779,315	110,113,499
Transfers In (Out)	(766,879)	(961,062)	766,879	961,062	-	-
Change In Net Position	9,181,504	10,618,876	290,541	766,529	9,472,045	11,385,405
Net Position— Beginning	54,839,066*	43,887,549	4,245,705	3,479,176	59,084,771	47,366,725
Net Position— Ending	\$64,020,570	\$54,506,425*	\$ 4,536,246	\$ 4,245,705	\$ 68,556,816	\$ 58,752,130

*Effective in the fiscal year ending June 30, 2021, the Commission implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, which required a

retrospective adjustment of the prior year’s net position of \$332,641, which is not included in the 2020 ending net position, but is included in the 2021 beginning net position.

Revenues and expenses decreased primarily due to the decreases in transportation and educational services provided to other districts due to school closure during the COVID-19 pandemic.



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

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

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

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

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

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

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

Financial Analysis of the Commission’s Funds

Financial Information at Fiscal Year-End

As demonstrated by the various statements and schedules included in the financial section of this report, the Commission continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2021 and the amount and percentages of increase and (decreases) in relation to the prior year’s revenues.

Revenues Year Ended June 30, 2021

Revenues	Amount	Percentage of Total	(Decrease) Increase from 2020	Percentage of (Decrease)/Increase
Local sources	\$ 81,008,563	82.78%	\$ (14,649,564)	-15.31%
State sources	14,578,608	14.90%	1,290,184	9.71%
Federal sources	2,274,703	2.32%	1,023	0.04%
Total	\$ 97,861,874	100.00%	\$ (13,358,357)	-12.01%

The decrease in local sources is attributable to decreases in transportation and educational services provided to districts due to school closures during the COVID-19 pandemic. The increase in State revenue sources is mainly attributable to the increase in On-Behalf TPAF Pension Contributions.

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2021 and the amount and percentages of increases and (decreases) in relation to the prior year’s expenditures.

Expenditures
Year Ended June 30, 2021

Expenditures	Amount	Percentage of Total	(Decrease) Increase from 2020	Percentage of (Decrease) Increase
Current:				
Instruction	\$ 17,052,350	18.74%	\$ (1,720,091)	-9.16%
Undistributed expenditures	63,375,658	69.66%	(9,799,233)	-13.39%
Capital outlay	2,784,815	3.06%	1,234,226	79.60%
Special schools	1,650,522	1.81%	(1,205,952)	-42.22%
Debt service:				
Principal	4,036,950	4.44%	1,106,950	37.78%
Interest	2,082,567	2.29%	(55,520)	-2.60%
Total	\$ 90,982,862	100.00%	\$ (10,439,620)	-10.29%

The decrease in instruction is due to a decrease in educational services provided to districts. The decrease in undistributed expenditures is mainly due to a decrease in transportation services and all other services provided to districts due to school closure during the COVID-19 pandemic. The increase in capital outlay is mainly related to construction services related to the Aquatic Fitness Center new addition. The decrease in special schools is mainly attributable to the reduction of enrollment for extended school program for all Commission schools due to pandemic.

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

As of the end of the current fiscal year, the Commission's governmental funds reported combined fund balances of \$48,869,134, an increase of \$2,028,545 in comparison with the prior year. \$34,796,532 of this total amount represents of *unassigned fund balance*, which is available for spending at the Commission's discretion. The remainder of fund balance is *restricted and assigned* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period, 2) to pay debt service or 3) support program budgets, respectively.

The general fund is the main operating fund of the Commission. At the end of the current fiscal year, unassigned fund balance of the general fund was \$34,796,532, while total fund balance reached \$39,061,801. As a measure of the general fund's viability, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 46.53 percent of total general fund expenditures, while total fund balances represent 52.23 percent of that same amount.

The total fund balance of the Commission's general fund increased by \$5,896,954 during the current fiscal year and the unassigned fund balance increased by \$5,128,920 during the current fiscal year.

The fund balance of the Commission's capital projects fund decreased by \$3,991,777 due to on-going Aquatic Fitness Center capital projects in progress during the current year. The capital projects fund has a total fund balance of \$3,799,467 as of June 30, 2021.

The debt service fund has a total fund balance of \$5,997,382, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$122,679.

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

General Fund Budgeting Highlights

Significant Budget Variances or Budget Modifications

During the 2021 school year, the Commission experienced several significant budget variances and modifications as compared to original budget.

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

During the course of the 2021 fiscal year, the Commission amended its General Fund budget as needed. The Commission uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, final budgeted budgetary-basis revenue and other financing sources was \$80,966,125, (\$21,143,652) under original budgeted estimates of \$102,109,777. This difference was due primarily to the reduction of transportation and educational services during school closure during the COVID-19 pandemic.

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

1. Salaries of teachers for home instruction were decreased by (\$224,342). These decreases are directly related to reduction of home instruction services provided to districts due to the Pandemic.
2. Salaries of instruction for behavioral disabilities were decreased by (\$223,028). These decreases are directly related to the decrease of instructional staff related to reduction in enrollment for Nuvview Academy as compared to the original budget estimates.
3. Salaries of teachers and other salaries of instruction for Multiple disabilities were decreased by (\$342,999) and (\$506,674). These decreases as compared to the original budget estimates are related to the reduction of multiple disabled students enrolled in the Bright Beginning Learning Center, the Center for Lifelong Learning and the SeaView Academy was put on hold due to the Pandemic.
4. Salaries of teachers and other salaries of instruction for Autism were decreased by (\$567,323) and (\$939,576). These decreases as compared to the original budget estimates are related to the reduction of Autistic students enrolled in the Academy Learning Center, the Bright Beginning Learning Center, Future Foundation Academy, the Center for Lifelong Learning and the SeaView Academy was put on hold due to the Pandemic.
5. Other salaries of instruction for Preschool Disabilities were decreased by (\$135,871). These decreases are directly related to the reduction of Preschool Disable students enrolled in the Academy Learning Center, the Center for Lifelong Learning and the SeaView Academy was put on hold due to the Pandemic.
6. Other Support Health Services for Salaries was decreased by (\$160,837). This decrease as compared to the original budget estimates was directly related to the SeaView Academy was put on hold due to the Pandemic.
7. Other Support Health Services for Purchased Professional Educational Services was decreased by (\$197,650). This decreases were directly related to the actual cost paid as compared to the original budget estimates for medical consultants and Rutgers University Health Care.
8. Other Support for Students for Purchased Professional Educational Services was increased by \$122,557. This increase was directly related to the actual cost paid as compared to the original budget estimates for Occupational and Physical Therapy Services.
9. Other Support Services for Students for Purchased Professional and Guidance Service were decreased by (\$225,016). These decreases are directly related to the cost paid as compared to the original budget estimates for the agency and related to the on-site clinical support.
10. Other Support Services for other salaries of support services were decreased by (\$133,637). This decrease was directly related to the actual salary paid for Case Managers as compared to the original budget estimates.

11. Other Support for Students for other Purchased Professional and Technical Services was decreased by (\$289,198). This decrease was directly related to the actual cost paid as compared to the original budget estimates for Speech Services and Temp agency.
12. Salaries of school administration were decreased by (\$131,350). These decreases as compared to the original budget for Principal position are mainly related to the SeaView Academy was put on hold due to the Pandemic.
13. Miscellaneous Purchased services for Central Services was decreased by (\$162,633). This decrease was directly related to the actual cost paid as compared to the original budget estimates for public relations and marketing.
14. Salaries of required maintenance of school facilities were decreased by (\$128,669). These decreases as compared to the original budget for salaries paid to custodial positions in the Academy Learning Center, the Center for Lifelong Learning and the SeaView Academy was put on hold due to the Pandemic.
15. Required maintenance of school facilities for cleaning, repair and maintenance line was increased by \$3,125,765. This increase is directly related to various maintenance projects including upgrading of flooring and playground, roofing replacement and other miscellaneous projects during fiscal year 2021.
16. Energy for Custodial services was decreased by (\$271,034). This decrease was directly related to the actual cost paid for natural gas and electricity as compared to the original budget estimates.
17. Salaries of secretarial and clerical assistants for student transportation services was decreased by (\$174,749). This decrease is directly related to the vacant secretarial positions as compared to the original budget.
18. Student Transportation Contracted Services between Home, School and field trips decreased by (\$18,424,231) and (\$257,500). These decreases were directly related to the reduction of transportation service provided to participating districts and all field trip services during the COVID-19 pandemic as compared to budget estimates.
19. Employee Benefits for Workers' Compensation decreased (\$117,670). This decrease is directly related to the actual insurance cost paid as compared to the original budget estimates.
20. Health Benefits increased \$4,786,524. This increase represents the distribution of additional revenue for increases in services during year 2021 as compared to original budget estimates.
21. Capital outlay for special education non-instructional equipment increased by \$345,475. This increase is mainly related to the purpose of upgrading technology for remote instruction, flooring, acquisition of commission vehicles and ground utility tractor, and office furniture during fiscal year 2021.

22. Capital outlay for construction services increased by \$171,613. This increase is mainly related to the Aquatic and Fitness Center Projects.
23. Summer School Support Services for salary of teachers and other salaries of instruction were decreased (\$407,061) and (\$647,604). This decrease is directly related to the reduction of staffing for remote instruction for all extended school programs as compared to the original budget estimates which staffing was based on in-person instruction.
24. Summer School Support Services for salary and purchase professional and tech services were decreased (\$439,061) and (\$413,850). These decreases are directly related to the reduction of staffing for remote instruction support staff or agency for all extended school programs as compared to the original budget estimates.

The General Fund revenues of the Commission exceeded expenditures and other financing sources (uses) by \$5,896,954.

Capital Assets

At the end of the fiscal year 2021, the Commission had \$81,454,428 (net) investment in land and land improvements, buildings, furniture and equipment, and vehicles and construction in progress. Table 3 shows a comparison of governmental activities capital assets (net of depreciation) from fiscal year 2020 to 2021.

Table 3 – Capital Assets (Net of Depreciation)

	Governmental Activities	
	2021	2020
Land and land improvements	\$ 5,335,810	\$ 5,381,879
Construction in progress	5,813,445	1,821,667
Buildings and improvements	66,972,440	68,886,329
Machinery, equipment and vehicles	3,332,733	3,559,030
Totals	\$ 81,454,428	\$ 79,648,905

At the end of the fiscal year 2021, the Commission had \$892,699 (net) investment in land improvements, buildings and equipment. Table 4 shows a comparison of business-type activities capital assets (net of depreciation) from fiscal year 2020 to 2021.

Table 4 – Capital Assets (Net of Depreciation)

	Business-Type Activities	
	2021	2020
Land improvements	\$ 835	\$ 1,143
Buildings and improvements	598,507	612,309
Equipment	293,357	362,131
Totals	\$ 892,699	\$ 975,583

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

Debt Administration

On June 30, 2021, the Commission had \$43,975,000 in outstanding bonds/loans payable and \$5,008,050 in an outstanding lease for school construction. In addition, the District has other long-term liabilities recorded on its financial statements.

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

Economic Factors and Next Year's Budget

- The State is in process of transferring the title of Piscataway Regional Day School to the Commission, so the Commission will move the PRDS budget from Enterprise fund to General Fund effective the 2021-22 fiscal year. The Commission also established a Maintenance Reserve in the amount of \$2,000,000 for the Piscataway Regional Day School coming from its existing Fund Balance to upgrade various projects.
- The Commission considered the effects of the COVID-19 pandemic on its operations and believes it has a plan in place to address the impact in the 2021-22 fiscal year and beyond.

Contacting the Commission's Financial Management

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

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the Commission's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2021.

Educational Services Commission of New Jersey

Statement of Net Position

June 30, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 33,054,442	\$ 2,915,801	\$ 35,970,243
Cash held with Fiscal Agent	205,455		205,455
Internal balances	47,345	(47,345)	-
Receivables, net	21,767,678	805,789	22,573,467
Restricted assets:			
Cash and cash equivalents-restricted	3,633,408		3,633,408
Capital assets, nondepreciable	11,045,059		11,045,059
Capital assets, depreciable, net	70,409,369	892,699	71,302,068
Total assets	<u>140,162,756</u>	<u>4,566,944</u>	<u>144,729,700</u>
Deferred outflows of resources			
Deferred loss on refunding	2,988,445		2,988,445
Pension Deferrals	2,474,821		2,474,821
Total deferred outflows of resources	<u>5,463,266</u>	<u>-</u>	<u>5,463,266</u>
Liabilities			
Accounts payable	3,076,658	18,447	3,095,105
Accrued interest payable	508,735		508,735
Intergovernmental accounts payable:			
Districts	860,412		860,412
Unearned revenue	658,234	12,251	670,485
Noncurrent liabilities:			
Net Pension Liability	15,226,299		15,226,299
Due within one year	4,616,280		4,616,280
Due beyond one year	49,112,448		49,112,448
Total liabilities	<u>74,059,066</u>	<u>30,698</u>	<u>74,089,764</u>
Deferred inflows of resources			
Pension Deferrals	7,546,386	-	7,546,386
Net Position			
Net Investment in Capital Assets	32,242,098	892,699	33,134,797
Restricted for:			
Capital Projects	2,358,781		2,358,781
Capital Reserve	216,392		216,392
Unemployment Compensation	323,402		323,402
Student Activities	10,484		10,484
Maintenance Reserve	2,277,370	2,000,000	4,277,370
Debt Service	5,488,647		5,488,647
Unrestricted	21,103,396	1,643,547	22,746,943
Total Net Position	<u>\$ 64,020,570</u>	<u>\$ 4,536,246</u>	<u>\$ 68,556,816</u>

See accompanying notes to the basic financial statements

Educational Services Commission of New Jersey

Statement of Activities

Year ended June 30, 2021

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities						
Instruction	\$ 23,673,363	\$ 35,461,205	\$ 5,178,842	\$ 16,966,684	\$	\$ 16,966,684
Support Services:						
Health Services	1,858,142			(1,858,142)		(1,858,142)
Student and Instruction Related Services	20,592,306	4,880	4,901,422	(15,686,004)		(15,686,004)
General and Business Administrative Services	1,542,610			(1,542,610)		(1,542,610)
School Administrative Services	3,002,895			(3,002,895)		(3,002,895)
Central Services	2,470,011			(2,470,011)		(2,470,011)
Administrative Information Technology	464,805			(464,805)		(464,805)
Plant Operations and Maintenance	3,247,207			(3,247,207)		(3,247,207)
Pupil Transportation	32,950,396	23,764,775		(9,185,621)		(9,185,621)
Employee Benefits	1,003,304			(1,003,304)		(1,003,304)
Special Schools	1,650,522			(1,650,522)		(1,650,522)
Interest on Long-Term Debt	1,955,528			(1,955,528)		(1,955,528)
Total Governmental Activities	94,411,089	59,230,860	10,080,264	(25,099,965)		(25,099,965)
Business-type activities						
Regional Day School	5,246,698	5,277,927			\$ 31,229	\$ 31,229
Pool Services	428,706	272,986			(155,720)	(155,720)
Adult Community Services	475,351	142,274			(333,077)	(333,077)
Food Services	217,471	1,630	197,071		(18,770)	(18,770)
Total Business-Type Activities	6,368,226	5,694,817	197,071		(476,338)	(476,338)
Total Primary Government	\$ 100,779,315	\$ 64,925,677	\$ 10,277,335	(25,099,965)	(476,338)	(25,576,303)
General Revenues and Transfers:						
Federal And State Sources				13,304,926		13,304,926
Services Provided to Districts				21,562,394		21,562,394
Interest Income				69,641		69,641
Miscellaneous				111,387		111,387
Transfers				(766,879)	766,879	—
Total General Revenues and Transfers				34,281,469	766,879	35,048,348
Change In Net Position				9,181,504	290,541	9,472,045
Net Position—Beginning (as retroactively adjusted—see Note 16)				54,839,066	4,245,705	59,084,771
Net Position—Ending				\$ 64,020,570	\$ 4,536,246	\$ 68,556,816

See accompanying notes to the basic financial statements

Fund Financial Statements

Governmental Funds

Educational Services Commission of New Jersey
Governmental Funds

Balance Sheet

June 30, 2021

	Major Funds				Total Governmental Funds
	General	Special Revenue	Capital Projects	Debt Service	
Assets					
Cash and Cash Equivalents	\$ 19,330,428	\$ 1,051,983	\$ 2,627,994	\$ 3,833,514	\$ 26,843,919
Accounts Receivable:					
State	88,436				88,436
Federal		37,911			37,911
Intergovernmental - Other Districts	19,114,977	2,110,190			21,225,167
Other	19,949		500		20,449
Interfund Receivable	1,994,826			5,901	2,000,727
Restricted Cash and Cash Equivalents			1,475,441	2,157,967	3,633,408
Total Assets	\$ 40,548,616	\$ 3,200,084	\$ 4,103,935	\$ 5,997,382	\$ 53,850,017
Liabilities and Fund Balances					
Accounts Payable	\$ 540,073	\$ 11,964	\$ 303,567		\$ 855,604
Payroll Deductions Payable	231,033				231,033
Intergovernmental Accounts Payable:					
Other Districts	385,049	475,363			860,412
Interfunds Payable	326,186	2,048,513	901		2,375,600
Unearned Revenue	4,474	653,760			658,234
Total Liabilities	1,486,815	3,189,600	304,468		4,980,883
Fund Balances:					
Restricted For:					
Capital Reserve	216,392				216,392
Maintenance Reserve	2,277,370				2,277,370
Unemployment Compensation	323,402				323,402
Student Activities		10,484			10,484
Capital Projects			3,799,467		3,799,467
Debt Service				\$ 5,997,382	5,997,382
Assigned To:					
Other Purposes	1,448,105				1,448,105
Unassigned	34,796,532				34,796,532
Total Fund Balances	39,061,801	10,484	3,799,467	5,997,382	48,869,134
Total Liabilities and Fund Balances	\$ 40,548,616	\$ 3,200,084	\$ 4,103,935	\$ 5,997,382	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$111,575,061 and the accumulated depreciation is \$30,120,633.	81,454,428
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(508,735)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	(5,071,565)
Losses arising from the issuance of refunding bonds that are a result of the difference in the carrying value of the refunded bonds and the new bonds are deferred and amortized over the life of the bonds.	2,988,445
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	(15,226,299)
Accrued pension contributions for the June 30, 2021 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(1,164,616)
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 5).	(53,728,728)
Internal service funds are used by the District to charge the costs of the self insurance program to the individual funds. The activities of this fund are included in the Statement of Activities.	6,408,506
Net position of governmental activities (A-1)	<u>\$ 64,020,570</u>

See accompanying notes to the basic financial statements

Educational Services Commission of New Jersey
Governmental Funds

Statements of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2021

	Major Funds				Total
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Revenues:					
Local Sources:					
Tuition from Districts	\$ 35,461,205				\$ 35,461,205
Transportation Fees	23,764,775				23,764,775
Services Provided to Districts	21,562,394				21,562,394
Interest on Investments	66,920		\$ 901	\$ 1,820	69,641
Other Restricted Miscellaneous Revenue	556				556
Miscellaneous	110,831	\$ 40,062			150,893
Total – Local Sources	80,966,681	40,062	901	1,820	81,009,464
State Sources	6,808,229	7,770,379			14,578,608
Federal Sources		2,274,703			2,274,703
Total Revenues	87,774,910	10,085,144	901	1,820	97,862,775
Expenditures:					
Current:					
Instruction	11,873,508	5,178,842			17,052,350
Support Services					
Health Services	1,368,721				1,368,721
Other Support: Special	10,445,743	4,330,127			14,775,870
General Administration	1,136,298				1,136,298
School Administration	2,211,954				2,211,954
Central Services	1,819,428				1,819,428
Administrative Information Technology	342,379				342,379
Required Maintenance for School Facilities	1,804,243				1,804,243
Operation of Plant	587,673				587,673
Student Transportation	24,271,501				24,271,501
Employee Benefits	10,101,573				10,101,573
Reimbursement TPAF Social Security, Disability					
Insurance and Pension (Non-Budgeted)	6,776,592				6,776,592
Capital Outlay	396,113	568,128	3,991,777		4,956,018
Special Schools	1,650,522				1,650,522
Debt Service:					
Principal				4,036,950	4,036,950
Interest				2,082,567	2,082,567
Total Expenditures	74,786,248	10,077,097	3,991,777	6,119,517	94,974,639
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	12,988,662	8,047	(3,990,876)	(6,117,697)	2,888,136
Other Financing Sources (Uses):					
Transfers In				6,240,376	6,240,376
Transfers Out	(7,091,708)	(7,358)	(901)		(7,099,967)
Total Other Financing Sources (Uses)	(7,091,708)	(7,358)	(901)	6,240,376	(859,591)
Net change in fund balance	5,896,954	689	(3,991,777)	122,679	2,028,545
Fund Balances, July 1 (retroactively adjusted- see Note 16)	33,164,847	9,795	7,791,244	5,874,703	46,840,589
Fund Balances, June 30	\$ 39,061,801	\$ 10,484	\$ 3,799,467	\$ 5,997,382	\$ 48,869,134

The reconciliation of the fund balances of governmental funds to the net position of governmental activities in the statement of activities is presented in an accompanying schedule (B-3).

See accompanying notes to the basic financial statements

Educational Services Commission of New Jersey
Governmental Funds

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

Year ended June 30, 2021

Total net change in fund balances - governmental funds (B-2) \$ 2,028,545

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

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

Depreciation expense	\$ (2,617,549)	
Capital Assets Additions	<u>4,423,072</u>	1,805,523

The issuance of long-term debt (e.g. bonds/loans, capital leases) provides
current financial resources to governmental funds, while the repayment
of the principal of long-term debt consumes the current financial resources of
governmental funds. Neither transaction, however, has any effect on net
position. Also, governmental funds report the effect of issuance costs, premiums,
discounts, and similar items when debt is first issued, whereas these amounts
are deferred and amortized in the statement of activities. This amount is the
net effect of these differences in the treatment of long-term debt and related items.

Repayment of Bond and Lease Principal	4,036,950	
Amortization of Premium on Bonds	431,935	
Amortization of Deferred Loss on Refunding	<u>(310,079)</u>	4,158,806

In the statement of activities, interest on long-term debt in the statement of activities
is accrued, regardless of when due. In the governmental funds, interest is reported
when due.

5,183

In the statement of activities, certain operating expenses, e.g., compensated
absences (vacations) are measured by the amounts earned during the year.
In the governmental funds, however, expenditures for these items are reported
in the amount of financial resources used (paid). When the earned amount
exceeds the paid amount, the difference is reduction in the reconciliation; when
the paid amount exceeds the earned amount the difference is an addition to the
reconciliation.

34,270

The Internal service fund is used by the District to charge the costs of its self insurance
program to the individual fund. The assets and liabilities of the internal service fund
are included with governmental activities.

92,712

Some expenses reported in the Statement of Activities do not require the use of current
financial resources and therefore are not reported as expenditures in governmental funds.

Pension expense	<u>1,056,465</u>	
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Change in net position of governmental activities (A-2)

<u>\$ 9,181,504</u>

See accompanying notes to the basic financial statements

Proprietary Funds

Educational Services Commission of New Jersey
Proprietary Funds

Statement of Net Position

June 30, 2021

	Major Enterprise Funds				Totals	Internal Service Fund
	Regional Day School Fund	Pool Services Fund	Adult Community Services Fund	Food Services Fund		Self Insurance Fund
Assets						
Current Assets:						
Cash and Cash Equivalents	\$ 1,377,634	\$ 709,684	\$ 794,733	\$ 33,750	\$ 2,915,801	\$ 6,210,523
Cash held with Fiscal Agents						205,455
Intergovernmental Accounts Receivable:						
State				1,306	1,306	
Federal				28,983	28,983	
Other						395,715
Other Districts	754,581	10,153	10,766		775,500	
Interfunds Receivable	6,613			7,083	13,696	422,218
Total Current Assets	<u>2,138,828</u>	<u>719,837</u>	<u>805,499</u>	<u>71,122</u>	<u>3,735,286</u>	<u>7,233,911</u>
Capital Assets:						
Depreciable:						
Land and Building Improvements	1,139,370	14,537			1,153,907	
Equipment	990,277	17,564	78,977		1,086,818	
Accumulated Depreciation	<u>(1,331,753)</u>	<u>(4,316)</u>	<u>(11,957)</u>		<u>(1,348,026)</u>	
Total Capital Assets	<u>797,894</u>	<u>27,785</u>	<u>67,020</u>	-	<u>892,699</u>	-
Total Assets	<u>2,936,722</u>	<u>747,622</u>	<u>872,519</u>	<u>71,122</u>	<u>4,627,985</u>	<u>7,233,911</u>
Liabilities						
Current Liabilities:						
Accounts Payable	10,238	7,295	914		18,447	825,405
Interfunds Payable	54,428			6,613	61,041	
Unearned Revenues		7,275		4,976	12,251	
Total Current Liabilities	<u>64,666</u>	<u>14,570</u>	<u>914</u>	<u>11,589</u>	<u>91,739</u>	<u>825,405</u>
Net Position						
Investment in Capital Assets	797,894	27,785	67,020		892,699	
Restricted	2,000,000				2,000,000	
Unrestricted	74,162	705,267	804,585	59,533	1,643,547	6,408,506
Total Net Position	<u>\$ 2,872,056</u>	<u>\$ 733,052</u>	<u>\$ 871,605</u>	<u>\$ 59,533</u>	<u>\$ 4,536,246</u>	<u>\$ 6,408,506</u>

See accompanying notes to the basic financial statements

Educational Services Commission of New Jersey
Proprietary Funds

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

Year ended June 30, 2021

	Major Enterprise Funds					Internal Service Fund
	Regional	Pool Services Fund	Adult	Food	Totals	Self Insurance Fund
	Day School Fund		Community Services Fund	Services Fund		
Operating Revenues:						
Services Provided by Other Funds						\$ 9,242,597
Charges for Services:						
Daily Sales - Reimbursable Programs				\$ 1,630	\$ 1,630	
Tuition	\$ 4,698,608				4,698,608	
Services	575,919	\$ 272,657	\$ 140,137		988,713	
Miscellaneous	3,400	329	2,137		5,866	
Total Operating Revenues	5,277,927	272,986	142,274	1,630	5,694,817	9,242,597
Operating Expenses:						
Cost of Sales - Reimbursable Programs				187,941	187,941	
Salaries and Wages	2,783,380	255,838	351,290	29,530	3,420,038	
Employee Benefits	1,408,200	51,969	104,697		1,564,866	9,242,597
Other Professional Services	631,042	18,004	105		649,151	
Maintenance and Repairs	31,489	44,479	4,711		80,679	
Insurance	13,770				13,770	
Telephone/Communications	20,796				20,796	
Materials and Supplies	60,425	28,976	4,481		93,882	
Utilities	170,699	21,202			191,901	
Depreciation	119,977	1,373	9,588		130,938	
Miscellaneous	6,920	6,865	479		14,264	
Total Operating Expenses	5,246,698	428,706	475,351	217,471	6,368,226	9,242,597
Operating Income (Loss)	31,229	(155,720)	(333,077)	(215,841)	(673,409)	-
Nonoperating Revenues:						
State School Lunch Program				6,812	6,812	
Federal National School Breakfast Program				69,043	69,043	
Federal National School Lunch Program				121,216	121,216	
Total Nonoperating Revenues	-	-	-	197,071	197,071	-
Income (Loss) Before Transfers	31,229	(155,720)	(333,077)	(18,770)	(476,338)	-
Transfers In		335,450	500,000	30,000	865,450	92,712
Transfers Out	(98,571)				(98,571)	
Total Transfers	(98,571)	335,450	500,000	30,000	766,879	92,712
Change in Net Position	(67,342)	179,730	166,923	11,230	290,541	92,712
Net Position, Beginning	2,939,398	553,322	704,682	48,303	4,245,705	6,315,794
Net Position, Ending	\$ 2,872,056	\$ 733,052	\$ 871,605	\$ 59,533	\$ 4,536,246	\$ 6,408,506

See accompanying notes to the basic financial statements

Educational Services Commission of New Jersey
Proprietary Fund

Statement of Cash Flows

Year ended June 30, 2021

	Major Enterprise Funds				Totals	Internal Service Fund
	Regional Day School Fund	Pool Services Fund	Adult Community Services Fund	Food Services Fund		Self Insurance Fund
Cash Flows From Operating Activities						
Receipts from customers	\$ 5,568,387	\$ 273,216	\$ 133,176	\$ 2,847	\$ 5,977,626	\$ 9,723,108
Payments to employees	(2,783,380)	(255,838)	(351,290)	(29,530)	(3,420,038)	
Payments for employee benefits	(1,408,200)	(51,969)	(104,697)		(1,564,866)	(9,863,625)
Payments to suppliers	(996,849)	(129,358)	(10,287)	(187,941)	(1,324,435)	
Net cash provided by (used in) operating activities	379,958	(163,949)	(333,098)	(214,624)	(331,713)	(140,517)
Cash Flows From Noncapital Financing Activities						
State sources				5,506	5,506	
Federal sources				161,276	161,276	
Operating subsidies and transfers (to) from other funds	(37,730)	335,450	500,000	33,937	831,657	(306,777)
Net cash (used in) provided by noncapital financing activities	(37,730)	335,450	500,000	200,719	998,439	(306,777)
Cash Flows From Capital and Related Financing Activities						
Purchases of capital assets	(30,346)	(14,537)	(3,171)		(48,054)	
Net cash used in capital and related financing activities	(30,346)	(14,537)	(3,171)	–	(48,054)	–
Net increase (decrease) in cash and cash equivalents	311,882	156,964	163,731	(13,905)	618,672	(447,294)
Balances—beginning of year	1,065,752	552,720	631,002	47,655	2,297,129	6,657,817
Balances—end of year	\$ 1,377,634	\$ 709,684	\$ 794,733	\$ 33,750	\$ 2,915,801	\$ 6,210,523
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ 31,229	\$ (155,720)	\$ (333,077)	\$ (215,841)	\$ (673,409)	\$ –
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and net amortization	119,977	1,373	9,588		130,938	
Change in assets and liabilities:						
Decrease (Increase) in accounts receivable	318,258	(6,408)	(9,098)	57	302,809	
(Increase) in interfund receivable						(360,132)
Increase in accounts payable	(89,506)	(9,832)	(511)		(99,849)	219,615
Increase in unearned revenue		6,638		1,160	7,798	
Net cash provided by (used in) operating activities	\$ 379,958	\$ (163,949)	\$ (333,098)	\$ (214,624)	\$ (331,713)	\$ (140,517)

See accompanying notes to the basic financial statements

Educational Services Commission of New Jersey

Notes to the Basic Financial Statements

Year ended June 30, 2021

1. Summary of Significant Accounting Policies

The financial statements of the Educational Services Commission of New Jersey (the “Commission”) have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Commission’s accounting policies are described below.

The Commission was established to administer programs designated by the membership in a cooperative fashion.

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

A. Reporting Entity

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

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

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

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

The Commission has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the Commission. For the most part, the effect of internal activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. The New Jersey Department of Education requires that all funds be reported as major to promote consistency among the school districts and commissions in the State of New Jersey.

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

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

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers all revenues to be available if they are collected within six months of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension liabilities and MCIA loans, are recorded only when payment is due.

The Commission has reported the following major governmental funds:

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

Special Revenue Fund: The Commission maintains one special revenue fund, which includes the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes, other than debt service or capital projects.

Capital Projects Fund: The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds/loans and state aid.

Debt Service Fund: The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned to an expenditure for the principal and interest on long-term general obligation debt of governmental funds.

The Commission reports the following major proprietary funds:

Enterprise Funds (Food Service Fund, Regional Day School Fund, Pool Service Fund and Adult Community Services Fund): The Food Service Fund accounts for all revenues and expenses pertaining to cafeteria operations. The stated intent is that the cost (i.e., expenses including

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

depreciation and any indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The Regional Day School Fund, Pool Service Fund and Adult Community Services Fund (commenced operations in 19-20 fiscal year) account for all revenues and expenses in the operation of the school or service similar to a private business enterprise.

The Commission reports the following major internal service fund:

Internal Service Fund (Self Insurance): The self-insurance internal service fund is used to account for employer and employee contributions that pay for benefits, claims costs, and administrative costs of the self-insured health benefits program.

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

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

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Commission enterprise funds are charges for sales of food, tuition, and revenues and services provided for the Pool Fund and Adult Community Services Fund. Operating expenses for enterprise funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The Commission reports unearned revenue on its statement of net position and balance sheet. Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenue also arises when resources are received by the Commission before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Commission has a legal claim to the resources, the liability for unearned revenue is removed from the statement of net position and balance sheet and revenue is recognized.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

D. Budgets/Budgetary Control

Annual budgets are adopted each year for the general fund, special revenue fund and debt service fund. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23. All budget amendments must be approved by Commission resolution. Budget amendments during the year ended June 30, 2021 were properly approved by Commission resolution.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

E. Cash and Cash Equivalents

Cash and cash equivalents include petty cash, amounts on deposit, money market accounts, and short-term investments and certificates of deposit with original maturities of three months or less.

F. Deposits Held by Bond Trustees

Deposits held by bond trustees are recorded in the financial statements at fair value, which is based on quoted market price and consist of cash and equivalents and U.S. Treasury notes and government securities.

G. Interfund Receivables/Payables

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

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

H. Capital Assets

Capital assets, which include property, plant and equipment and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Commission defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their acquisition value on the date of acquisition. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized.

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

	Years
Machinery and equipment	2-20
Buildings	50
Building improvements	20
Vehicles	5-10

I. Compensated Absences

A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. The Commission uses the “vesting method” for estimating its accrued sick and vacation leave liability. Commission employees are granted vacation and sick leave in varying amounts under the Commission’s personnel policies and according to the negotiated contracts. In the event of retirement, according to contract, an employee is reimbursed for accumulated vacation and sick leave. Non-affiliated employees who resign with more than ten years of service will be reimbursed for accumulated vacation leave pursuant to the Policy 4433.2 Accumulated Vacation Leave (Resignation) approved on October 15, 2010. As of June 30, 2021, a liability existed for compensated absences in the government-wide financial statements in the amount of \$87,267.

The liability for compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2021, no liability existed for compensated absences in the proprietary fund types.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

J. Unearned Revenue

Unearned revenue in the general fund, special revenue fund and the pool service and food service enterprise funds, represents cash, which has been received but not yet earned.

K. 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. The Commission has two items that qualify for reporting in this category, deferred amounts related to loss on refunding of debt and deferred amounts related to pensions.

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. The Commission has one item that qualifies for reporting in this category, deferred amounts related to pensions.

L. Long-Term Obligations

In the government-wide financial statements, and enterprise fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Pension

The Commission's proportionate share of the net pension liability, deferred outflows of resources, deferred inflows of resources and expense associated with the Commission's requirement to contribute to the Public Employees' Retirement System ("PERS") and the Teachers' Pension and

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

Annuity Fund (TPAF) have been determined on the same basis as they are reported by PERS and TPAF, respectively. Contributions made to the plans after the measurement date and prior to the Commission's fiscal year end are reported as deferred outflows of resources.

N. 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 categories, as defined below:

- 1) Non-spendable – 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, long-term receivables, and corpus of any permanent funds.
- 2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- 3) 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 revises or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- 4) 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. Intent 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.
- 5) 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 positive 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.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

N. Fund Balance (continued)

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.

Of the \$39,061,801 of fund balance in the General Fund, \$1,448,105 of encumbrances is assigned to other purposes, \$216,392 has been restricted in the capital reserve account; \$2,277,370 has been restricted in the maintenance reserve account; \$323,402 has been restricted for unemployment compensation; and the remaining \$34,796,532 is unassigned. The Special Revenue Fund balance is \$10,484, which is restricted for student activities. Capital Projects Fund balance is \$3,799,467, which is restricted for capital projects and the Debt Service Fund balance is \$5,997,382, which is restricted for debt service.

O. Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources and liabilities in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net positions are reported as restricted in the government-wide and fund financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position is reported in the following three categories:

- Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets.
- Restricted net position is restricted due to legal restrictions from creditors, grantors, or laws and regulations of other governments.
- Unrestricted net position consists of net position which does not meet the definition of the two preceding categories.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

P. Management Estimates

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

Q. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security and pension contributions for certified members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension contributions in the government-wide financial statements have been increased by \$1,143,137 adjust for the full accrual basis incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the Commission's annual budget.

R. Deferred Loss on Defeasance of Debt

Deferred loss on defeasance of debt arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense. As of June 30, 2021, the Commission has recorded an unamortized balance of \$2,988,445 as a deferred outflow of resources. Amortization expense for the year ended June 30, 2021 was \$310,079.

S. GASB Pronouncements

The GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after June 15, 2021. Management has not yet determined the impact of this Statement on the financial statements.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* in June 2018. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for periods beginning after December 15, 2020. Management has not determined the impact of the Statement on the financial statements.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

The GASB issued Statement No. 91, *Conduit Debt Obligations* in May 2019. This Statement establishes a single method of reporting conduit debt obligations by issuers to eliminate diversity in practice. The requirements of this Statement are effective for periods beginning after December 15, 2021. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* in May 2020. This Statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management has not determined the impact of the Statement on the financial statements.

T. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2020 through February 4, 2022, the date that the financial statements were available for issuance. The effect of those events and transactions that provide additional pertinent information about conditions that existed at the balance sheet and statement of net position date, have been recognized in the accompanying financial statements.

On November 3, 2021, the Commission received ownership of property located at 1660 Stelton Road in Piscataway, New Jersey. The property was acquired to operate the Commission's Regional Day School.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheets includes reconciliation between fund balance/net position – total governmental funds and net position– governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds and loans payable, unamortized bond issuance premium, compensated balances and the net pension liability, are not due and payable in the current period and therefore are not reported in the funds. The details of the \$53,728,728 difference are as follows:

Bonds/loans payable	\$	43,975,000
Capital lease		5,008,050
Unamortized bond issuance premium		4,658,411
Compensated absences		87,267
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	\$	53,728,728

3. Deposits and Investments

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

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

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

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

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

3. Deposits and Investments (continued)

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

Deposits

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, the Federal Savings and Loan 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.

At June 30, 2021, the carrying amount of the Commission's deposits was \$35,970,243 and the bank balance was \$44,730,360. Of the bank balance, \$250,000 was covered by the Federal Depository Insurance and \$43,581,822 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Governmental Unit Deposit Protection Act (GUDPA). \$898,538 held in the Commission's agency accounts are not covered by GUDPA.

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

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

3. Deposits and Investments (continued)

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

Investments

New Jersey statutes permit the Commission to purchase the following types of investments:

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

Deposits Held by Bond Trustees and Lease Purchase Escrow Agent – At June 30, 2021, the deposits held by bond trustees under bond indenture agreements and lease purchase loan are maintained for the following:

Revenue fund	\$ 59,036
Debt service fund for principal and interest	2,057,586
Operating fund	76,100
Loan - Lease Purchase Escrow account	<u>1,440,686</u>
Deposits Held by Trustees	<u>\$ 3,633,408</u>

Deposits held by bond trustees and lease purchase Escrow agent are recorded in the financial statements at fair value, as determined by quoted market prices, and consist of the following:

	<u>Cost</u>	<u>Fair Value</u>
Cash and equivalents	\$ 3,633,408	\$ 3,633,408

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

3. Deposits and Investments (continued)

Custodial Credit Risk: The Commission does not have a policy for custodial credit risk other than to maintain a safekeeping account for the securities at a financial institution. The Commission's deposits held with bond trustees are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Commission, and are held by either the counterparty or the counterparty's trust department or agent but not in the Commission's name. As of June 30, 2021, the Commission's deposits held with bond trustees are invested in money market accounts.

Credit Risk: The Commission does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The Commission did not have any funds invested in debt securities.

Concentration of Credit Risk: The Commission places no limit on the amount the Commission may invest in any one issuer. Assets held under bond indenture agreements represent assets held by bond trustees under the terms of various bond and other long-term debt agreements. Assets held under bond indenture agreements are carried in the financial statements at fair value, and consist of cash and equivalents.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Commission does not have a policy to limit interest rate risk. As of June 30, 2021, no deposits held with bond trustees had maturities greater than one year.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2021:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,231,614			\$ 5,231,614
Construction in progress	1,821,667	\$ 3,991,778		5,813,445
Total capital assets, not being depreciated	7,053,281	3,991,778		11,045,059
Capital assets, being depreciated:				
Buildings and building improvements	90,237,817	58,874		90,296,691
Land improvements	1,192,854			1,192,854
Vehicles	612,476	41,036	\$ (27,733)	625,779
Machinery and equipment	8,083,294	331,384		8,414,678
Total capital assets, being depreciated	100,126,441	431,294	(27,733)	100,530,002
Less accumulated depreciation for:				
Buildings and building improvements	(21,351,488)	(1,972,763)		(23,324,251)
Land improvements	(1,042,589)	(46,069)		(1,088,658)
Vehicles	(386,370)	(59,851)	27,733	(418,488)
Machinery and equipment	(4,750,370)	(538,866)		(5,289,236)
Total accumulated depreciation	(27,530,817)	(2,617,549)	27,733	(30,120,633)
Total capital assets, being depreciated, net	72,595,624	(2,186,255)	-	70,409,369
Governmental activities capital assets, net	\$ 79,648,905	\$ 1,805,523	\$ -	\$ 81,454,428

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

Instruction	\$ 523,510
Business and other support services	2,094,039
Total allocated depreciation	<u>\$ 2,617,549</u>

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

4. Capital Assets (continued)

The following is a summary of business-type capital assets for the fiscal year ended June 30, 2021:

	Beginning Balance	Increases	Ending Balance
Business-type activities:			
Capital assets, being depreciated:			
Land improvements	\$ 6,163		\$ 6,163
Building and building improvements	1,102,861	\$ 44,883	1,147,744
Machinery and equipment	1,083,647	3,171	1,086,818
Total capital assets being depreciated	2,192,671	48,054	2,240,725
Less accumulated depreciation for:			
Land improvements	(5,020)	(308)	(5,328)
Building and building improvements	(490,552)	(58,685)	(549,237)
Machinery and equipment	(721,516)	(71,945)	(793,461)
Total accumulated depreciation	(1,217,088)	(130,938)	(1,348,026)
Business-type activities capital assets, net	\$ 975,583	\$ (82,884)	\$ 892,699

5. Long-Term Liabilities

During the year ended June 30, 2021, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences payable	\$ 121,537	\$ 295	\$ (34,565)	\$ 87,267	\$ 34,562
MCIA bonds/ loans payable	47,020,000		(3,045,000)	43,975,000	3,190,000
Capital lease	6,000,000		(991,950)	5,008,050	959,783
Unamortized premium	5,090,346		(431,935)	4,658,411	431,935
Subtotal	58,231,883	295	(4,503,450)	53,728,728	4,616,280
Net pension liability	17,476,404		(2,250,105)	15,226,299	
Total governmental activities long-term liabilities	\$ 75,708,287	\$ 295	\$ (6,753,555)	\$ 68,955,027	\$ 4,616,280

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

5. Long-Term Liabilities (continued)

The Commission expects to liquidate the compensated absences, the capital lease and the net pension liability with payments made from the Commission's general fund. Bonds/loans payable are liquidated by expenditures charged to the debt service fund.

Bonds/Loan Payable

On May 7, 2014, the Commission advance refunded \$9,385,000 of the 2004 County Guaranteed Revenue Bonds. The principal amount outstanding as of June 30, 2014 was \$11,230,000. Terms of the loan repayment call for semi-annual interest with rates that vary from 2.00% to 5.00% and annual principal repayments. The Commission completed the refunding to reduce total debt service payment by over 10%. The principal amount outstanding of the series 2014 as of June 30, 2021 is \$4,800,000.

On December 16, 2014, the Middlesex County Improvement Authority issued the Middlesex County Guaranteed Lease Revenue Refunding Bonds (Middlesex Regional Educational Services Commission Projects). These bonds were issued to refund \$29,225,000 of 2008 Bonds maturing December 15, 2019 to 2033. The par amount of the 2014 Refunding Bonds totals \$30,170,000 and debt service savings equate to \$2,159,982 or 7.391% of Refunded Bonds on a present value basis. The average interest rate of the Series 2014A is 3.15% compared with the average interest rate of the refunded bonds of 5.15%, with a final maturity date of December 15, 2033. The principal amount outstanding for series 2014A as of June 30, 2021 is \$26,870,000.

On August 31, 2017, the Middlesex County Improvement Authority issued the Middlesex County Guaranteed Lease Revenue Bonds, Series 2017 (Educational Services Commission of New Jersey Projects). These bonds were issued in the par amount of \$13,170,000 maturing July 15, 2019 to 2037 with interest rates that vary from 3.00% to 5.00%. Terms of the loan repayment call for semi-annual interest and annual principal repayments. The principal amount outstanding of the series 2017 as of June 30, 2021 is \$12,305,000. The funds were obtained for the NuView Academy Annex project.

As of June 30, 2021, \$37,070,000 of all defeased bonds remain outstanding.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

5. Long-Term Liabilities (continued)

The Commission has pledged the New School Projects as collateral for the loans. Future loan payments are as follows:

	Principal	Interest	Total
Fiscal year ending June 30:			
2022	\$ 3,190,000	\$ 1,860,688	\$ 5,050,688
2023	3,340,000	1,701,837	5,041,837
2024	3,505,000	1,535,538	5,040,538
2025	3,675,000	1,360,862	5,035,862
2026	3,855,000	1,172,613	5,027,613
2027-2031	13,580,000	3,967,687	17,547,687
2032-2036	11,180,000	1,027,744	12,207,744
2037-2039	1,650,000	66,600	1,716,600
	\$ 43,975,000	\$ 12,693,569	\$ 56,668,569

Capital Lease Payable

On December 18, 2019, a Lease Purchase Agreement was entered into between TD Equipment Finance, Inc., as Lessor, and the Educational Services Commission of New Jersey, as Lessee. The lease was obtained for a Capital Project at the Aquatic Fitness Center and various upgrades to the facilities at NuView Academy Annex project and the leased Premises described on the Tax Map of the Township of Piscataway as Block 9201, Lot 46.09 and the existing building facilities and fixtures thereon. The lease was issued in the amount of \$6,000,000 maturing July 15, 2025 with interest rates that vary from 2.1330% to 2.1725%. The principal amount outstanding on the lease as of June 30, 2021 is \$5,008,050. The following is a schedule of the future minimum lease payments under this capital lease and the net minimum lease payments at June 30, 2020:

	Principal	Interest	Total
Fiscal year ending June 30:			
2022	\$ 959,783	\$ 106,822	\$ 1,066,605
2023	980,255	86,350	1,066,605
2024	1,001,164	65,441	1,066,605
2025	1,022,519	44,086	1,066,605
2026	1,044,329	22,276	1,066,605
	\$ 5,008,050	\$ 324,975	\$ 5,333,025

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

6. Pension Plans

Description of Systems

Based on Membership Eligibility, substantially all of the Commission's employees participate in either of following three contributory defined benefit public employee retirement systems that have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF), or the Public Employees' Retirement System (PERS); or a Defined Contribution Retirement Program (DCRP). The TPAF and PERS are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Teachers' Pension and Annuity Fund Retirement System is considered a cost-sharing multiple-employer plan, with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Commission and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage.

Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Public Employee's Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60,

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

6. Pension Plans (continued)

60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295. Prudential Financial makes DCRP information, including information about distribution options, available on its New Jersey Defined Contribution Program Web site at www.prudential.com/njdcprp.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS are 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for noncontributory death benefits and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

During the year ended June 30, 2021, the State of New Jersey contributed \$5,597,119 to the TPAF for on-behalf pension, non-contributory insurance and post-retirement medical benefits on behalf of the Commission. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Commission \$1,179,473 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.

The Commission's actuarially determined contributions to PERS for each of the years ended June 30, 2021, 2020, and 2019 were \$1,021,427, \$943,446, and \$973,579, respectively, equal to the required contributions for each year.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

6. Pension Plans (continued)

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

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

Public Employee's Retirement System (PERS)

At June 30, 2021, the Commission reported a liability of \$15,226,299 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 used 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 Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the Commission's proportion was 0.0933705753 percent, which was a decrease of 0.0036209665 percent from its proportion measured as of June 30, 2019. For the year ended June 30, 2021, the Commission recognized full accrual pension expense of (\$35,037) in the government-wide financial statements. Pension expense is reported in the Commission's financial statements as part of employee benefits expense. At June 30, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 277,246	\$ 53,847
Changes of assumptions	493,958	6,375,396
Net difference between projected and actual earnings on pension plan investments	520,447	
Changes in proportion and differences between Commission contributions and proportionate share of contributions	18,554	1,117,143
Commission contributions subsequent to the measurement date	1,164,616	
	\$ 2,474,821	\$ 7,546,386

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

6. Pension Plans (continued)

\$1,164,616 is reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability for the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ (2,264,717)
2023	(2,089,541)
2024	(1,247,159)
2025	(529,175)
2026	(105,589)
	<u>\$ (6,236,181)</u>

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%

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. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

6. Pension Plans (continued)

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

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, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets 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%
	<u>100.00%</u>	

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

6. Pension Plans (continued)

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 projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the Commission's proportionate share of the net pension liability as of June 30, 2020 calculated using the discount rate as disclosed above as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Commission's proportionate share of the net pension liability	\$ 19,167,370	\$ 15,226,299	\$ 11,882,192

Pension Plan Fiduciary Net Position

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

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

6. Pension Plans (continued)

Additional Information

Collective balances - Local Group at June 30, 2020 are as follows:

Deferred outflows of resources	\$	2,347,583,337
Deferred inflows of resources	\$	7,849,949,467
Net pension liability	\$	16,435,616,426
 Commission's Proportion		 0.0933705753%

Collective pension expense for the Local Group for the measurement period ended June 30, 2020 is \$407,705,399.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 is 5.16, 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years, respectively.

Teachers Pensions and Annuity Fund (TPAF) – Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the these local participating employers 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 these local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. The State's portion of the net pension liability that was associated with the Commission as of June 30, 2021 was \$91,911,786. The Commission's contractually required contribution rate for the year ended June 30, 2020, was 0% of the annual covered payroll of which 100% was required from the State.

The net pension liability was measured as of June 30, 2020, and the total pension liability used 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 State's proportionate share of the net pension liability associated with the Commission was based on a projection of the State's long-term

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

6. Pension Plans (continued)

contributions to the pension plan associated with the Commission relative to the projected contributions by the State associated with all participating school Commissions, actuarially determined. At June 30, 2020, the State’s proportionate share of the TPAF net pension liability associated with the Commission was 0.1395800542 percent, which was a decrease of 0.0029405290 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Commission recognized on-behalf pension expense and revenue in the government-wide financial statements of \$1,455,929 for contributions incurred by the State.

Actuarial assumptions

The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	1.55 - 4.45%
Thereafter	2.75 - 5.65%
	based on years of service
	based on years of service
Investment rate of return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

6. Pension Plans (continued)

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 Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expecting 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 TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets 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%
	<u>100.00%</u>	

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 rate of return on pension plan investments of 7.00%, and a municipal bond rate of 2.21% as of June 30,

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

6. Pension Plans (continued)

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 made 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 State's proportionate share of the net pension liability associated with the Commission to changes in the discount rate

The following presents the State's proportionate share of the net pension liability associated with the Commission as of June 30, 2020 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the Commission would be if it were calculated using a discount rate that is 1-percentage point lower (4.40 percent) or 1-percentage-point higher (6.40 percent) than the current rate:

	At 1% Decrease (4.40%)	At Current Discount Rate (5.40%)	At 1% Increase (6.40%)
Commission's proportionate share of the net pension liability	\$ 107,961,157	\$ 91,911,786	\$ 78,585,477

Pension plan fiduciary net position

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

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

6. Pension Plans (continued)

Additional Information

Collective balances of the Local Group at June 30, 2020 are as follows:

Collective deferred outflows of resources	\$ 9,589,140,982
Collective deferred inflows of resources	\$ 14,409,361,877
Collective net pension liability	\$ 65,848,796,740
State's proportionate share associated with the Commission	 0.1395800542%

Collective pension expense-Local Group for the plan for the measurement period ended June 30, 2020 is \$4,114,319,534.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2020, 2019, 2018, 2017, 2016, 2015, and 2014 is 7.99, 8.04, 8.29, 8.30, 8.30, 8.30, and 8.50 years, respectively.

Defined Contribution Plan

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

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

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

6. Pension Plans (continued)

members enrolled on or after July 1, 2007 who are eligible for DCRP participation upon reaching the annual maximum wage contribution base for Social Security pursuant to the Federal Insurance Contributions Act (\$142,800 in 2021), may elect to waive participation in the DCRP. PERS and TPAF members who participate in the DCRP are immediately vested in the DCRP with a right to a benefit at retirement based on both employee and employer contribution. There is no minimum retirement age under the DCRP. The member will automatically be considered retired, regardless of age, if there is any distribution of mandatory contributions. However, lump-sum cash distributions to members under the age of 55 are limited to the member's contributions and earnings. The remaining employer contributions and earnings are only available after age 55. A member may take a distribution at any time after termination of employment; however, if member returns to public employment in New Jersey, member cannot participate in any State-administered retirement systems. The Commission's expense for the DCRP was \$204,726 for the fiscal year ended June 30, 2021.

7. Post-Retirement Benefits

Plan Description and Benefits Provided

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers. The State Health Benefits Program 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. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in or retires in a disability pension from one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS) or the Alternate Benefit Program

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
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7. Post-Retirement Benefits (continued)

(“ABP”). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of health care coverage in retirement provided that they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement coverage.

Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. In Fiscal Year 2020, the State paid PRM benefits for 143,053 State and local retirees. The total non-employer OPEB liability does not include certain other postemployment obligations that are provided by the local education employers.

The State’s contributions to the SHBP Fund for TPAF retirees’ post-retirement benefits on behalf of the Commission for the years ended June 30, 2021, 2020 and 2019 were \$1,334,873, \$1,156,127, and \$1,298,067, respectively, which equaled the required contributions for each year.

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 remained consistent with Fiscal Year 2019 amounts. 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.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

7. Post-Retirement Benefits (continued)

Total Non-employer OPEB Liability

The total non-employer (State) OPEB liability from New Jersey's plan is \$67,809,962,608.

Changes in Total Non-employer OPEB Liability

Below represents the changes in the Commission's total OPEB liability for the year ended June 30, 2021:

	Total OPEB Liability
Beginning Total OPEB Liability, June 30, 2019	\$ 58,352,812
Changes for the year:	
Service cost	3,366,626
Interest	2,131,381
Differences between expected and actual experiences	18,176,101
Changes of assumptions	17,961,178
Member contributions	51,885
Benefit payments	(1,711,812)
Net changes for the year	39,975,359
Ending Total OPEB Liability, June 30, 2020	\$ 98,328,171

Employees covered by benefit terms

The following employees were covered by the benefit terms:

Local Education Group	June 30, 2020
Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	149,304
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Total Plan Members	366,108

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 GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective total OPEB liability on the Statement of Net Position. The State's proportionate share of the total OPEB

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

liability associated with the Commission as of June 30, 2021 was \$98,328,171. Additional information can be obtained from the State of New Jersey's annual comprehensive financial report.

7. Post-Retirement Benefits (continued)

Actuarial assumptions and other inputs

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 and included in the June 30, 2020 audited financial statements of the State Health Benefit Local Education Retired Employees Plan. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	TPAF	PERS
Inflation rate:	2.50%	2.50%
Salary increases:		
Through 2026	1.55 - 4.45%	2.00 - 6.00%
	based on years of service	based on years of service
Thereafter	1.55 - 4.45%	3.00 - 7.00%
	based on years of service	based on years of service

Mortality Rates

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-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 Scale MP-2020.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of the actual experience studies for the periods July 1, 2015–June 30, 2018 and July 1, 2014–June 30, 2018 for TPAF and PERS, respectively.

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

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

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.

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 rate for fiscal year 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%.

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

The following presents the non-employer OPEB liability associated with the Commission as of June 30, 2020 calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current rate:

	<u>At 1% decrease (1.21%)</u>	<u>At current discount rate (2.21%)</u>	<u>At 1% increase (3.21%)</u>
Total OPEB Liability (Allocable to the Commission and the responsibility of the State)	\$ 118,539,685	\$ 98,328,171	\$ 82,524,713

The following presents the total non-employer OPEB liability associated with the Commission as of June 30, 2020 calculated using the healthcare cost trend rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>At 1% decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>At 1% increase</u>
Total OPEB Liability (Allocable to the Commission and the the responsibility of the State)	\$ 79,373,816	\$ 98,328,171	\$ 120,898,596

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

7. Post-Retirement Benefits (continued)

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 on-behalf OPEB expense and revenue in the government-wide financial statements of \$5,040,768 for OPEB expenses incurred by the State.

Collective balances of the Local Education Group at June 30, 2021 are as follows:

Deferred outflow of resources	\$ 24,023,298,802
Deferred inflow of resources	\$ 19,101,933,244
Collective OPEB expense	\$ 3,337,755,596
 Commission's Proportion	 0.14%

Special Funding Situation

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

8. Contingent Liabilities

The Commission is involved in various claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the Commission. The Commission participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the Commission has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2021 may be impaired. In the opinion of the Commission, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying financial statements for such contingencies.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

9. Risk Management

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

Property and Liability Insurance

In addition, the Commission maintains commercial insurance coverage for property, liability, student accident and surety bonds and does not retain risk of loss. There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverage over the past three years. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report.

New Jersey Unemployment Compensation Insurance

Effective January 1, 2010, the Commission elected to switch from a Reimbursable Unemployment Account to a Contributory Unemployment Account. The Employer Unemployment Compensation Insurance Contribution rate is 0.60% through June 30, 2021. Based on final unemployment experience rate, the Commission allocated to the Unemployment and Workforce Funds the total amount of \$131,225 for fiscal year 2021. At June 30, 2021, there is \$323,402 of funds restricted in an unemployment compensation reserve reported in the general fund financial statements.

Self-Insurance: The Commission is self-insured for medical, prescription and dental benefits and has established an internal service fund to account for its self-insurance activities. The Commission contracts with Horizon Blue Cross/Blue Shield, SynchronyRX and Delta Dental to provide claims administration and payment services for health benefits. The Commission switched contracts with Horizon Blue Cross/Blue Shield from a prospective funding plan to a self-insured plan with advance weekly deposits of \$176,255 being held by Horizon Blue Cross/Blue Shield of June 30, 2021 and an estimate of \$684,000 within accounts payable for incurred but not reported (IBNR) claims which was developed and calculated by an independent actuary. In addition, at June 30, 2021, \$29,200 of funds are held by other health care service providers on behalf of the District.

The change in the IBNR for the past three years as follows:

Year	Beg. Balance	Claims and Estimates	Payments	Ending Balance
2020-2021	\$586,500	\$9,242,597	\$9,145,097	\$684,000
2019-2020	\$574,000	\$7,724,364	\$7,711,864	\$586,500
2018-2019	\$503,000	\$7,449,617	\$7,378,617	\$574,000

Educational Services Commission of New Jersey
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Year ended June 30, 2021

10. Capital Reserve Account

Capital reserve accounts may be established for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. A capital reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget. Funds placed in the capital reserve account are restricted to capital outlay expenditures and transfers of such funds for other uses are prohibited pursuant to N.J.S.A. 18A:22-8.2. A capital reserve account was established by the Commission for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years.

Funds placed in the capital reserve account are restricted to capital projects in the Commission’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, the Commission may increase the balance in the capital reserve by appropriating funds in the annual general fund budget or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line – item appropriation amounts, or both. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP. The amount included in the Commission’s capital reserve account at June 30, 2021 is \$216,392 and there were no deposits or withdrawals during the 2021 fiscal year.

11. Maintenance Reserve Accounts

The Commission maintains a reserve to be used to accumulate funds for the required maintenance of a facility, and in accordance with N.J.S.A. 18A:7G-9, as amended by P.L. 2004, c. 73 (S1701), passed a board resolution authorizing the establishment of a maintenance reserve account in the Commission’s General Fund and in the 2021 fiscal year, the Commission established a maintenance reserve in the Piscataway Regional Day School (PRDS) Enterprise Fund. As allowed by N.J.S.A. 18A:F-41 and N.J.A.C. 6A:23A-14.3, the Commission can adopt a board resolution to deposit funds into a maintenance reserve account between June 1 and June 30 of each budget year. The activity of the maintenance reserves for the July 1, 2020 to June 30, 2021 fiscal year are as follows:

	General Fund Maintenance Reserve	PRDS Enterprise Fund Maintenance Reserve	Total
Beginning balance	\$ 1,170,896		\$ 1,170,896
Additions	2,000,000	\$ 2,000,000	4,000,000
Withdrawals	(893,526)		(893,526)
Ending balance	<u>\$ 2,277,370</u>	<u>\$ 2,000,000</u>	<u>\$ 4,277,370</u>

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

12. Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at June 30, 2021:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 1,994,826	\$ 326,186
Special Revenue Fund		2,048,513
Capital Projects Fund		901
Debt Service Fund	5,901	
Regional Day School Enterprise Fund	6,613	54,428
Food Services Enterprise Fund	7,083	6,613
Internal Service Fund - self insurance	422,218	
	\$ 2,436,641	\$ 2,436,641

The General Fund receivable represents amounts owed from Special Revenue Fund for short term cash loans to liquidate the fund cash deficit. The General Fund payable represents cash owed to the Internal Service Fund for claims paid and not yet reimbursed. The interfunds between the Food Services Enterprise Fund and the Regional Day School Enterprise Fund represents amounts owed for the annual MCIA fee and trustee fee paid through debt service fund. The interfund between the Capital Projects Fund and the Debt Service Fund represents interest earned in the Capital Projects Fund not turned over to the Debt Service Fund at June 30, 2021. The Regional Day School Fund receivable represents amounts owed from the Food Service Fund for cafeteria aides. The Internal Service Fund – Self Insurance receivable represents amounts owed from the General Fund, Special Revenue Fund and the Regional Day School Fund.

The Commission expects to liquidate all interfunds within one year.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

13. Transfers – Reconciliation

The following represents a reconciliation of transfers made during the 2021 fiscal year:

	Transfers In	Transfers Out
General Fund		\$ 7,091,708
Special Revenue Fund		7,358
Capital Projects Fund		901
Debt Service Fund	\$ 6,240,376	
Enterprise Fund – Regional Day School		98,571
Enterprise Fund – Pool Services	335,450	
Enterprise Fund – Adult Community Services	500,000	
Enterprise Fund – Food Service	30,000	
Internal Service Fund - Self Insurance	92,712	
Total	\$ 7,198,538	\$ 7,198,538

The transfers represent an allocation to the various funds except of the internal service fund for debt service charges to pay for the Commission’s interest and principal on its outstanding debt. The Commission does not have the ability to raise taxes and does not receive any debt service aid. The internal service fund – self-insurance transfer in represents the health benefit expenditures offset by the health benefit deposits.

14. Commitments

The Commission has contractual commitments at June 30, 2021 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$1,448,105.

The Commission also has \$2,170,285 of encumbrances outstanding at June 30, 2021 for various construction contracts recorded in the capital projects fund as part of restricted for capital projects.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

15. Liquidity, Management Plans and Intentions

As of June 30, 2021, Commission operations and the ways in which education is provided have been disrupted by the outbreak of the novel coronavirus COVID-19. Going forward, COVID-19 could further limit the Commission’s operations, including a slowdown in collections from participating districts and an increase in expenses associated with this or any other potential infectious disease outbreak. Commission management cannot reasonably predict how long the pandemic in New Jersey is expected to last and how the outbreak may impact the financial condition or operations of the Commission. Commission management continues to monitor the Pandemic and plans to take action to address any significant impact on future operations.

Due to the COVID-19 Pandemic, the Commission closed its schools on March 16, 2020 and continued to provide online instruction to its students through the end of the school year. The Pandemic did not have a significant impact on the financial statements of the Commission for the year ended June 30, 2021. However, the Pandemic did result in the State of New Jersey taking steps to reduce the amount of state aid to be provided to school districts for the 2021-22 fiscal year. The Commission provides transportation and other services to school districts throughout the state and may experience cash flow issues as districts may be slower to pay as a result of the decrease in funding. Management believes that the unassigned fund balance available as of June 30, 2021 and the anticipated revenues will be sufficient to meet the Commission’s financial needs for one year from the date of the issuance of this report.

16. Change in Accounting Principle/Retroactive Adjustments

Effective in the fiscal year ended June 30, 2021, the Commission implemented Governmental Accounting Standards Board 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. As part of this implementation, the activity in the Unemployment Compensation Insurance Trust fund which had previously been reported in the Fiduciary Funds is now reported in the General fund. In addition, the Student Activities Fund is now reported in the Special Revenue Fund. The implementation of the Statement required a retroactive adjustments of prior year net position in the government-wide financial statements – governmental activities and fund balance in the general fund and special revenue fund statement of revenues, expenditures and changes in fund balance.

Government-wide financial statements (Governmental Activities):

Beginning Net Position - July 1, 2020		\$ 54,506,425
Retroactive Adjustments for:		
Reserve for Unemployment Compensation		322,846
Reserve for Student Activities		9,795
		332,641
Beginning Net Position - July 1, 2020 (as adjusted)		\$ 54,839,066

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2021

16. Change in Accounting Principle/Retroactive Adjustments (continued)

Governmental Fund financial statements:

Beginning Fund Balance - July 1, 2020		<u>\$ 46,507,948</u>
Retroactive Adjustments for:		
Reserve for Unemployment Compensation		322,846
Reserve for Student Activities		<u>9,795</u>
		<u>332,641</u>
Beginning Fund Balance - July 1, 2020 (as adjusted)		<u><u>\$ 46,840,589</u></u>

Required Supplementary Information - Part II

Educational Services Commission of New Jersey
 Required Supplementary Information
 Schedule of the Commission's Proportionate Share of the Net Pension Liability
 Public Employee's Retirement System

	Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Commission's proportion of the net pension liability (asset) - Local Group	0.0933705753%	0.0969915418%	0.0978789200%	0.1010685311%	0.1007793105%	0.1007043122%	0.1047205366%	0.1040601532%	n/a	n/a
Commission's proportionate share of the net pension liability (asset)	\$15,226,299	\$17,476,404	\$19,271,871	\$23,527,139	\$29,847,941	\$22,606,100	\$19,606,549	\$19,887,963	n/a	n/a
Commission's covered payroll	\$6,879,663	\$6,627,753	\$6,694,238	\$6,808,739	\$6,834,840	\$6,859,933	\$6,756,533	\$6,996,216	\$7,003,742	\$7,852,556
Commission's proportionate share of the net pension liability (asset) as a percentage as a percentage of its covered payroll	221.32%	263.69%	287.89%	345.54%	436.70%	329.54%	290.19%	284.27%	n/a	n/a
Plan fiduciary net position as a percentage of the total pension liability - Local Group	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	52.08%	n/a	n/a

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

See notes to Required Supplementary Information

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

	Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$1,021,428	\$943,446	\$973,579	\$936,292	\$895,309	\$865,787	\$863,301	\$784,072	\$870,819	\$972,536
Contributions in relation to the contractually required contribution	1,021,428	943,446	973,579	936,292	895,309	865,787	863,301	784,072	870,819	972,536
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commission's covered payroll	\$6,869,388	\$6,879,663	\$6,627,753	\$6,694,238	\$6,808,739	\$6,834,840	\$6,859,933	\$6,756,533	\$6,996,216	\$7,003,742
Contributions as a percentage of covered payroll	14.87%	13.71%	14.69%	13.99%	13.15%	12.67%	12.58%	11.60%	12.45%	13.89%

See notes to Required Supplementary Information

Educational Services Commission of New Jersey
 Required Supplementary Information
 Schedule of the State's Proportionate Share of the Net Pension Liability Associated with the Commission
 Teachers' Pension and Annuity Fund

Last Ten Fiscal Years*

	Year Ended June 30,						
	2021	2020	2019	2018	2017	2016	2015
State's proportion of the net pension liability (asset) associated with the Commission - Local Group	0.1395800542%	0.1425205832%	0.1368294519%	0.1335566447%	0.1295079730%	0.1302616210%	0.1323959546%
Commission's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the Commission	\$91,911,786	\$87,466,227	\$87,047,958	\$90,048,706	\$101,879,217	\$82,330,907	\$70,761,329
Total proportionate share of the net pension liability (asset) associated with the Commission	<u>\$91,911,786</u>	<u>\$87,466,227</u>	<u>\$87,047,958</u>	<u>\$90,048,706</u>	<u>\$101,879,217</u>	<u>\$82,330,907</u>	<u>\$70,761,329</u>
Plan fiduciary net position as a percentage of the total pension liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%

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

*

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

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

See notes to Required Supplementary Information

Educational Services Commission of New Jersey
 Required Supplementary Information
 Schedule of the State's Proportionate Share of the Net OPEB Liability Associated with the Commission
 and Changes in the Total OPEB Liability and Related Ratios
 Public Employees's Retirement System and Teachers' Pension and Annuity Fund

	Last Ten Fiscal Years*				
	Year Ended June 30,				
	2021	2020	2019	2018	2017
State's proportion of the net OPEB liability (asset) associated with the Commission -	0.14%	0.14%	0.13%	0.14%	0.13%
Commission's proportionate share of the net liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Commission	\$98,328,171	\$58,352,812	\$61,364,051	\$72,474,891	\$76,911,187
Total proportionate share of the net OPEB liability (asset) associated with the Commission	<u>\$98,328,171</u>	<u>\$58,352,812</u>	<u>\$61,364,051</u>	<u>\$72,474,891</u>	<u>\$76,911,187</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
	2021	2020	2019	2018	2017*
Total OPEB Liability					
Service cost	\$ 3,366,626	\$ 3,298,613	\$ 3,861,009	\$ 4,618,069	
Interest cost	2,131,381	2,469,131	2,704,718	2,300,705	
Differences between expected and actual experiences	18,176,101	(7,910,869)	(9,050,592)	-	
Changes of assumptions	17,961,178	870,045	(7,041,832)	(9,738,211)	
Member contributions	51,885	53,098	56,710	61,813	
Gross benefit payments	(1,711,812)	(1,791,257)	(1,640,853)	(1,678,672)	
Net change in total OPEB liability	<u>39,975,359</u>	<u>(3,011,239)</u>	<u>(11,110,840)</u>	<u>(4,436,296)</u>	
Total OPEB liability - beginning	<u>58,352,812</u>	<u>61,364,051</u>	<u>72,474,891</u>	<u>76,911,187</u>	
Total OPEB liability - ending	<u>\$ 98,328,171</u>	<u>\$ 58,352,812</u>	<u>\$ 61,364,051</u>	<u>\$ 72,474,891</u>	
Covered-employee payroll	<u>\$ 22,476,933</u>	<u>\$ 22,572,811</u>	<u>\$ 21,298,501</u>	<u>\$ 21,225,402</u>	
Total OPEB liability as a percentage of covered-employee payroll	<u>437.46%</u>	<u>258.51%</u>	<u>288.11%</u>	<u>341.45%</u>	

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

** n/a - information not available

See notes to Required Supplementary Information

EDUCATIONAL SERVICES COMMISSION
OF NEW JERSEY

Notes to Required Supplementary Information

Year ended June 30, 2021

PUBLIC EMPLOYEES' RETIREMENT SYSTEM - PENSION

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

TEACHERS PENSION AND ANNUITY FUND - PENSION

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020.

OTHER POST-RETIREMENT BENEFIT PLAN-PUBLIC EMPLOYEES' RETIRMENT
SYSTEM AND TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020.

Required Supplementary Information - Part III

Budgetary Comparison Schedules

Educational Services Commission of New Jersey
General Fund

Budgetary Comparison Schedule

Year ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources:					
Tuition	\$ 39,657,509	\$ (4,196,304)	\$ 35,461,205	\$ 35,461,205	
Transportation fees	42,630,000	(18,865,225)	23,764,775	23,764,775	
Services provided to districts	19,381,968	2,180,426	21,562,394	21,562,394	
Interest on investments	300,000	(233,080)	66,920	66,920	
Other Restricted Miscellaneous				556	\$ 556
Miscellaneous	140,300	(29,469)	110,831	110,831	
Total - local sources	102,109,777	(21,143,652)	80,966,125	80,966,681	556
State sources:					
Security Grant (Alyssa's Law)		31,637	31,637	31,637	
TPAF Pension Contributions (on-behalf - non-budgeted)				4,259,537	4,259,537
TPAF post-retirement (on-behalf - non-budgeted)				1,334,873	1,334,873
TPAF non-contributory insurance (on-behalf - non-budgeted)				2,709	2,709
Reimbursed TPAF Social Security (non-budgeted)				1,179,473	1,179,473
Total - state sources				6,808,229	6,776,592
Total revenues	102,109,777	(21,143,652)	80,966,125	87,774,910	6,777,148
Expenditures					
Current:					
Home instruction:					
Salaries of teachers	461,000	(224,342)	236,658	236,658	
Other objects	19,000	(13,870)	5,130	5,130	
Total home instruction	480,000	(238,212)	241,788	241,788	
Total instruction - home instruction	480,000	(238,212)	241,788	241,788	
Special education:					
Learning and/or language disabilities:					
Salaries of teachers	3,350	(3,350)			
Total learning and/or language disabilities	3,350	(3,350)			
Auditory Impairments:					
Salaries of teachers	94,000	10,049	104,049	104,049	
Purchased professional-educational services	54,000	(16,355)	37,645	37,645	
General supplies	1,000	(523)	477	477	
Other objects	5,000	(4,135)	865	324	541
Total auditory impairments	154,000	(10,964)	143,036	142,495	541
Behavioral disabilities:					
Salaries of teachers	1,310,000	(223,028)	1,086,972	1,086,972	
Other salaries of instruction	198,000	(48,480)	149,520	149,520	
General supplies	25,200	(20,999)	4,201	4,201	
Textbooks	22,550	(19,464)	3,086	2,995	91
Other objects	12,810	(11,585)	1,225	1,225	
Total behavioral disabilities	1,568,560	(323,556)	1,245,004	1,244,913	91
For Keeps Children's program:					
Salaries of teachers	80,000	(55,960)	24,040	24,040	
General supplies	1,000	(1,000)			
Total For Keeps Children's program	81,000	(56,960)	24,040	24,040	
Multiple disabilities:					
Salaries of teachers	2,351,700	(342,999)	2,008,701	2,008,701	
Other salaries of instruction	1,417,550	(506,674)	910,876	910,876	
General supplies	62,025	(31,412)	30,613	30,613	
Textbooks	455	(70)	385	385	
Other objects	41,895	(40,809)	1,086	1,086	
Total multiple disabilities	3,873,625	(921,964)	2,951,661	2,951,661	
Autism:					
Salaries of teachers	4,698,800	(567,323)	4,131,477	4,131,477	
Other salaries of instruction	3,271,850	(939,576)	2,332,274	2,332,274	
General supplies	112,845	(45,621)	67,224	67,224	
Textbooks	3,895	(2,757)	1,138	903	235
Other objects	52,969	(51,794)	1,175	1,175	
Total autism	8,140,359	(1,607,071)	6,533,288	6,533,053	235

Educational Services Commission of New Jersey
General Fund

Budgetary Comparison Schedule

Year ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Preschool Disabilities Full Time:					
Salaries of teachers	\$ 461,800	\$ (6,622)	\$ 455,178	\$ 455,178	
Other salaries of instruction	415,100	(135,871)	279,229	279,229	
General supplies	10,710	(9,601)	1,109	1,109	
Textbooks	1,223	(1,181)	42	42	
Other objects	2,667	(2,667)			
Total preschool	891,500	(155,942)	735,558	735,558	
Total special education	14,712,394	(3,079,807)	11,632,587	11,631,720	\$ 867
Total instruction	15,192,394	(3,318,019)	11,874,375	11,873,508	867
Support services:					
Health services:					
Salaries	646,500	(160,837)	485,663	485,663	
Purchased professional and technical services	1,016,000	(197,650)	818,350	818,350	
Supplies and materials	23,400	41,308	64,708	64,708	
Total health services	1,685,900	(317,179)	1,368,721	1,368,721	
Other support services - students special services:					
Salaries of instruction (Speech/OTPT)	2,613,000	(79,978)	2,533,022	2,359,875	173,147
Purchased Professional - Ed. Services	2,745,918	122,557	2,868,475	2,340,441	528,034
Other salaries of instruction (1:1)	2,793,200	39,261	2,832,461	2,832,461	
Other Purchased Prof. and Guidance Service	817,400	(225,016)	592,384	592,384	
Other salaries of support Services	798,764	(133,637)	665,127	664,047	1,080
Other Purchased Prof. And Tech Services	2,299,832	(289,198)	2,010,634	1,594,786	415,848
Supplies and materials	25,863	(11,704)	14,159	14,159	
Total other support services - students special services	12,093,977	(577,715)	11,516,262	10,398,153	1,118,109
Improvement of Instructional Services:					
Other purchased services	101,900	(54,310)	47,590	47,590	
Total Improvement of Instructional Services	101,900	(54,310)	47,590	47,590	
Support services - general administration:					
Salaries	685,700	(24,112)	661,588	661,588	
Legal services	40,800	(3,483)	37,317	37,317	
Audit fees	59,650	49,541	109,191	54,613	54,578
Other purchased professional services	80,100	(19,513)	60,587	59,182	1,405
Communications / telephone	200,600	20,471	221,071	221,071	
Supplies and materials	14,300	(9,156)	5,144	5,144	
Miscellaneous expenditures	87,502	9,881	97,383	97,383	
Total support services - general administration	1,168,652	23,629	1,192,281	1,136,298	55,983
Support services - school administration:					
Salaries of principals/asst. principals	1,831,628	(131,350)	1,700,278	1,700,278	
Salaries of secretarial and clerical assistants	558,100	(79,866)	478,234	478,234	
Other purchased professional services	73,880	(69,430)	4,450	4,450	
General supplies	50,160	(26,600)	23,560	23,560	
Other objects	25,826	(20,394)	5,432	5,432	
Total support services - school administration	2,539,594	(327,640)	2,211,954	2,211,954	
Central services:					
Salaries	1,534,900	(82,449)	1,452,451	1,452,451	
Purchased professional services	306,750	(77,318)	229,432	167,383	62,049
Misc. purchased services (400-500 series)	313,582	(162,633)	150,949	150,949	
Supplies and materials	42,000	(13,820)	28,180	28,180	
Miscellaneous expenditures	66,300	(45,835)	20,465	20,465	
Total central services	2,263,532	(382,055)	1,881,477	1,819,428	62,049
Admin. Inform. Technology:					
Salaries	189,900	3,402	193,302	193,302	
Other purchased services	187,680	(55,029)	132,651	132,651	
Supplies and materials	27,000	(9,948)	17,052	16,426	626
Total admin. infor. technology	404,580	(61,575)	343,005	342,379	626

Educational Services Commission of New Jersey
General Fund

Budgetary Comparison Schedule

Year ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Undistributed expenditures (continued):					
Required maintenance of school facilities:					
Salaries	\$ 663,000	\$ (128,669)	\$ 534,331	\$ 534,331	
Cleaning, repair and maintenance services	286,800	3,125,765	3,412,565	1,125,852	\$ 2,286,713
General supplies	192,100	(48,039)	144,061	144,060	1
Total required maintenance of school facilities	1,141,900	2,949,057	4,090,957	1,804,243	2,286,714
Custodial services:					
Salaries	108,500	(39,749)	68,751	68,751	
Rent	40,100	(15,998)	24,102	24,102	
Other Purchased Property Services	52,000	(16,667)	35,333	35,333	
Insurance	133,280	6,005	139,285	139,285	
Energy (natural gas and electricity)	590,900	(271,034)	319,866	319,866	
Other objects	14,830	(14,494)	336	336	
Total custodial services:	939,610	(351,937)	587,673	587,673	
Student transportation services:					
Salaries for pupil transportation (between home and school) - regular	130,000	1,040	131,040	131,040	
Salaries of secretarial and clerical assistants	321,000	(174,749)	146,251	146,251	
Contracted svc (bet. Home and Sch) -Vendors	42,500,000	(18,424,231)	24,075,769	23,904,079	171,690
Contracted svc (oth. Than bet. Home and Sch)	257,500	(257,500)			
Contracted svc -Aide in Lieu Pymts -NP Sch	50,000	30,806	80,806	80,806	
General supplies	23,210	(13,885)	9,325	9,325	
Total student transportation services	43,281,710	(18,838,519)	24,443,191	24,271,501	171,690
Employee benefits:					
Social security contributions	859,200	32,259	891,459	878,131	13,328
Other retirement contributions - regular	966,600	29,411	996,011	996,011	
Unemployment compensation	174,515	(69,584)	104,931	104,931	
Workers' compensation	468,600	(117,670)	350,930	350,930	
Health benefits	8,215,178	4,786,524	13,001,702	7,517,803	5,483,899
Tuition reimbursement	100,000	3,451	103,451	39,962	63,489
Other employee benefits	162,350	51,455	213,805	213,805	
Total employee benefits	10,946,443	4,715,846	15,662,289	10,101,573	5,560,716
TPAF Pension Contributions (on-behalf - non- budgeted)					
				4,259,537	(4,259,537)
TPAF post-retirement (on-behalf - non-budgeted)					
				1,334,873	(1,334,873)
TPAF non-contributory insurance (on-behalf - non- budgeted)					
				2,709	(2,709)
Reimbursed TPAF Social Security (non-budgeted)					
				1,179,473	(1,179,473)
Total				6,776,592	(6,776,592)
Total undistributed expenditures	76,567,798	(13,222,398)	63,345,400	60,866,105	2,479,295
Total expenditures - current	91,760,192	(16,540,417)	75,219,775	72,739,613	2,480,162
Capital outlay					
Equipment:					
Regular programs - instruction:					
Special education - instruction:					
Multiple disabilities	11,250	5,268	16,518	12,724	3,794
Behavioral disabilities	2,000		2,000		2,000
Autism	11,250	5,269	16,519	12,724	3,795
Special education - non-instruction	69,400	345,475	414,875	322,951	91,924
Total equipment	93,900	356,012	449,912	348,399	101,513
Facilities acquisition and construction services:					
Construction services	1,050,000	171,613	1,221,613	47,714	1,173,899
Total facilities acquisition and construction services	1,050,000	171,613	1,221,613	47,714	1,173,899
Total capital outlay	1,143,900	527,625	1,671,525	396,113	1,275,412

Educational Services Commission of New Jersey
General Fund

Budgetary Comparison Schedule

Year ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Summer school:					
Summer School - Instruction					
Salaries of teachers	\$ 933,757	\$ (407,061)	\$ 526,696	\$ 526,696	
Other salaries of instruction	832,582	(647,604)	184,978	184,978	
General supplies	39,380	(39,040)	340		\$ 340
Total summer school - Instruction	<u>1,805,719</u>	<u>(1,093,705)</u>	<u>712,014</u>	<u>711,674</u>	<u>340</u>
Summer School - Support Services					
Salaries	863,368	(439,061)	424,307	424,307	
Purch Professional & Tech Services	537,392	(413,850)	123,542	123,542	
Purchased Services	40,830	(40,830)			
Other Objects	250,276	199,702	449,978	390,999	58,979
Total summer school - Support Services	<u>1,691,866</u>	<u>(694,039)</u>	<u>997,827</u>	<u>938,848</u>	<u>58,979</u>
Total special schools	<u>3,497,585</u>	<u>(1,787,744)</u>	<u>1,709,841</u>	<u>1,650,522</u>	<u>59,319</u>
Total expenditures	<u>96,401,677</u>	<u>(17,800,536)</u>	<u>78,601,141</u>	<u>74,786,248</u>	<u>3,814,893</u>
Excess (deficiency) of revenues (under) over expenditures	5,708,100	(3,343,116)	2,364,984	12,988,662	10,623,678
Other financing (uses):					
Transfers out	(6,208,100)	(883,608)	(7,091,708)	(7,091,708)	
Total other financing (uses)	<u>(6,208,100)</u>	<u>(883,608)</u>	<u>(7,091,708)</u>	<u>(7,091,708)</u>	
(Deficiency) excess of revenues (under) over expenditures and other financing sources (uses)	(500,000)	(4,226,724)	(4,726,724)	5,896,954	10,623,678
Fund balances, July 1 (as retroactively adjusted-see Note 16)					
	4,987,027	(31,266,769)	(26,279,742)	33,164,847	59,444,589
Fund balances, June 30	<u>\$ 4,487,027</u>	<u>\$ (35,493,493)</u>	<u>\$ (31,006,466)</u>	<u>\$ 39,061,801</u>	<u>\$ 70,068,267</u>
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing (uses)					
Adjustment for prior year encumbrances		\$ (1,787,101)	\$ (1,787,101)	\$ (1,787,101)	
Unemployment Compensation Insurance				556	\$ 556
Budgeted fund balance	\$ (500,000)	(2,439,623)	(2,939,623)	7,683,499	10,623,122
Total	<u>\$ (500,000)</u>	<u>\$ (4,226,724)</u>	<u>\$ (4,726,724)</u>	<u>\$ 5,896,954</u>	<u>\$ 10,623,678</u>

Educational Services Commission of New Jersey
Special Revenue Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources	\$ 4,191	\$ 52,184	\$ 56,375	\$ 57,064	\$ 689
State sources	9,277,613	(995,825)	8,281,788	7,742,325	(539,463)
Federal sources	2,447,817	1,116,729	3,564,546	2,242,677	(1,321,869)
Total revenues	11,729,621	173,088	11,902,709	10,042,066	(1,860,643)
Expenditures					
Instruction:					
Salaries of teachers	2,488,500	(668,777)	1,819,723	1,819,723	
Purchased professional and technical services	2,860,714	908,201	3,768,915	2,652,317	1,116,598
General supplies	484,065	(257,564)	226,501	104,462	122,039
Textbooks	550,134	62,844	612,978	573,394	39,584
Total instruction	6,383,413	44,704	6,428,117	5,149,896	1,278,221
Support services:					
Salaries of supervisors of instruction	238,100	13,734	251,834	251,834	
Salaries of other professional staff	1,835,499	(188,886)	1,646,613	1,423,544	223,069
Salaries of secretarial and clerical employees	139,300	4,757	144,057	144,057	
Personal services-employee benefits	938,686	(148,896)	789,790	746,287	43,503
Travel	20,000	(14,573)	5,427	5,427	
Supplies and materials	895,022	210,611	1,105,633	1,001,609	104,024
Others	876,885	19,235	896,120	733,667	162,453
Student Activities	4,191		4,191	4,191	
Total support services	4,947,683	(104,018)	4,843,665	4,310,616	533,049
Facilities acquisition and construction services:					
Instructional equipment	50,000	(39,865)	10,135	10,135	
Noninstructional equipment	340,025	273,409	613,434	563,372	50,062
Total facilities acquisition and construction services	390,025	233,544	623,569	573,507	50,062
Total expenditures	11,721,121	174,230	11,895,351	10,034,019	1,861,332
Other financing uses:					
Transfers out	(8,500)	1,142	(7,358)	(7,358)	
Total other financing uses	(8,500)	1,142	(7,358)	(7,358)	
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	\$ -	\$ -	\$ -	\$ 689	\$ 689

Educational Services Commission of New Jersey
 Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2021

	Special Revenue Fund
Sources/inflows of resources	
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-2)	\$ 10,042,066
Differences - Budgetary to GAAP:	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	
Prior year	696,838
Current year	<u>(653,760)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	<u>\$ 10,085,144</u>
Uses/outflows of resources	
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-2)	\$ 10,042,066
Differences - Budgetary to GAAP:	
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	
Prior year	696,838
Current year	<u>(653,760)</u>
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(7,358)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 10,077,786</u>

Supplementary Information

Special Revenue Fund
Detail Statements

Educational Services Commission of New Jersey
Special Revenue Fund

Combining Schedule of Revenues and Expenditures –
Budgetary Basis

Year ended June 30, 2021

	Non-Public Grant									
	Compensatory Education	ESL	Home Instruction	Transportation	Supplemental Instruction	Exam and Class	Speech Correction	Text- Books	Nursing	
Revenues:										
Local sources										
State sources	\$ 1,310,747	\$ 66,787	\$ 26,684	\$ 206,622	\$ 661,993	\$ 1,083,626	\$ 500,267	\$ 573,394	\$ 1,685,903	
Federal sources										
Total revenues	\$ 1,310,747	\$ 66,787	\$ 26,684	\$ 206,622	\$ 661,993	\$ 1,083,626	\$ 500,267	\$ 573,394	\$ 1,685,903	
Expenditures:										
Instruction:										
Salaries of teachers	\$ 1,039,085		\$ 14,500		\$ 230,584	\$ 21,738	\$ 497,991			
Purchased professional and technical services			4,538			728,293				
General supplies	9,541	\$ 801				248	2,276			
Textbooks								\$ 573,394		
Total instruction	1,048,626	801	19,038		230,584	750,279	500,267	573,394		
Support services:										
Salaries of supervisors of instruction	56,530	14,231			93,040	71,891			\$ 3,093	
Salaries of other professional staff	35,954	9,051		\$ 106,761	59,174	45,723				1,122,354
Salaries of secretarial and clerical employees	25,467	6,411	743	20,075	41,915	32,387				14,420
Personal services - employee benefits	89,362	22,496	2,607	70,441	147,075	113,644				259,015
Travel	1,088	274	32	858	1,791	1,384				
Supplies and materials	2,180	549	64	1,718	3,588	2,772				257,823
Other	51,540	12,974	4,200	6,769	84,826	65,546				29,198
Student Activities										
Total support services	262,121	65,986	7,646	206,622	431,409	333,347				1,685,903
Facilities acquisition and construction services:										
Instructional equipment										
Noninstructional equipment										
Total facilities acquisition and construction services	-	-	-	-	-	-	-	-	-	-
Total expenditures	\$ 1,310,747	\$ 66,787	\$ 26,684	\$ 206,622	\$ 661,993	\$ 1,083,626	\$ 500,267	\$ 573,394	\$ 1,685,903	
Excess (Deficiency) of Revenues Over (Under) Expenditures										
Fund Balance, July 1 (retroactively adjusted - see note 16)										
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Educational Services Commission of New Jersey
Special Revenue Fund
Combining Schedule of Revenues and Expenditures –
Budgetary Basis
Year ended June 30, 2021

	Non-Public Grant	Local		Federal Grants					Total
	Security	Safety Grant	Student Activity Fund	Title I Grant	Title III Grant	COVID-19 CRRSA ESSER II	COVID-19 CRF -NP Technology	IDEA-B Regular	
Revenues:									
Local sources		\$ 52,184	\$ 4,880						\$ 57,064
State sources	\$ 1,626,302								7,742,325
Federal sources				\$ 219,855	\$ 5,481	\$ 37,911	\$ 46,906	\$ 1,932,524	2,242,677
Total revenues	\$ 1,626,302	\$ 52,184	\$ 4,880	\$ 219,855	\$ 5,481	\$ 37,911	\$ 46,906	\$ 1,932,524	\$ 10,042,066
Expenditures:									
Instruction:									
Salaries of teachers				\$ 15,825					\$ 1,819,723
Purchased professional and technical services								\$ 1,919,486	2,652,317
General supplies				3,876		\$ 37,911	\$ 46,906	2,903	104,462
Textbooks									573,394
Total instruction				19,701		37,911	46,906	1,922,389	5,149,896
Support services:									
Salaries of supervisors of instruction				12,906	\$ 143				251,834
Salaries of other professional staff				44,401	126				1,423,544
Salaries of secretarial and clerical employees				2,528	111				144,057
Personal services - employee benefits				40,386	1,261				746,287
Travel									5,427
Supplies and materials	\$ 732,915								1,001,609
Other	393,449			88,683	3,840				741,025
Student Activities			\$ 4,191						4,191
Total support services	1,126,364		4,191	188,904	5,481				4,317,974
Facilities acquisition and construction services:									
Instructional equipment								10,135	10,135
Noninstructional equipment	499,938	52,184		11,250					563,372
Total facilities acquisition and construction services	499,938	52,184	-	11,250	-	-	-	10,135	573,507
Total expenditures	\$ 1,626,302	\$ 52,184	\$ 4,191	\$ 219,855	\$ 5,481	\$ 37,911	\$ 46,906	\$ 1,932,524	\$ 10,041,377
Excess (Deficiency) of Revenues Over (Under) Expenditures			689						689
Fund Balance, July 1 (retroactively adjusted - see note 16)			9,795						9,795
Fund Balance, June 30	\$ -	\$ -	\$ 10,484	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,484

Capital Projects Fund
Detail Statements

Educational Services Commission of New Jersey
Capital Projects Fund

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

Year ended June 30, 2021

Revenues	
Interest on Investments	\$ 901
Total revenues	<u>901</u>
 Expenditures and Other Financing Uses	
Construction Services	3,991,777
Transfers Out	901
Total expenditures and other financing uses	<u>3,992,678</u>
 Deficiency of revenues under expenditures and other financing uses	 (3,991,777)
 Fund balance, July 1	 <u>7,791,244</u>
Fund balance, June 30	<u><u>\$ 3,799,467</u></u>

Educational Services Commission of New Jersey
Capital Projects Fund

Summary Schedule of Project Expenditures

Year ended June 30, 2021

Project Title	Appropriations	Prior Years Expenditures	Current Year Expenditures	Unexpended Balance
NuVeiv Academy Annex Project	\$ 20,000,000	\$ 19,633,172		\$ 366,828
HVAC Project at 1690	750,477	750,477		
AFC Project	9,249,523	1,825,107	\$ 3,991,777	3,432,639
Total	<u>\$ 30,000,000</u>	<u>\$ 22,208,756</u>	<u>\$ 3,991,777</u>	<u>\$ 3,799,467</u>

Analysis of Appropriations:

NuView Academy Annex Project

Bond/Loan Proceeds	\$ 15,000,000
Commission Funds	5,000,000
Total	<u>\$ 20,000,000</u>

HVA Project at 1690 and AFC Project

Loan Proceeds	\$ 6,000,000
Commission Funds	4,000,000
Total	<u>\$ 10,000,000</u>

Long-Term Debt

Educational Services Commission of New Jersey
Long-Term Debt

Schedule of Bonds/Loans Payable

Year ended June 30, 2021

Description	Interest Rate Payable	Amount of Issue	Balance July 1, 2020	Retired	Balance June 30, 2021
Bonds/loan payable –					
Middlesex County Improvement Authority - 2014	Various	\$ 9,385,000	\$ 5,650,000	\$ 850,000	\$ 4,800,000
Middlesex County Improvement Authority - 2014A	Various	30,170,000	28,350,000	1,480,000	26,870,000
Middlesex County Improvement Authority - 2017	Various	13,170,000	13,020,000	715,000	12,305,000
			\$ 47,020,000	\$ 3,045,000	\$ 43,975,000

Educational Services Commission of New Jersey
Long-Term Debt

Schedule of Notes Payable

Year ended June 30, 2021

Description	Interest Rate Payable	Amount of Issue	Balance July 1, 2020	Retired	Balance June 30, 2021
Notes payable –					
TD Equipment Finance, Inc.					
Capital Lease Purchase (2.13%) - 2019	Various	\$ 6,000,000	\$ 6,000,000	\$ 991,950	\$ 5,008,050
			<u>\$ 6,000,000</u>	<u>\$ 991,950</u>	<u>\$ 5,008,050</u>

Educational Services Commission of New Jersey
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Actual to Final
Revenues:					
Interest on Investments		\$ 1,820	\$ 1,820	\$ 1,820	
Total Revenues		1,820	1,820	1,820	
Expenditures:					
Regular Debt Service:					
Interest	\$ 2,007,913	197,333	2,205,246	2,082,567	\$ 122,679
Principal	3,045,000	991,950	4,036,950	4,036,950	
Total Expenditures	5,052,913	1,189,283	6,242,196	6,119,517	122,679
(Deficiency) excess of revenues (under) over expenditures	(5,052,913)	(1,187,463)	(6,240,376)	(6,117,697)	122,679
Other Financing Sources:					
Transfers In	5,052,913	1,187,463	6,240,376	6,240,376	
Total Other Financing Sources	5,052,913	1,187,463	6,240,376	6,240,376	
Excess of Revenues and Other Financing Sources Over Expenditures	-	-	-	122,679	122,679
Fund balance, July 1	5,874,703	-	5,874,703	5,874,703	
Fund balance, June 30	\$ 5,874,703	\$ -	\$ 5,874,703	\$ 5,997,382	\$ 122,679

Statistical Section
(Unaudited)

Statistical Section
Unaudited

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the Commission's financial performance and well being have changed over time.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Commission's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Commission's financial report relates to the services the Commission provides and the activities it performs.

Revenue Capacity

These schedules contain information to help the reader assess the Commission's most significant local revenue source, the property tax. These schedules are not applicable to Educational Services Commission of New Jersey as property taxes are not a revenue source for the Commission.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Commission's current levels of outstanding debt and the Commission's ability to issue additional debt in the future.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports (ACFR) for the relevant year.

Educational Services Commission of New Jersey
Net Position by Component,
Last Ten Fiscal Years

(Accrual basis of accounting)
Unaudited

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net Investment in capital assets	\$ 13,575,508	\$ 13,740,089	\$ 14,499,327	\$ 14,336,092	\$ 16,281,147	\$ 19,515,282	\$ 11,321,517	\$ 27,134,556	\$ 29,913,254	\$ 32,242,098
Restricted for:										
Capital projects and reserve	236,824	236,825	216,392	216,392	216,392	4,409,598	14,470,348	304,618	2,931,465	2,575,173
Maintenance reserve							4,411,843	2,836,098	1,170,896	2,277,370
Unemployment compensation										323,402
Student activities										10,484
Debt service	2,705,422	2,874,638	2,715,406	4,937,974	4,338,969	4,460,918	4,063,306	4,835,873	5,360,785	5,488,647
Unrestricted	7,930,073	11,672,605	15,244,558	1,503,075	6,103,319	1,422,006	2,791,700	8,776,404	15,130,025	21,103,396
Total governmental activities net position	<u>\$ 24,447,827</u>	<u>\$ 28,524,157</u>	<u>\$ 32,675,683</u>	<u>\$ 20,993,533</u>	<u>\$ 26,939,827</u>	<u>\$ 29,807,804</u>	<u>\$ 37,058,714</u>	<u>\$ 43,887,549</u>	<u>\$ 54,506,425</u>	<u>\$ 64,020,570</u>
Business-type activities										
Investment in capital assets	\$ 924,861	\$ 922,350	\$ 878,927	\$ 941,075	\$ 943,506	\$ 1,160,614	\$ 1,145,123	\$ 1,026,816	\$ 975,583	\$ 892,699
Restricted										2,000,000
Unrestricted	813,654	785,052	998,669	(819,552)	(585,298)	1,945,873	2,367,229	2,452,360	3,270,122	1,643,547
Total business-type activities net position	<u>\$ 1,738,515</u>	<u>\$ 1,707,402</u>	<u>\$ 1,877,596</u>	<u>\$ 121,523</u>	<u>\$ 358,208</u>	<u>\$ 3,106,487</u>	<u>\$ 3,512,352</u>	<u>\$ 3,479,176</u>	<u>\$ 4,245,705</u>	<u>\$ 4,536,246</u>
Government-wide										
Net Investment in capital assets	\$ 14,500,369	\$ 14,662,439	\$ 15,378,254	\$ 15,277,167	\$ 17,224,653	\$ 20,675,896	\$ 12,466,640	\$ 28,161,372	\$ 30,888,837	\$ 33,134,797
Restricted for:										
Capital projects and reserve	236,824	236,825	216,392	216,392	216,392	4,409,598	14,470,348	304,618	2,931,465	2,575,173
Maintenance reserve							4,411,843	2,836,098	1,170,896	4,277,370
Unemployment Compensation										323,402
Student Activities										10,484
Debt service	2,705,422	2,874,638	2,715,406	4,937,974	4,338,969	4,460,918	4,063,306	4,835,873	5,360,785	5,488,647
Unrestricted	8,743,727	12,457,657	16,243,227	683,523	5,518,021	3,367,879	5,158,929	11,228,764	18,400,147	22,746,943
Total government net position	<u>\$ 26,186,342</u>	<u>\$ 30,231,559</u>	<u>\$ 34,553,279</u>	<u>\$ 21,115,056</u>	<u>\$ 27,298,035</u>	<u>\$ 32,914,291</u>	<u>\$ 40,571,066</u>	<u>\$ 47,366,725</u>	<u>\$ 58,752,130</u>	<u>\$ 68,556,816</u>

Source: ACFR Schedule A-1

GASB 63 was implemented during the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.

GASB 68 was implemented during the 2015 fiscal year, which required the restatement of June 30, 2014 net position in the amount of \$19,887,963. This amount is not reflected in the June 30, 2014 Net Position, above.

GASB 84 was implemented during the 2021 fiscal year, which required a retrospective adjustment of beginning net position in the amount of \$332,641. This amount is not reflected in the June 30, 2020 Net Position, above.

**Educational Services Commission of New Jersey
Changes in Net Position, Last Ten Fiscal Years**

(Accrual basis of accounting)
Unaudited

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
Instruction	\$ 16,024,030	\$ 17,164,004	\$ 17,965,699	\$ 19,035,846	\$ 20,294,800	\$ 20,321,034	\$ 23,282,761	\$ 22,634,713	\$ 23,404,394	\$ 23,673,363
Support Services:										
Health services	697,076	681,030	707,233	717,186	803,536	988,093	1,446,911	2,054,723	1,942,666	1,858,142
Student & instruction related services	10,081,083	10,818,703	11,895,280	13,684,624	15,214,106	16,215,742	17,970,925	18,127,757	18,129,452	20,592,306
General administrative services	933,886	897,651	1,095,306	1,130,539	1,179,015	1,095,716	1,429,446	1,241,233	1,301,676	1,542,610
School administrative services	1,730,098	1,909,456	1,911,362	1,769,994	2,154,548	2,146,272	2,543,005	2,234,749	2,615,369	3,002,895
Central Services	1,037,913	1,180,180	1,366,905	1,386,170	1,587,527	1,761,051	1,938,402	2,021,993	2,615,463	2,470,011
Admin. Infor. Technology	502,361	278,071	373,711	453,329	534,003	348,565	300,904	261,774	372,265	464,805
Plant operations and maintenance	1,768,873	1,905,235	1,967,843	1,985,498	2,077,438	2,164,998	2,216,097	6,306,369	3,845,704	3,247,207
Pupil transportation	30,174,878	34,105,560	37,069,323	39,881,596	44,472,381	44,192,693	52,419,219	49,778,315	42,431,965	32,950,396
Employee benefits	1,373,746	1,216,465	1,379,758	1,540,966	1,948,191	3,441,362	2,293,062	1,556,435	1,694,304	1,003,304
Capital outlay	39,757	646,338	113,441	119,906	67,977					
Special Schools	2,623,432	2,715,991	2,678,384	2,917,352	2,804,445	2,902,818	2,338,363	3,165,847	2,856,474	1,650,522
Interest on long-term debt	2,671,147	2,602,541	2,597,814	2,820,805	1,921,105	1,841,709	2,308,255	2,316,236	2,060,011	1,955,528
Total governmental activities expenses	\$ 69,458,280	\$ 76,121,225	\$ 81,122,059	\$ 87,443,811	\$ 95,059,072	\$ 97,420,053	\$ 110,487,350	\$ 111,700,143	\$ 103,269,743	\$ 94,411,089
Business-type activities:										
Regional Day School	\$ 5,384,440	\$ 4,666,512	\$ 4,429,114	\$ 4,815,142	\$ 5,041,877	\$ 4,909,676	\$ 5,188,438	\$ 5,720,035	\$ 5,424,465	\$ 5,246,698
Bus Service	5,351									
Pool Service	740,070	654,430	738,063	816,349	872,415	928,535	866,219	875,561	750,724	428,706
Adult Community Services									354,469	475,351
Food Service	292,893	312,229	311,148	323,522	314,364	318,777	342,333	424,865	314,098	217,471
Total business-type activities expense	6,422,754	5,633,171	5,478,325	5,955,013	6,228,656	6,156,988	6,396,990	7,020,461	6,843,756	6,368,226
Total district expenses	\$ 75,881,034	\$ 81,754,396	\$ 86,600,384	\$ 93,398,824	\$ 101,287,728	\$ 103,577,041	\$ 116,884,340	\$ 118,720,604	\$ 110,113,499	\$ 100,779,315
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction										
Student and Instruction Related Services								\$ 34,418,279	\$ 36,003,555	\$ 35,461,205
Pupil transportation									4,880	4,880
Operating and capital grants and contributions	\$ 22,506,936	\$ 25,935,911	\$ 29,200,853	\$ 31,624,558	\$ 33,420,236	\$ 37,292,147	\$ 37,962,302	40,848,533	42,525,136	23,764,775
	8,465,057	6,567,329	6,931,101	7,378,259	8,600,511	9,631,166	10,397,989	10,499,236	11,231,610	10,080,264
Total governmental activities program revenues	30,971,993	32,503,240	36,131,954	39,002,817	42,020,747	46,923,313	48,360,291	85,766,048	89,760,301	69,311,124
Business-type activities:										
Charges for services:										
Regional Day School	\$ 5,634,551	\$ 5,599,225	\$ 4,660,530	\$ 4,740,445	\$ 5,428,678	\$ 5,193,904	\$ 5,250,786	\$ 5,558,753	\$ 5,773,697	\$ 5,277,927
Adult Community Services									142,274	142,274
Pool Service	575,609	656,928	554,933	633,974	900,343	988,296	1,023,269	1,015,417	917,694	272,986
Food Service	82,739	68,837	63,000	62,077	63,500	69,722	66,350	75,852	71,350	1,630
Operating grants and contributions	222,103	229,042	241,718	263,220	272,112	265,478	283,497	299,168	291,524	197,071
Total business-type activities program revenues	6,515,757	6,565,577	5,526,018	5,699,716	6,664,633	6,517,400	6,623,902	6,949,190	7,054,265	5,891,888
Total district program revenues	\$ 37,487,750	\$ 39,068,817	\$ 41,657,972	\$ 44,702,533	\$ 48,685,380	\$ 53,440,713	\$ 54,984,193	\$ 92,715,238	\$ 96,814,566	\$ 75,203,012
Net (Expense)/Revenue										
Governmental activities	\$ (35,567,062)	\$ (36,955,040)	\$ (39,989,270)	\$ (42,119,242)	\$ (45,423,064)	\$ (48,135,759)	\$ (49,059,762)	\$ (24,721,302)	\$ (21,939,842)	\$ (25,099,965)
Business-type activities	(165,691)	142,823	(107,153)	221,391	709,620	288,744	466,914	552,200	33,804	(476,338)
Total government-wide net expense	\$ (35,732,753)	\$ (36,812,217)	\$ (40,096,423)	\$ (41,897,851)	\$ (44,713,444)	\$ (47,847,015)	\$ (48,592,848)	\$ (24,169,102)	\$ (21,906,038)	\$ (25,576,303)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Federal and state aid not restricted	\$ 1,827,530	\$ 2,189,991	\$ 2,655,091	\$ 2,447,550	\$ 4,788,742	\$ 6,025,265	\$ 3,773,676	\$ 13,312,440	\$ 7,485,255	\$ 13,304,926
Tuition received	27,207,213	27,809,066	30,247,995	32,136,205	32,716,393	32,765,239	34,258,120			
Services provided to districts	8,433,509	9,249,964	10,785,815	12,268,807	13,160,428	14,976,777	15,910,374	18,184,116	20,729,834	21,562,394
Interest income	12,176	8,909	9,326	12,827	25,294	25,294	61,142	212,705	389,429	69,641
Miscellaneous income	232,606	222,586	443,414	133,836	484,794	237,419	205,792	116,616	97,179	111,387
Transfers	(73,481)	793	(76,040)	51,197	79,137	52,059	(2,281,365)	146,335	66,980	(766,879)
Total governmental activities	37,639,553	39,481,309	44,065,601	47,047,378	51,242,321	54,082,053	51,927,739	31,972,212	28,768,677	34,281,469
Business-type activities:										
Transfers	73,481	(793)	76,040	(51,197)	(79,137)	(52,059)	2,281,365	(146,335)	(66,980)	766,879
Total business-type activities	73,481	(793)	76,040	(51,197)	(79,137)	(52,059)	2,281,365	(146,335)	(66,980)	766,879
Total government-wide	\$ 37,713,034	\$ 39,480,516	\$ 44,141,641	\$ 46,996,181	\$ 51,163,184	\$ 54,029,994	\$ 54,209,104	\$ 31,825,877	\$ 28,701,697	\$ 35,048,348
Net (Expense) / Revenue										
Governmental activities	\$ 2,072,491	\$ 2,526,269	\$ 4,076,331	\$ 4,928,136	\$ 5,819,257	\$ 5,946,294	\$ 2,867,977	\$ 7,250,910	\$ 6,828,835	\$ 9,181,504
Business-type activities	(92,210)	142,030	(31,113)	170,194	630,483	236,685	2,748,279	405,865	(33,176)	290,541
Total government-wide net expense	\$ 1,980,281	\$ 2,668,299	\$ 4,045,218	\$ 5,098,330	\$ 6,449,740	\$ 6,182,979	\$ 5,616,256	\$ 7,656,775	\$ 6,795,659	\$ 9,472,045

Source: ACFR Schedule A-2

GASB 63 was implemented in the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.

GASB 75 was implemented in the 2018 fiscal year, which resulted in an increase in unrestricted grants and contributions revenue and various expenses.

GASB 84 was implemented in the 2021 fiscal year, which increased the related services expense line and charges for services from the previous year.

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

Exhibit J-3

(Modified accrual basis of accounting)
Unaudited

		June 30,									
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund											
Restricted for:											
Other Purposes	\$	216,392	\$ 216,392	\$ 216,392	\$ 216,392	\$ 216,392	\$ 216,392	\$ 4,628,235	\$ 3,052,490	\$ 1,387,288	\$ 2,817,164
Assigned		1,172,668	2,184,551	558,758	1,403,302	1,767,776	922,308	1,936,602	2,253,495	1,787,101	1,448,105
Unassigned		7,184,958	9,919,008	14,935,187	17,988,468	22,639,538	23,109,569	20,767,520	25,016,809	29,667,612	34,796,532
Total general fund	\$	<u>8,574,018</u>	<u>12,319,951</u>	<u>15,710,337</u>	<u>19,608,162</u>	<u>24,623,706</u>	<u>24,248,269</u>	<u>27,332,357</u>	<u>30,322,794</u>	<u>32,842,001</u>	<u>39,061,801</u>
All Other Governmental Funds											
Restricted for:											
Special revenue fund*											\$ 10,484
Debt service fund	\$	2,705,422	\$ 2,874,638	\$ 2,715,406	\$ 4,937,974	\$ 4,338,969	\$ 4,460,918	\$ 4,579,064	\$ 5,306,010	\$ 5,874,703	\$ 5,997,382
Capital projects fund		20,432	20,433				4,193,206	14,253,956	88,226	7,791,244	3,799,467
Total all other governmental funds	\$	<u>2,725,854</u>	<u>2,895,071</u>	<u>2,715,406</u>	<u>4,937,974</u>	<u>4,338,969</u>	<u>8,654,124</u>	<u>18,833,020</u>	<u>5,394,236</u>	<u>13,665,947</u>	<u>9,807,333</u>
Total Governmental Funds	\$	<u>11,299,872</u>	<u>15,215,022</u>	<u>18,425,743</u>	<u>24,546,136</u>	<u>28,962,675</u>	<u>32,902,393</u>	<u>46,165,377</u>	<u>35,717,030</u>	<u>46,507,948</u>	<u>48,869,134</u>

Source: ACFR Schedule B-1

* The increase is due to the implementation of GASB 84, which required the reporting of student activities in the Special Revenue Fund.

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

(modified accrual basis of accounting)
Unaudited

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Revenues										
Local sources:										
Tuition	\$ 27,809,066	\$ 30,247,995	\$ 32,136,205	\$ 32,716,393	\$ 32,765,239	\$ 34,258,120	\$ 34,418,279	\$ 36,003,555	\$ 37,660,076	\$ 35,461,205
Transportation fees	25,935,911	29,200,853	31,624,558	33,420,236	37,292,147	37,962,302	40,848,533	42,525,136	34,957,021	23,764,775
Services provided to districts	9,249,964	10,785,815	12,268,807	13,160,428	14,976,777	15,910,374	18,184,116	20,729,834	22,530,597	21,562,394
Interest on investments	8,871	9,287	9,738	12,772	25,226	61,020	171,522	316,701	270,983	66,920
Other Restricted Miscellaneous Revenues										556
Miscellaneous	222,586	443,414	133,836	484,794	237,419	205,792	116,616	97,179	206,535	110,831
Total - Local sources	63,226,398	70,687,364	76,173,144	79,794,623	85,296,808	88,397,608	93,739,066	99,672,405	95,625,212	80,966,681
State sources										
School Security Grant (Alyssa's Law)										31,637
Reimbursed TPAF S.S. Contributions	953,223	946,962	969,128	981,118	998,222	1,015,224	1,046,264	1,109,292	1,068,595	1,179,473
On-behalf TPAF pension Contributions	1,236,768	1,708,129	1,478,422	1,822,226	2,271,542	2,758,452	3,400,840	4,163,081	4,275,450	5,597,119
Total - State sources	2,189,991	2,655,091	2,447,550	2,803,344	3,269,764	3,773,676	4,447,104	5,272,373	5,344,045	6,808,229
Total revenue	65,416,389	73,342,455	78,620,694	82,597,967	88,566,572	92,171,284	98,186,170	104,944,778	100,969,257	87,774,910
Expenditures										
Instruction	9,259,286	10,135,939	10,495,818	10,605,100	10,887,627	11,134,594	11,858,427	13,068,874	13,147,847	11,873,508
Support Services:										
Health services	607,982	589,017	610,528	605,879	676,405	852,975	1,136,340	1,762,481	1,593,839	1,368,721
Student & instruction related services	6,755,318	7,067,113	7,706,612	8,315,851	9,249,904	9,787,094	9,811,271	10,418,775	10,471,835	10,445,743
General administrative services	814,525	776,371	945,537	955,080	992,478	945,881	1,122,624	1,064,693	1,067,946	1,136,298
School administrative services	1,508,972	1,651,473	1,650,008	1,495,293	1,813,667	1,852,777	1,997,164	1,916,902	2,145,751	2,211,954
Central Services	905,256	1,020,728	1,179,998	1,171,038	1,336,357	1,520,233	1,522,335	1,734,406	2,145,828	1,819,428
Admin. Infor. Technology	263,715	240,501	322,611	382,973	449,516	300,900	236,317	224,542	305,421	342,379
Required maint for school facilities	765,797	925,595	913,923	909,697	975,401	1,073,422	951,198	4,700,942	2,535,149	1,804,243
Operation of plant	776,994	722,227	784,842	767,654	773,356	795,520	789,227	708,475	620,017	587,673
Pupil transportation	26,318,186	29,497,624	32,000,567	33,692,013	37,436,204	38,149,495	41,167,738	42,698,368	34,812,844	24,271,501
Unallocated employee benefits	5,786,788	6,618,812	7,672,501	7,579,806	7,888,025	8,354,692	8,734,296	7,269,511	8,205,604	10,101,573
Reimbursed S.S. contributions	953,223	946,962	969,128	981,118	998,222	1,015,224	1,046,264	1,109,292	1,068,595	1,179,473
On-behalf TPAF pension contributions	1,236,768	1,708,129	1,478,422	1,822,226	2,271,542	2,758,452	3,400,840	4,163,081	4,275,450	5,597,119
Capital outlay	103,616	515,286	433,476	735,096	1,199,073	1,703,932	1,399,551	770,420	970,821	396,113
Special Schools	2,623,432	2,715,991	2,678,384	2,917,352	2,804,445	2,902,818	2,338,363	3,165,847	2,856,474	1,650,522
Total expenditures	58,679,858	65,131,768	69,842,335	72,936,176	79,752,222	83,148,009	87,511,955	94,776,609	86,223,421	74,786,248
Excess of revenues over expenditures	6,736,531	8,210,687	8,778,339	9,661,791	8,814,350	9,023,275	10,674,215	10,168,169	14,745,836	12,988,662
Other Financing sources (uses)										
Transfers in			20,433					55,436	59,621	
Transfers out	(4,846,501)	(4,964,754)	(5,408,386)	(5,763,966)	(3,798,806)	(9,398,712)	(7,590,127)	(7,233,168)	(12,286,250)	(7,091,708)
Proceeds from Loan		500,000								
Total other financing sources (uses)	(4,846,501)	(4,464,754)	(5,387,953)	(5,763,966)	(3,798,806)	(9,398,712)	(7,590,127)	(7,177,732)	(12,226,629)	(7,091,708)
Net change in fund balances, General Fund	\$ 1,890,030	\$ 3,745,933	\$ 3,390,386	\$ 3,897,825	\$ 5,015,544	\$ (375,437)	\$ 3,084,088	\$ 2,990,437	\$ 2,519,207	\$ 5,896,954
Special Revenue Fund										
Revenues										
Local sources	\$ 20,874	\$ 19,763	\$	\$ 21,924	\$	\$ 16,321	\$	\$ 14,604	\$ 20,691	\$ 40,062
State sources	4,350,609	4,905,494	5,490,621	6,871,156	7,126,094	8,072,636	8,148,977	8,924,648	7,944,379	7,770,379
Federal sources	2,195,846	2,005,844	1,887,638	1,707,431	2,505,072	2,309,032	2,350,259	2,292,358	2,273,680	2,274,703
Total revenue	6,567,329	6,931,101	7,378,259	8,600,511	9,631,166	10,397,989	10,499,236	11,231,610	10,238,750	10,085,144
Expenditures										
Instruction	4,420,463	4,450,245	4,718,315	5,180,722	5,878,076	6,063,374	6,099,152	5,981,109	5,624,594	5,178,842
Other support : special	2,037,288	2,289,896	2,562,141	3,244,933	3,557,109	4,087,691	3,974,421	4,704,779	3,926,612	4,330,127
Capital outlay	20,418	122,624	31,219	123,917	153,281	194,824	374,866	496,522	579,768	568,128
Total expenditures	6,478,169	6,862,765	7,311,675	8,549,572	9,588,466	10,345,889	10,448,439	11,182,410	10,130,974	10,077,097
Excess (Deficiency) of revenues over (under) expenditures	89,160	68,336	66,584	50,939	42,700	52,100	50,797	49,200	107,776	8,047
Other Financing (uses)										
Transfers in										
Transfers out	(89,160)	(68,336)	(66,584)	(50,939)	(42,700)	(52,100)	(50,797)	(49,200)	(107,776)	(7,358)
Total other financing (uses)	(89,160)	(68,336)	(66,584)	(50,939)	(42,700)	(52,100)	(50,797)	(49,200)	(107,776)	(7,358)
Net change in fund balances, Special Revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 689

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

(modified accrual basis of accounting)
 Unaudited

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Capital Projects Fund										
Revenues										
Interest Earned	\$ 2	\$ 1					\$ 37,247	\$ 55,112	\$ 21,023	\$ 901
Total revenue	2	1					37,247	55,112	21,023	901
Expenditures										
Costs of Issuance							200,507			
Capital outlay	244,433					806,794	4,939,250	14,165,730	2,296,982	3,991,777
Total expenditures	244,433					806,794	5,139,757	14,165,730	2,296,982	3,991,777
Excess (Deficiency) of revenues over (under) expenditures	(244,431)	1				(806,794)	(5,102,510)	(14,110,618)	(2,275,959)	(3,990,876)
Other Financing sources (uses)										
Transfers in	250,000					5,000,000			4,000,000	
Transfers out			\$ (20,433)				(57,391)	(55,112)	(21,023)	(901)
Premium on loan issuance							2,050,651			
Proceeds - Loans/Bonds							13,170,000		6,000,000	
Total other financing sources (uses)	250,000		(20,433)			5,000,000	15,163,260	(55,112)	9,978,977	(901)
Net change in fund balances, Capital projects fund	\$ 5,569	\$ 1	\$ (20,433)	\$ -	\$ -	\$ 4,193,206	\$ 10,060,750	\$ (14,165,730)	\$ 7,703,018	\$ (3,991,777)
Debt Service Fund										
Revenues										
Interest Earned	\$ 36	\$ 38	\$ 45	\$ 55	\$ 68	\$ 122	\$ 3,936	\$ 17,616	\$ 12,224	\$ 1,820
Total revenue	36	38	45	55	68	122	3,936	17,616	12,224	1,820
Expenditures										
Principal	2,090,000	2,314,838	2,333,166	1,729,659	2,531,174	2,646,163	2,695,000	2,885,000	2,930,000	4,036,950
Interest	2,541,361	2,473,034	2,395,439	1,958,584	1,961,464	1,867,875	1,760,437	2,483,713	2,138,087	2,082,567
Total expenditures	4,631,361	4,787,872	4,728,605	3,688,243	4,492,638	4,514,038	4,455,437	5,368,713	5,068,087	6,119,517
Excess (Deficiency) of revenues over (under) expenditures	(4,631,325)	(4,787,834)	(4,728,560)	(3,688,188)	(4,492,570)	(4,513,916)	(4,451,501)	(5,351,097)	(5,055,863)	(6,117,697)
Other Financing sources (uses)										
Transfers in	4,936,454	4,957,050	5,526,167	5,894,042	3,893,565	4,635,865	4,569,647	6,133,479	5,684,177	6,240,376
Transfers out	(250,000)							(55,436)	(59,621)	
Proceeds from principal			10,511,398	30,170,000						
Proceeds from premium				3,923,921						
Cost of Issuance				(423,102)						
Advanced Refunding Escrow			(1,011,254)	(4,429,105)						
Payment to refunded bond escrow agent			(10,456,983)	(29,225,000)						
Total other financing sources (uses)	4,686,454	4,957,050	4,569,328	5,910,756	3,893,565	4,635,865	4,569,647	6,078,043	5,624,556	6,240,376
Net change in fund balances, Debt Svc Fund	\$ 55,129	\$ 169,216	\$ (159,232)	\$ 2,222,568	\$ (599,005)	\$ 121,949	\$ 118,146	\$ 726,946	\$ 568,693	\$ 122,679
Net change in fund balances, Governmental Funds	\$ 1,950,728	\$ 3,915,150	\$ 3,210,721	\$ 6,120,393	\$ 4,416,539	\$ 3,939,718	\$ 13,262,984	\$ (10,448,347)	\$ 10,790,918	\$ 2,028,545

Source: ACFR Schedule B-2

**Educational Services Commission of New Jersey
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years**

(modified accrual basis of accounting)

Unaudited

	Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Miscellaneous Revenue										
Sale of property		\$ 104,300		\$ 9,279						\$ 1,500
Insurance proceeds		102,261	\$ 27,284	27,019	\$ 96,663	\$ 66,249	\$ 40,212	\$ 8,444	\$ 17,436	7,814
Refunds	\$ 22,033	5,656	2,215	4,136	50,945	3,640	6,569	256	1,055	18,868
Cancellation of aging liabilities	54,633	38,744	(93,095)	117,609	(96,387)				14,330	
E-rate reimbursement	68,689	88,702	104,688	227,969	131,899	117,710	47,016	38,021	15,034	12,401
Other	77,231	103,751	92,744	98,782	54,299	18,193	22,819	50,458	158,680	70,248
Total Other Local Revenue	<u>\$ 222,586</u>	<u>\$ 443,414</u>	<u>\$ 133,836</u>	<u>\$ 484,794</u>	<u>\$ 237,419</u>	<u>\$ 205,792</u>	<u>\$ 116,616</u>	<u>\$ 97,179</u>	<u>\$ 206,535</u>	<u>\$ 110,831</u>

Source: Commission records

Educational Services Commission of New Jersey
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Dollars in Thousands, Except per Capita)
Unaudited

Governmental Activities					
Fiscal Year Ended June 30,	Loans Payable	Capital Leases	Total District	Percentage of Personal Income ^a	Per Capita Personal Income ^a
2012	\$ 54,315,000		\$ 54,315,000	0.09%	\$ 48,256
2013	52,150,000	\$ 350,162	52,500,162	0.09%	49,203
2014	48,070,000	251,996	48,321,996	0.11%	52,108
2015	47,385,000	152,337	47,537,337	0.11%	52,291
2016	44,955,000	51,163	45,006,163	0.12%	52,486
2017	42,360,000		42,360,000	0.13%	53,467
2018	52,835,000		52,835,000	0.11%	55,980
2019	49,950,000		49,950,000	0.12%	57,598
2020	47,020,000	6,000,000	47,020,000	0.13%	61,065
2021	43,975,000	5,008,050	48,983,050	0.13%	63,457

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

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

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

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

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2012	810,747	\$ 39,123,407	\$ 48,256	8.7%
2013	814,217	40,061,919	49,203	8.5%
2014	823,041	42,887,020	52,108	8.5%
2015	830,815	43,444,147	52,291	7.4%
2016	836,297	43,893,884	52,486	6.0%
2017	840,900	44,960,400	53,467	5.0%
2018	842,798	47,179,832	55,980	4.1%
2019	829,685	47,788,197	57,598	3.6%
2020	825,062	50,382,411	61,065	3.1%
2021	822,736	52,208,358	63,457	8.7%

Source:

- a Population based on annual Estimates of the Resident Population for Municipalities in New Jersey, by County April 1, 2012 to July 1, 2021
- b Personal income based on Per Capita Personal Income times Population
- c Per capita personal income was computed using Census Bureau midyear population estimates.
- d New Jersey Department of Labor and Workforce Development, Office of Research and Information, Local Area Unemployment Statistics

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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instruction										
PL192/193	22.90	22.79	21.29	25.77	32.72	38.50	37.90	34.54	33.48	33.25
RVA	13.36	9.69	9.27	8.44						
NuView Annex					8.32	10.52	8.60			
NuView	15.52	13.52	14.30	15.35	18.30	18.30	17.70	19.55	21.00	20.00
Piscataway Regional Day School	68.40	44.00	47.35	48.75	52.35	54.05	62.65	63.65	63.15	58.20
Academy Learning Center	84.78	82.80	79.85	79.85	83.05	86.85	87.85	94.85	93.85	95.00
Middlesex County Academy High School	4.10	3.75	3.07	2.68	2.80					
Bright Beginnings Learning Center	57.10	74.50	78.45	78.65	88.45	95.58	95.25	59.85	67.65	70.10
Future Foundations Academy								48.30	51.95	71.80
IDEA B	28.00	37.27	34.89	28.55	34.40	36.12	33.70	36.60	37.66	36.76
New Brunswick preschool and other col svc						5.40	4.40	6.81	9.22	13.00
Carteret Collaborative Services	13.00	12.00	12.45	20.15	15.83	23.00	21.29	26.71	37.62	49.50
Center for Lifelong Learning	109.10	106.80	115.40	120.90	128.00	133.10	139.10	140.30	136.30	134.00
Pathways to Adult Living								3.00	3.00	3.00
Turning Point Academy								9.45	9.45	9.45
Adult Community Services									1.00	2.00
Health Services:										
RVA	1.00	0.30	0.20	0.20						
Piscataway Regional Day School	2.00	1.20	1.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Academy Learning Center	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Non-Public Nursing	42.00	45.00	48.00	66.00	77.00	71.00	77.00	77.00	77.00	75.00
Middlesex County Academy High School		0.10	0.10	0.05	0.10					
Bright Beginnings Learning Center	2.00	2.40	2.20	2.25	2.25	2.25	3.00	3.00	2.00	2.00
Future Foundations Academy								1.00	1.00	2.00
Center for Lifelong Learning	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Support Services:										
RVA	3.00	3.00	3.00	3.00						
NuView Annex					2.00					
Piscataway Regional Day School	2.00	1.00	1.00	1.00	1.50	2.00	2.00	2.00	2.00	2.00
Academy Learning Center	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Middlesex County Academy High School	0.44	0.30								
Bright Beginnings Learning Center	1.00	1.50	2.00	2.00	3.00	3.00	3.00	3.00	3.00	2.00
Future Foundations Academy								1.00	1.00	2.00
New Brunswick preschool and other col svc								0.40	0.40	
Carteret Collaborative Services	3.00	3.00	4.00							
Center for Lifelong Learning	5.50	7.50	8.30	10.00	9.00	9.00	7.84	6.60	7.00	7.40
Turning Point Academy								0.40	0.60	0.40
Adult Community Services									3.00	3.00
General Administration										
	5.00	5.00	4.75	4.75	5.00	5.00	5.57	5.95	5.95	5.95
School Administration										
PL192/193	5.63	3.85	4.55	3.19	3.35	4.05	5.78	5.78	5.09	4.84
RVA	2.12	1.62	1.52	1.52						
NuView Annex					1.27	2.02	2.02			
NuView	2.15	2.18	2.03	2.03	2.03	2.03	2.03	2.03	2.05	2.00
Piscataway Regional Day School	3.94	3.12	2.20	2.45	3.08	2.98	2.95	3.15	3.15	2.77
Academy Learning Center	3.97	4.19	4.02	4.02	4.02	4.02	4.22	4.22	4.22	3.80
Title I	0.21	0.10	0.08	0.15	0.10	0.10	0.04	0.07	0.08	0.08
Non-Public Textbook	0.25	0.23	0.27	0.27	0.27	0.21	0.14	0.14	0.19	0.18
Non-Public Nursing	0.30	0.40	0.40	0.62	0.65	0.70	0.70	0.70	0.48	0.51
Professional Development Program	0.40	0.40	0.15	0.40	0.10	0.15	0.15	0.05	0.05	0.05
ESC-(CSH, CST, Charter)	1.20	2.34	2.29	4.21	4.35	5.52	5.30	3.67	4.13	5.18
Middlesex County Academy High School	2.00	1.50	1.00	1.00	0.75					
Bright Beginnings Learning Center	3.95	5.10	5.35	4.93	4.58	4.73	5.68	6.13	3.95	4.60
Future Foundations Academy								2.70	3.70	3.00
Non-Public Technology			0.16	0.15	0.26	0.18	0.17	0.17	0.18	
Non-Public Security						0.17	0.20	0.50	0.80	0.75
IDEA B	0.99	1.42								
New Brunswick preschool and other col svc							0.03	0.03	0.45	0.65
Carteret Collaborative Services	1.00	1.00	1.00							
Center for Lifelong Learning	3.97	4.37	4.11	4.11	6.11	6.11	5.81	5.71	6.30	5.80
Center for Lifelong Learning- Pool		2.00	2.00	2.00	1.00	2.00	2.00	2.00	2.00	2.00
Pathways to Adult Living								0.20	0.20	0.40
Turning Point Academy								2.00	2.00	2.00
Adult Community Services									1.00	1.00
Central Services										
	19.50	19.50	22.00	20.00	20.00	20.50	23.00	23.10	24.50	25.50
Information technology Services										
	3.00	3.00	3.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00
Operations & Maintenance										
PL192/193	1.25	1.65	1.65	1.15	1.15	1.15	1.15	1.15	1.35	1.35
RVA	2.23	1.13	1.13	1.63						
NuView Annex					1.63	1.63	1.13			
NuView	1.23	1.00	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13
Piscataway Regional Day School	2.25	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15
Academy Learning Center	2.25	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15
Middlesex County Academy High School	0.25	1.25	1.00	0.25	0.25					
ESC-General	1.30	1.75	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Bright Beginnings Learning Center	2.25	2.15	2.15	2.40	2.40	2.65	3.15	3.05	2.15	2.15
Future Foundations Academy								3.05	1.93	2.93
Center for Lifelong Learning	4.25	4.15	4.15	4.15	4.15	4.15	4.15	4.15	4.15	4.15
Adult Community Services									0.50	0.50
Student Transportation										
	6.50	6.50	6.50	6.50	6.50	6.00	6.00	7.00	7.00	6.00
Total	567.54	563.62	577.51	604.90	651.70	683.15	700.88	743.14	768.31	798.43

Source: Based on Commission budget record.

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Other Staff ^c	Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
2012	719	\$ 65,033,993	\$ 90,451	3.04%	188	410	727.60	649.30	-1.03%	89.24%
2013	744	71,356,623	95,909	6.04%	199	412	738.20	661.90	1.46%	89.66%
2014	754	76,689,335	101,710	6.05%	215	460	749.90	658.00	1.58%	87.75%
2015	732	82,612,133	112,858	10.96%	208	477	752.00	665.00	0.28%	88.43%
2016	722	90,743,835	125,684	11.36%	232	463	717.00	641.00	-4.65%	89.40%
2017	722	91,595,142	126,863	0.94%	220	519	710.00	626.00	-0.98%	88.17%
2018	730	96,185,977	131,762	4.84%	241	534	721.00	638.00	1.55%	88.49%
2019	708	104,692,077	164,094	29.35%	219	532	708.00	628.00	-1.80%	88.70%
2020	713	94,803,806	132,965	0.91%	238	405	710.00	622.00	0.28%	87.61%
2021	702	83,670,685	119,189	-10.36%	210	436	687.00	587.00	-3.24%	85.44%

Sources: Commission records.

Note: Enrollment for 2012-2021 was based on actual enrollment as of June.

a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule B-2

b Teaching staff includes only full-time equivalents of certificated staff. prior GASB 44 J-15

c Other staff includes only full-time equivalents of other staffs- all 12 month. prior GASB 44 J-15

(All 12 mo. Staffs - Administrator, Custodians, family workers, food workers, secretary. 10 mo.- chapter 226 nurse, aides)

d Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS). prior GASB 44 J-13 (2017/2018/2019 corrected in 2020)

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

		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
District Building											
NuView Academy Annex, 1690 Stelton Rd, Piscataway											
(September 1997, name changed from RVA to NVA on 09/01/2016, ACS effective 01/01/2020)											
NVA/ACS	Square Feet	44,149	38,379	38,379	38,379	38,379	20,379	20,379	20,379	20,379	20,379
NVA/ACS	Capacity (students)	114	72	72	72	72	72	72	72	72	72
NVA/ACS	Enrollment	41	41	40	25	28	26	27	15	8	8
(April 2017, Name changed from BBSEC to FFA on 06/26/2018, square footage combined to FFA on 07/01/2019)											
BB Secondary	Square Feet		5,770	5,770	5,770	5,770	28,146	28,146	28,146	0	0
BB Secondary	Capacity (students)		42	42	42	42	108	108	108	0	0
BB Secondary	Enrollment		23	32	41	41	53	60	0	0	0
Nonpublic	Square Feet	2360	2360	2360	1415	1415	1415	1415	1,415	1,415	1,415
Transportation	Square Feet (moved from BB 3/2014)				945	945	945	945	945	945	945
Nuview Academy, 1 Park Ave, Piscataway											
(September 2001, September 2008)											
NV	Square Feet	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500
NV	Capacity (students)	72	73	73	73	73	73	73	73	73	73
NV	Enrollment	63	73	66	60	70	63	57	64	57	57
Academy Learning Center, 145 Pergola Ave. Monroe											
(September 2000)											
ALC	Square Feet	42,516	42,516	42,516	42,516	42,516	42,516	42,516	42,516	42,516	42,516
ALC	Capacity (students)	148	148	148	148	148	148	148	148	148	148
ALC	Enrollment	142	141	144	142	133	137	136	134	127	127
Bright Beginnings Learning Center, 1660 Stelton Rd, Piscataway											
(September 1998, September 2002)											
BBLC	Square Feet	36,422	36,422	36,422	36,422	36,422	36,422	36,422	36,422	36,422	36,422
BBLC	Capacity (students)	130	130	130	130	130	130	130	130	130	130
BBLC	Enrollment	130	124	128	119	114	120	120	122	126	126
Central Office	Square Feet	7,583	7,583	7,583	8,503	8,503	8,503	8,503	8,503	8,503	8,503
Transportation	Square Feet (moved to RVA-NP 3/2014)	920	920	920							
Center for Lifelong Learning, 333 Cheesequake Rd, Parlin											
(September 2009, AFC renovation (3500 sf) added in FY21)											
CLL/AFC	Square Feet	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	91,500
CLL	Capacity (students)	288	288	288	288	288	288	288	288	288	288
CLL	Enrollment	183	208	209	206	204	209	201	195	198	198
Future Foundations Academy, 1690 Stelton Rd, Piscataway											
(July 2019, Combine Square footage from BBSEC 07/01/2019, BO relocation in FY21)											
FFA	Square Feet								50,000	78,146	74,596
FFA	Capacity (students)								108	216	216
FFA	Enrollment								70	90	90
Central Office	Square Feet										3,550
CONF CTR	Square Feet								26,000	26,000	26,000

Source: Commission records.

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

General Fund
 Schedule of Required Maintenance for School Facilities
 Last Ten Fiscal Years
 Unaudited

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

School Facilities	Year ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
RVA	\$ 74,646	\$ 83,454	\$ 134,629	\$ 108,808	\$ 492					
ALC	181,696	145,269	130,937	165,516	161,624	\$ 229,125	\$ 161,899	\$ 139,581	\$ 145,153	\$ 128,073
Transportation	4,114	1,550	2,183	431	615	2,658	3,484	15,744	11,608	3,845
ESC - General	99,350	194,362	178,259	148,669	167,200	170,526	128,413	3,953,803	1,729,545	967,685
ESC - MCA	39,170	51,925	35,126	23,593	17,496					
BBLC	124,586	141,799	138,914	182,484	154,216	212,145	195,459	125,137	146,370	184,888
FFA								94,733	139,534	140,980
Nuview	83,947	83,297	86,402	98,808	117,674	98,696	78,681	87,426	82,682	87,908
Nuview Annex					146,129	116,423	82,535	35,098		
Center for Lifelong Learning	158,288	223,939	207,473	181,388	209,955	243,849	280,918	244,290	273,886	287,200
Pathways to Adult Living							19,809	5,130	6,371	3,664
Total School Facilities	\$ 765,797	\$ 925,595	\$ 913,923	\$ 909,697	\$ 975,401	\$ 1,073,422	\$ 951,198	\$ 4,700,942	\$ 2,535,149	\$ 1,804,243

Source: Commission records

Educational Services Commission of New Jersey
Insurance Schedule
June 30, 2021
Unaudited

Company	Type of Coverage	Coverage	Deductible
NJSIG	MULTI PERIL PACKAGE POLICY		
	Property:		
	Blanket Building and Contents	\$ 130,872,746	\$ 5,000
	Extra Expense	50,000,000	
	Flood	Various limits	
	Musical Instruments & Misc Equipment	Incl in prop limit	
	Loss of Rents	3,000,000	
	Loss of Business Income/Tuition	5,000,000	
	Data processing Equipment	1,000,000	1,000
	Equipment Breakdown	100,000,000	25,000
	Commercial Liability:		
	Bodily Injury & Property Damage		
	Each Occurrence	31,000,000	
	Products/Completed Operations	31,000,000	
	Sexual Abuse Occ/NJSIG Annual Agg.	27,000,000	
	Personal & Advertising Injuyr	31,000,000	
	Employee Benefits Liability	31,000,000	1,000
	Medical expense Per Accident/Per Person	10,000/5,000	
	Crime:		
	Employee Dishonesty	1,000,000	
	Money & Securities	100,000	
	Money Orders & Counterfeit Currency	50,000	
	Dopositors Forgery or Alteration	1,000,000	
	Computer Fraud	1,000,000	
	Automobile		
	Bodily Injury/Property Damage	31,000,000	
	Personal Injury Protection	Statutory	
	Underinsured/uninsured	1,000,000	
	Private passenger	10,000	
	Comprehensive deductible		1,000
	Collision deductible		1,000
NJSIG	SCHOOL BOARD LEGAL		
	Limit of Liability	31,000,000	5,000
NJSIG	BONDS		
	Business Administrator - Patrick Moran	500,000	1,000
NJSIG	WORKERS COMPENSATION		
	Section "A"	Statutory	
	Section "B"	3,000,000	
NJSIG (Chubb)	SUPPLEMENTARY WORKERS COMP		
	Maximum Weely Benefit	2,500	(7 days waiting period)
	Aggregate Per Accident	100,000	

Educational Services Commission of New Jersey
Insurance Schedule
June 30, 2021
Unaudited

Company	Type of Coverage	Coverage	Deductible
Beazley (Lloyd's)	ENVIRONMENTAL IMPAIRMENT		
	Limit of Liability/Aggregate	1,000,000/1,000,000	10,000
	Crisis & Reputation mangement	250,000	
	First Party Personal Property Sublimit	100,000	
	Microbial Matter Dedutibles:		
	Building Age 0-20 Years		50,000
	Building Age 20-50 Years		100,000
	Building Age over 50 Years		250,000
	Location without A/C		250,000
Berkley (McCloskey)	STUDENT ACCIDENT		
	Accident Medical Excess	1,000,000	
	Benefit Period	3 Years	
	AD&D/Aggregate	10,000/500,000	
	Dental	50,000	
	Volunteer Workers Benefit	25,000	
US Fire (McCloskey)	Excess Medical	5,000,000	25,000
	Benefit Period	10 Years	
	AD&D/Aggregate	10,000/500,000	
	Dental	Included	
Fireman's Fund (Allianz)	CAP EXCESS LIABILITY		
	Each Occurrence	25,000,000	
	Aggregate	25,000,000	
Berkley (NJSIG)	CYBER BREACH RESPONE		
	Policy Aggregate of Liability	20,000,000	
	Agg.Sublimit Per Scheduled Insured	2,000,000	
	Privacy Breach Response Servcies:		
	Notified Individuals Limit Aggregate/Per Insured	2,000,0000/250,000	
	Computer Expert/Legal Services Aggregate	2,500,000	
	PR/Crisis Mgmt. Expense Per insured	1,000,000	
	Each Claim Retaention	25,000	
Privacy Breach Response Retentions:	Various amounts		
Selective	BUILDERS RISK		
	Limit at Job Site	7,000,000	5,000
	Property in Transit	250,000	5,000
	Property at any Temp Location	250,000	5,000
	All Coverd Property at All Locaiton	7,000,000	5,000

Source: Commission Records

Single Audit Section



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the Educational Services Commission of New Jersey (the "Commission") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated February 4, 2022.

Internal Control Over Financial Reporting

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

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

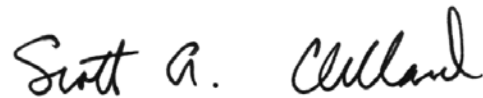
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

February 4, 2022
Florham Park, New Jersey



Report on Compliance For Each Major Federal and State Program
and Report on Internal Control Over Compliance Required by the
Uniform Guidance and New Jersey OMB Circular 15-08

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Educational Services Commission of New Jersey's (the "Commission") compliance with the types of compliance requirements described in the *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. The Commission's major federal and state programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Commission's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* ("Uniform Guidance"); and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable

assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

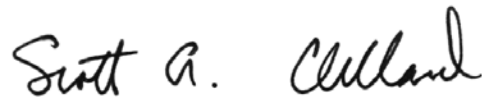
Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with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

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

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

Purpose of this Report

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



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

February 4, 2022
Florham Park, New Jersey

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

For the Fiscal Year ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal Award Identification Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2020		Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2021	
				From	To	Unearned Revenue	Due to Districts					Unearned Revenue	Due to Districts
U.S. Department of Education—Passed-Through Middlesex County School Districts													
Special Revenue Fund													
Special Education Grant Cluster:													
IDEA Part B, Basic													
IDEA Part B, Basic	84-027	H027A150100	\$ 2,299,610	7/1/2015	6/30/2016				\$ (24,426)			\$ (24,426)	
IDEA Part B, Basic	84-027	H027A160100	2,417,324	7/1/2016	6/30/2017				(13,035)			(13,035)	
IDEA Part B, Basic	84-027	H027A170100	2,263,489	7/1/2017	6/30/2018				(1,828)			(1,828)	
IDEA Part B, Basic	84-027	H027A180100	2,212,516	7/1/2018	6/30/2019		\$ (224,084)	\$ 19,192	200,704	\$ (100)		963	
IDEA Part B, Basic	84-027	H027A190100	2,147,414	7/1/2019	6/30/2020		(815,647)	5,906	(598,919)	(161,415)	(24,998)	(43,238)	\$ 14,350
IDEA Part B, Basic	84-027	H027A200100	2,261,370	7/1/2020	6/30/2021		(1,039,731)	25,098	(1,333,605)	-	(25,098)	(480,051)	14,350
Subtotal of Special Education Grant Cluster													
									(1,932,524)		(25,098)	(563,541)	
												(3,291)	
Title I Grants to Local Educational Agencies													
Title I Grants to Local Educational Agencies	84-010A	S010A170030	39,938	7/1/2017	6/30/2018		(3,291)		(18,842)			(46,032)	
Title I Grants to Local Educational Agencies	84-010A	S010A190030	197,617	7/1/2019	6/30/2020		(95,568)	114,410	(201,013)			(3,678)	
Title I Grants to Local Educational Agencies	84-010A	S010A200030	201,013	7/1/2020	6/30/2021			154,981	(5,481)				
Title III Part A Program—Strengthening Institutions Program	84-365A	S365A200030	5,481	7/1/2020	6/30/2021			1,803	(46,906)				597
COVID-19 Nonpublic Technology Funds under CRF													
	21-019	SLT0228	47,503	7/1/2020	10/31/2020			47,503					
COVID-19 CRRSA Act - ESSER II													
Total U.S. Department of Education—passed-through State of NJ Department of Education	84-425D	S425D200027	174,353	3/13/2020	9/30/2023				(37,911)			(37,911)	
Total Special Revenue Fund							(1,138,590)	25,098	(2,242,677)		(25,098)	(654,453)	14,947
							(1,138,590)	25,098	(2,242,677)		(25,098)	(654,453)	14,947
U.S. Department of Agriculture—Passed-Through State Department of Agriculture Enterprise Fund:													
Child Nutrition Program Cluster:													
School Breakfast Program	10-553	211N1504N1099	69,043	7/1/2020	6/30/2021			58,502	(69,043)			(10,541)	
National School Lunch Program	10-555	211N1504N1099	121,216	7/1/2020	6/30/2021			102,774	(121,216)			(18,442)	
Total Enterprise Fund and Child Nutrition Program Cluster								161,276	(190,259)			(28,983)	
Total Expenditures of Federal Financial Awards			\$ -				\$ (1,138,590)	\$ 25,098	\$ (2,432,936)	\$ -	\$ (25,098)	\$ (683,436)	\$ 14,947

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

**Educational Services Commission of New Jersey
Schedule of Expenditures of State Financial Assistance
For The Fiscal Year ended June 30, 2021**

State Grantor/Program Title	Grant or State Project Number	Programmer Award Amount	Grant Period From To	Balance at June 30, 2020		Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Unearned Revenue	Balance at June 30, 2021		MEMO
				(Accounts Receivable)	Due to Districts						Due to Grantor	Due to Districts	
State Department of Education													
General Fund:													
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	\$ 1,068,595	7/1/2019	6/30/2020	\$ (52,704)	\$ 52,704				\$			\$ (1,179,473)
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	1,179,473	7/1/2020	6/30/2021		1,122,674	\$ (1,179,473)			\$ (567,799)			\$ (4,259,537)
On Behalf TPAF Pension Contribution	21-495-034-5094-002	4,259,537	7/1/2020	6/30/2021		4,259,537	(4,259,537)						(1,334,873)
On Behalf TPAF Post-Retirement Medical	21-495-034-5094-001	1,334,873	7/1/2020	6/30/2021		2,709	(2,709)						(2,709)
On Behalf TPAF Non-contributory Insurance	21-495-034-5094-004	2,709	7/1/2020	6/30/2021		6,772,497	(6,776,592)			(567,799)			(6,776,592)
Total State Department of Education					(52,704)								
NJ Schools Development Authority													
General Fund:													
School Security Grant (NYS&K Law)	20E00395	31,637	4/1/2021	3/31/2023			(31,637)			(31,637)			(31,637)
Total NJ Schools Development Authority					(52,704)	6,772,497	(6,808,229)			(88,530)			(6,808,229)
State Department of Education - Passed Through New Jersey School Districts													
Special Revenue Fund:													
NJ Nonpublic Aid:													
Textbooks Aid	10-034-5120-064	503,545	7/1/2019	6/30/2020	(49,246)	\$ 44,173	49,246		\$ (44,173)				
Textbooks Aid	573,394	7/1/2020	6/30/2021		(235)	7	555,384			(61,253)	\$ 43,443		(573,394)
Nursing Services Aid	194,135	7/1/2018	6/30/2019		(325)					(235)			
Nursing Services Aid	174,132	7/1/2019	6/30/2020		(393,216)	130,251	393,216			(130,251)			
Nursing Services Aid	1,685,903	7/1/2020	6/30/2021		(596)		1,455,506			(404,655)	172,258		(1,685,903)
Technology Initiative	478,928	7/1/2017	6/30/2018		(70,035)	39,754	70,033			(39,754)			
Technology Initiative	388,779	7/1/2019	6/30/2020		(89,137)	349,837	181,799			(349,837)			
Security Aid Program	1,626,302	7/1/2020	6/30/2021		(686)		1,626,363			(218,643)	218,703		(1,626,302)
Activity services (Chapter 192):													
Compensatory Education	10-034-5120-067	1,525,637	7/1/2017	6/30/2018	(686)		91,242			(91,242)			
Compensatory Education	1,803,509	7/1/2018	6/30/2019		(104,600)		91,242			(13,368)			
Compensatory Education	1,552,009	7/1/2019	6/30/2020		(416,481)	3,126	362,799			(51,573)			
Compensatory Education	1,310,747	7/1/2020	6/30/2021		(11,542)		1,250,436			(402,356)	8,430		(1,310,747)
English as a Second Language	158,820	7/1/2017	6/30/2018		(22,452)	2,050				(11,945)			
English as a Second Language	136,748	7/1/2018	6/30/2019		(59,707)					(104,887)			
English as a Second Language	121,272	7/1/2019	6/30/2020		(4,251)		14,890			(248,17)			
English as a Second Language	66,787	7/1/2020	6/30/2021		(46,485)		47,325			(2,085)			(66,787)
Transportation	200,015	7/1/2018	6/30/2019		(4,251)	206	2,166			(3,982)			
Transportation	190,492	7/1/2019	6/30/2020		(46,485)		43,592			(30,188)			
Transportation	206,622	7/1/2020	6/30/2021		(3,571)		176,434			(3,571)			(206,622)
Nonpublic Home Instruction	51,702	7/1/2017	6/30/2018		(6,911)		347			(6,564)			
Nonpublic Home Instruction	49,560	7/1/2018	6/30/2019		(84,798)		45,960			(8,838)			
Nonpublic Home Instruction	56,049	7/1/2019	6/30/2020				1,893			(26,684)	1,893		(26,684)
Nonpublic Home Instruction	26,684	7/1/2020	6/30/2021							(3,031)			
Supplemental Instruction	721,912	7/1/2017	6/30/2018		(3,031)		8,514,567			(1,493,648)	460,416		(7,742,232)
Supplemental Instruction	764,096	7/1/2018	6/30/2019		(29,181)		57,311			(29,181)			
Supplemental Instruction	751,137	7/1/2019	6/30/2020		(7,073)	3,238	638,720			(12,951)			
Supplemental Instruction	661,993	7/1/2020	6/30/2021							(30,113)	6,840		(661,993)
Examination and Classification	1,147,299	7/1/2017	6/30/2018		(9,688)	2,732	9,656			(2,732)			
Examination and Classification	1,110,778	7/1/2018	6/30/2019		(248,742)	1,257	253,152			(1,255)			
Examination and Classification	798,886	7/1/2019	6/30/2020		(1,202)		741,926			(1,117)	7,074		(1,083,629)
Examination and Classification	1,083,626	7/1/2020	6/30/2021		(54,055)		10,356			(3,570)			
Connective Speech	597,727	7/1/2017	6/30/2018		(14,999)		46,448			(2,368)			
Connective Speech	586,030	7/1/2018	6/30/2019				480,989			(2,105)	1,775		(500,267)
Connective Speech	553,045	7/1/2019	6/30/2020				8,514,567			(1,493,648)	460,416		(7,742,232)
Connective Speech	500,267	7/1/2020	6/30/2021							(1,306)			(6,812)
Total State Department of Education - Passed Through New Jersey School Districts					(1,846,118)	577,542	(7,742,232)	30,513	(567,411)	(1,493,648)	460,416		(7,742,232)
Total Special Revenue Fund													
State Department of Agriculture													
Enterprise Fund:													
National School Lunch Program (State share)	10-010-3350-023	6,812	7/1/2020	6/30/2021			5,506			(1,306)			(6,812)
Total Enterprise Fund							5,506			(1,306)			(6,812)
Total State Financial Assistance Expenditures													
On Behalf TPAF Pension Contribution	21-495-034-5094-002	4,259,537	7/1/2020	6/30/2021			4,259,537				\$ 460,416		(4,259,537)
On Behalf TPAF Post-Retirement Medical	21-495-034-5094-001	1,334,873	7/1/2020	6/30/2021			1,334,873						(1,334,873)
On Behalf TPAF Non-contributory Insurance	21-495-034-5094-004	2,709	7/1/2020	6/30/2021			2,709						(2,709)
Total for State Financial Assistance - Major Program Determination							\$ 4,695,115			\$ (1,583,390)	\$ 460,416		(8,960,247)

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

Educational Services Commission of New Jersey

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2021

1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal award and state financial assistance activity under programs of the federal and state government for the year ended June 30, 2021. The Commission is defined in Note 1 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, are included on the schedules of expenditures of federal awards and state financial assistance.

The information in these schedules are presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented, or used in the preparation of, the basic financial statements. Because the schedules present only selected portions of the operations of the District, they are not intended to and do not present the financial position, changes in net position, or cash flows of the Commission.

2. Summary of Significant Accounting Policies

The expenditures reported on the accompanying schedules of expenditures of federal awards and state financial assistance (Schedules) are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and New Jersey OMB Circular 15-08, wherein certain types of expenditures are allowable or are limited as to reimbursement. These bases of accounting are described in Note 1 to the Commission's basic financial statements.

Educational Services Commission of New Jersey

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2021

3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the Commission’s basic financial statements. The basic financial statements present the 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 fiscal year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$43,078 for the special revenue fund. See note to Required Supplementary Information (C-3) for a reconciliation of the budgetary basis to GAAP of accounting for the special revenue funds. Financial award revenues are reported in the Commission’s basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 6,808,229	\$ 6,808,229
Special Revenue Fund	\$ 2,274,703	7,770,379	10,045,082
Food Service Enterprise Fund	190,259	6,812	197,071
Total financial award revenues	<u>\$ 2,464,962</u>	<u>\$ 14,585,420</u>	<u>\$ 17,050,382</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.

Educational Services Commission of New Jersey

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2021

5. Other

TPAF Social Security Contributions represent the amount reimbursed by the State for the employer's share of Social Security for TPAF members for the year ended June 30, 2021.

The post retirement pension, disability insurance and medical benefits received on-behalf of the Commission for the year ended June 30, 2021 amounted to \$5,597,119. Since on-behalf post retirement pension, disability insurance and medical benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB's Circular 15-08, as directed by the funding agency.

6. Indirect Costs

The Commission elected to not use the 10% de minimis indirect cost rate as allowed by the Uniform Guidance.

7. Adjustments

The adjustments reflected on schedules K-3 and K-4 represents cancellations of prior year receivables and encumbrances.

Educational Services Commission of New Jersey
Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2021

Part I - Summary of Auditors' Results (continued)

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None Reported

Is any noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None Reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major federal programs:

ALN(s)	FAIN Number	Name of Federal Program or Cluster
84.027	H027A200100	IDEA Part B, Basic

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

Auditee qualified as low-risk auditee? X Yes No

Educational Services Commission of New Jersey
Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2021

Part I - Summary of Auditors' Results (continued)

State Financial Assistance

Internal control over major state programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None Reported

Type of auditors' report on compliance for major state programs: _____ Unmodified

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

Identification of major state programs:

GMIS/Program Number	Name of State Program or Cluster
100-034-5120-067	N.J. Nonpublic Auxiliary Services Aid
100-034-5120-070	N.J. Nonpublic Nursing Aid

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

Auditee qualified as low-risk auditee? X Yes _____ No

Educational Services Commission of New Jersey
Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Part II - Schedule of Financial Statement Findings

No federal award or state financial assistance program internal control over compliance or compliance findings or questioned costs were noted that are required to be reported under *Government Auditing Standards*.

Educational Services Commission of New Jersey
Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2021

**Part III - Schedule of Federal Award and State Financial Assistance
Findings and Questioned Costs**

No compliance or internal control findings noted that are required to be reported in accordance with 2 CFR 200 Section 516(a) and New Jersey State OMB Circular 15-08.

Educational Services Commission of New Jersey
Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2021

No prior year audit findings were noted.