

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, 2022

Educational Services Commission of New Jersey
Piscataway, New Jersey

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022

Prepared by

Educational Services Commission of New Jersey
Business Office

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Introductory Section

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

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March 13, 2023

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

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, 2022, 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 2022 (FY22). 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 FY22:

| | | |
|----------------|--------------------------|----------------------|
| 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 eighteen (118) non-member districts contracted with the Commission for educational services and programs during the FY22 school year.

The following educational services and programs were provided during the FY22 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, 2022, the following services were provided:

| | |
|------------------------------|----------------|
| Compensatory Education | 2,172 services |
| English as a Second Language | 110 services |
| Home Instruction | 1,427 hours |
| Examination/Classification | 1,274 services |
| Supplemental Instruction | 982 services |
| Speech Correction | 598 services |
| Speech Evaluations | 28 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 FY22, NuView Academy served fifty-eight (58) students from thirty-nine (39) sending districts within five (5) 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 FY22 school year.

PRDS EXTENDED SCHOOL YEAR PROGRAM (PRDS ESY)

During the summer of 2022, 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 one hundred twenty (120) 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 seventeen (117) students participated in the FY22 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 FY22, two hundred twenty-two (222) hours of services were provided to sixty-two (62) students from four (4) nonpublic schools.

COOPERATIVE TRANSPORTATION PROGRAM

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

Seven hundred seventy-five (775) cooperative special and regular education routes, public school routes, vo-tech and nonpublic school routes, transported more than six thousand four hundred seventy-six (6,476) students to and from over eighty-six (86) destinations each day from thirty-six (36) 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 FY22 school year, sixty-four (64) nonpublic schools, located within nineteen (19) 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 FY22 school year, one hundred one (101) nonpublic schools located within thirty-two (32) 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 FY22 school year, sixty-one (61) nonpublic schools located in twenty (20) 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 FY22 school year, sixty-nine (69) nonpublic schools located in twenty-two (22) districts have benefited from this service.

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 to three hundred seventeen (317) public school students from thirty (30) school districts in and out of Middlesex County during the FY22 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 FY22 school year.

PROFESSIONAL DEVELOPMENT ACADEMY (PDA)

The PDA completed its 19th full year of operation in June 2022. The PDA provided learning opportunities to all ESCNJ faculty and staff.

During the 2021–2022 school year, ESCNJ presented five parent support programs and seven BACB approved CE workshops for BCBAAs.

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-four (124) students, ages 3 to 13 years, were enrolled at BBLC during the FY22 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. One hundred two (102) students participated in FY22.

FUTURE FOUNDATIONS ACADEMY (FFA)

The Future Foundations Academy services students with Autism, ages 8 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 eighteen (18) classrooms and an enrollment of one hundred thirty-five (135) students for the FY22 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. One hundred thirty (130) 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-eight (38) districts in seven (7) counties seeking placement for students classified as preschool disabled, multiply disabled and autistic. Two hundred two (202) students, ages 3 to 21 years, were enrolled at CLL during the FY22 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 2022, one hundred seventy-five (175) students participated in the Extended School Year.

PATHWAYS TO ADULT LIVING (PAL)

The Pathways to Adult Living (PAL) program opened September 2017. PAL provides intensive Community-Based Instruction to students 18-21 years old who have completed their high school academic requirements. The program is located on Main Street in Sayreville and allows students to transition from their local high schools at the same time that their peers are graduating.

As a result of the ESCNJ's relationships with established businesses and community agencies, extensive vocational training opportunities both paid and unpaid are available.

Travel training is a significant part of the PAL program. Students ride the local NJ Transit bus to select job sites and community education experiences. Opportunities for individual travel training are available through PAL's partnership with NJTIP@Rutgers.

Additional program components included are financial literacy, cooking healthy meals, self-determination skills and recreational activities such as yoga and hiking.

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 FY22, ACS had 27 participants.

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 FY22. The Commission provides services to twenty-six (26) districts and fifty-one (51) nonpublic schools.

THE ESCNJ COOPERATIVE PRICING SYSTEM

The Commission has operated a State approved Cooperative Pricing System since 1996. During FY22, 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.

| | | |
|---|--|--|
| Air Purifiers (Commercial) | Fire Extinguisher Inspection & Related Svs. (Annual) | Plumbing – Time and Material |
| Apple Educational Products | Flexible Spending Acct. Mgmt. | Pool Supplies Equipment – Repair & Maintenance |
| Athletic Equip. Recond. & Repair | Food Service Supplies, Equip. & Install. | Printing Services |
| Athletic Equip. & Supplies | Furniture and Accessories | Radios Rental Systems |
| Athletic Facility Lighting | Gaggle Software Service | Recording & Sound Systems – Purchase & Installation |
| Auto Parts & Supplies | Generator Equipment & Maintenance | Recycling Containers/Rollout Carts |
| Bio-Decontamination Services | Glass and Glazing Svs – T&M | Restorative Bonding Sys. & Svs. |
| Bleacher (Int/Ext) Syst. Purch. & Instal. | Grounds Equipment | Roofing & Envelope Svs. - AEPA |
| Boiler-Maintenance & Repair | Gym Floors- Repair/Refinishing/T&M | Safety and Security Window Film/Door Shielding Protection Products |

| | | |
|---|--|--|
| Building Access & Security Systems | Health & Wellness - AEPA | School Buses |
| Building Management Systems RFP | HVAC: Airdale; Repair & Maint. Svs.; Time & Material | School Bus Video Surveillance Cameras – Purch. & Install. |
| Carpet and Flooring | Hybrid Phone Systems | Scientific Equipment, Accessories & Supplies |
| Career & Technical Education - AEPA | Integrated Cloud Based Bldg. Access | Scoreboards Equip. and Install. |
| Cars, Crossovers, SUVs and Trucks | Internet Access & Data Transmission Svs. - NJDRLAP | Security Guard Services |
| Ceiling Tiles | Internet/Tech. Consulting Svs RFP | Shredding & Disposal of Records |
| Classroom Supplies | Job Order Contracting: Repair/Maint. Electric; General; HVAC; Plumbing; Paving | Signs and Graphics, Design, Purchase & Installation |
| Classroom Supplies – Cosmetology | Job Order Contracting: T&M Electrician; Plumbing | Snow Vehicle Attachments & Accessories |
| Concrete Repair Systems - Ardex | Landscaping Services – T&M | Speech Services |
| Copy Machines, Printers and Document Lifecycle Equip. & Svs. | Lawn Care Products and Services | Spray Injection Pothole Patching System Rental & Repair Services |
| Copy Paper (white/color) | Lead Testing Consultant Services | Staffing Services |
| Credit Card Processing Svs. | LED/Other Lighting Supplies & Equip. | Stage Curtains- Purch/Install/Repair |
| Custodial Supplies and Plastic Liners | Literacy Tutoring | Technology Supplies & Svs- AEPA |
| Demand Response | Lockers-Purch./Install.& Repairs | Tent Rental & Purchase |
| Digital Display Solutions (AEPA) | Locking Hardware & Keying Systems | Tires & Tire Repairs |
| Digital Readiness for Learning & Assmt Project-Internet Access and Telecommunications Svs (DRLAP) | Maintenance Equipment | Toilet Partitions |
| Digital Resources & Instructional Materials | Maint. & Repair Service Vehicles and Equipment 14,000 lbs. GVRW and Greater | Toner and Ink Cartridges |
| NJDRLAP Broadband Internet Access RFP | Maintenance, Repair & Operation | Tracks/Courts–Athletic Surfacing AEPA |
| Disaster Recovery RFP | Medical Supplies | Translation Services |
| Document Mgmt. for Records Retention and Disposal RFP | Mercury Floor – Testing/Removal | Tree Trimming & Removal Svs. |
| Document Management Services | Mobile Protective Furniture | Trip Hazard Removal Services |
| Electric School Bus Types B, C, D | Modular Bldgs./Purchase/Repair/ Removal/Rental & Installation | Trucks – Class 4-8 |
| Electric Truck Chassis – 26,000 lbs. GVW or Greater | Musical Instruments and Repair | Turf-Synthetic-Repair, Maint. & Replacement |
| Electric Vehicle Charging Stations | Natural Gas-Supply of | Ultra Violet Lighting/Sterilization in HVAC |
| Electrician-Time & Material | Nursing Services | Uniforms and Workwear |

| | | |
|--|---|---|
| Electricity-Supply of | Occupational & Physical Therapy Svs. | Uniform Rental Services |
| Electronic Cylinder Access Control Sys. | Office Supplies | Vape Detection Systems |
| Emergency Notification Systems | Paint & Supplies | Vehicle Service Lifts & Accessories |
| Energy Conservation & Education Svs. | Paint Svs – Time & Material | Visitor Management System |
| Energy Savings Device for Commercial Refrigeration | Personal Protective Equip. & Related Svs. | Voice, Unified Communications & Collaboration Solutions |
| Equipment & Tool Rental | Pest Control Svs. w/IPM Mgmt. | Water Bottle Filling Stations |
| Facility Management Software - AEPA | Photocatalytic Oxidation Air Purifiers | Water Meter Management Svs. |
| Fencing – Purchase, Installation & Repair | Playground Surfacing, Site Furnishings; Outdoor Circuit Training & Related Svs. | Wireless Duress Monitoring Sys. |
| Fire Alarm Systems | Playground Surfacing Materials, Installation & Inspections | |

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., paper, pencils, 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 assigned fund balance on June 30, 2022.

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 FY22 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 PKF O'Connor Davies, 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 FY22 school year:

| | |
|---------------------|-----------------------------------|
| Karen Johnson | Academy Learning Center |
| Christie Farmiga | Bright Beginnings Learning Center |
| Marisa Martin VArgo | Bright Beginnings Learning Center |
| Daniel Grothue | Center for Lifelong Learning |
| Nicole Azelrod | Center for Lifelong Learning |
| Allison Marotta | Piscataway Regional Day School |
| Gina Gaughan | Future Foundations Academy |
| Geralynn Kenyon | Nonpublic Department |
| Donna Zehnbauer | Nonpublic Department |
| Kyle Thomas | NuView Academy |

Student Recognition Program – Seven (7) students from the Commission were honored in February 2022 at the Annual Unsung Heroes and Heroines Student Recognition Dinner. The students were as follows:

| | |
|----------------------------|--------------------------------|
| Alexander Zhong | Academy Learning Center |
| Anish Merai | Academy Learning Center |
| Kayla Boykin | Center for Lifelong Learning |
| Edward Matthaey | Future Foundations Academy |
| Hudson Costa | NuView Academy |
| Elibaneth Tiburcio Sanchez | Piscataway Regional Day School |
| Merlin Rijo-Moreta | 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

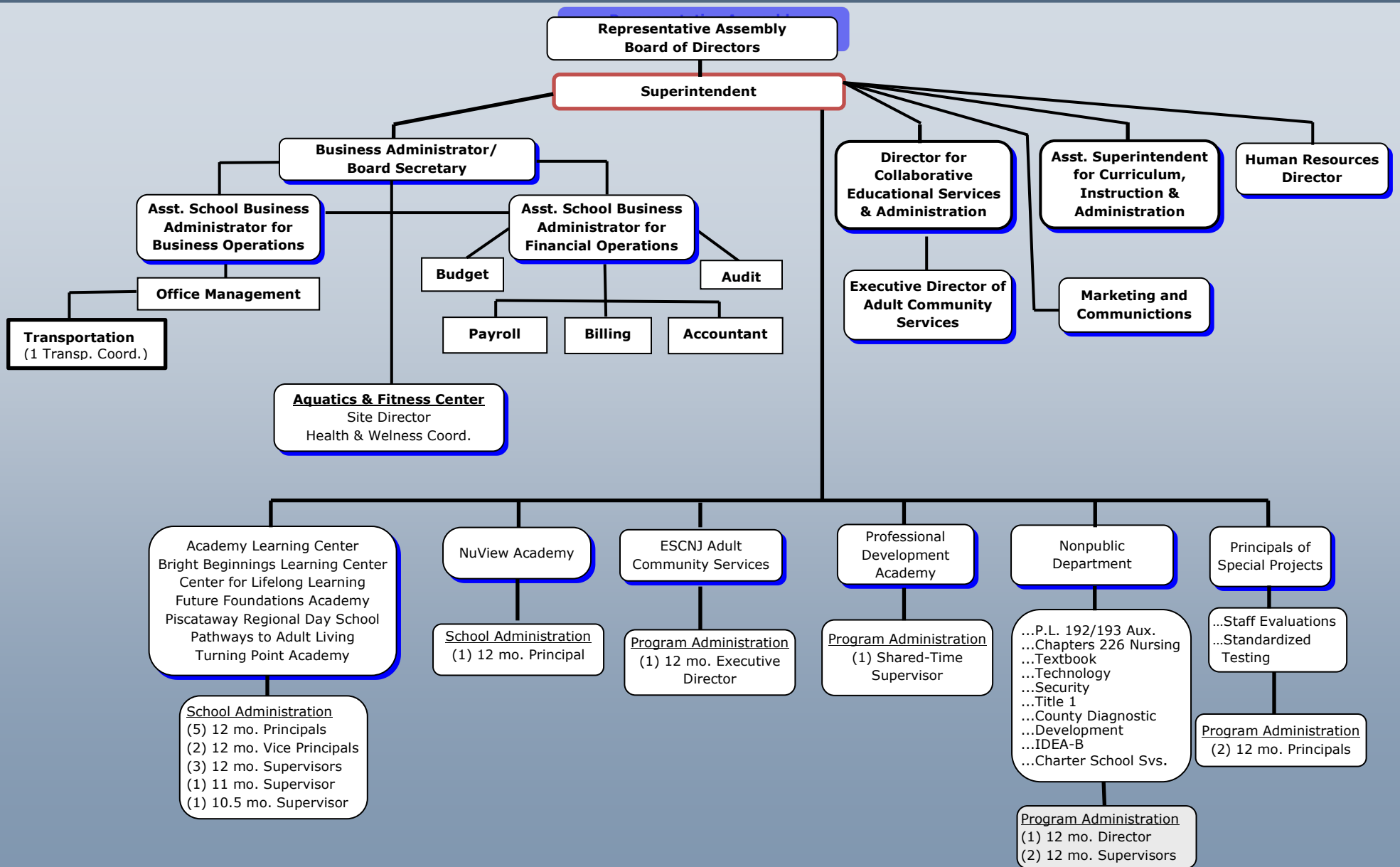


Mr. Anthony La Marco
Business Administrator/Board Secretary

Educational Services Commission of New Jersey
Piscataway, New Jersey

Organizational Chart

June 30, 2022



Educational Services Commission of New Jersey
Piscataway, New Jersey

Roster of Officials
June 30, 2022

Members of the Board of Directors

Name of School District

| | |
|------------------------|------------------------------------|
| 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. Kristina Nicosia | Highland Park |
| Ms. Nicole Pormilli | Jackson |
| Dr. Gina Villani | Jamesburg |
| Dr. Vincent Caputo | Metuchen |
| Dr. Frederick Williams | Middlesex |
| Dr. Stephanie Brown | Milltown |
| Mr. Tony Trongone | Millville |
| Ms. Chari Chanley | Monroe |
| Dr. Dale Caldwell | New Brunswick |
| Ms. Janet Ciarrocca | North Brunswick |
| Mr. Matthew Sulikowski | Old Bridge |
| Dr. David Roman | Perth Amboy |
| Ms. Brenda Smith | Piscataway |
| Mt. Brian Betze | Robbinsville |
| Mr. John Walsh | Sayreville |
| Dr. Gretchen Dempsey | Somerset Hills Regional |
| Dr. Martin Gurczeski | South Amboy |
| Mr. Scott Feder | South Brunswick |
| Dr. Noreen Lishak | South Plainfield |
| Ms. Sylvia Zircher | South River |
| Mr. Graham Peabody | Spotswood |
| Dr. Joseph Massimino | Woodbridge |
| Mr. Jorge Diaz | Middlesex County Vo. Tech. |

ESCNJ Officials

Mr. Mark J. Finkelstein, Superintendent
Mr. Gary Molenaar, Assistant Superintendent for Learning/Educational Services
Mr. Anthony La Marco, Business Administrator/Board Secretary
Mrs. Kai-Li Pao, Assistant Business Administrator for Financial Operations
Mr. Ronald Pusillo, 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, 2022

Attorneys

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Borrus, Goldin, Foley, Vignuolo, Hyman & Stahl, P.C.
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North Brunswick, New Jersey 08902

Audit Firm

PKF O'Connor Davies, LLP
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Cranford, NJ 07016

Labor Consultant

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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 Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 (*Government Auditing Standards*). Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

PKF O'CONNOR DAVIES, LLP
20 Commerce Drive, Suite 301, Cranford, NJ 07016 | Tel: 908.272.6200 | Fax: 908.272.2416 | www.pkfod.com

PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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, are presented for additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. 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.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report for the year ended June 30, 2022. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2023 on our consideration of the District'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.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP
Cranford, New Jersey
March 13, 2023

Scott A. Clelland

Scott A. Clelland, CPA
Licensed Public School Accountant, No. 1049

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, 2022

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, 2022. 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 2022 are as follows:

- General revenues accounted for \$39,168,884 or 25.76 percent of all revenues. Program specific revenues in the form of charges for services and operating and capital grants and contributions accounted for \$112,858,563 or 74.24 percent of total revenues of \$152,027,447.
- The Commission had \$132,627,200 in expenses (governmental and business-type activities); \$112,858,563 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 \$39,168,884 were adequate to provide for these programs.
- In total, net position increased \$19,400,247, or 22.00 percent.
- Among major funds, the General Fund had \$127,115,888 in revenues and \$111,397,126 in expenditures and net other financing sources and uses. The General Fund's fund balance increased \$15,718,762 over 2021. 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, 2022 with certain comparisons to the year ended June 30, 2021. The intent of this discussion and analysis is to look at the Commission's financial performance as a whole; readers

should also review the 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 Aquatic program at the Center for Lifelong Learning and Adult Community Services. The government-wide financial statements include not only the Commission itself (known as the primary district). 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. Effective fiscal year 2022, the State transferred the operations of the Piscataway Regional Day School to the Commission, so the Commission moved the PRDS from an enterprise fund to the general fund.

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 Projects Fund and Debt Service Fund.

Governmental Funds

The Commission's activities are reported in governmental funds, which focus on how money flows into and out of 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 government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund 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 \$86,321,233 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 2021 to 2022.

**Table 1 - Net Position
June 30, 2022 and 2021**

| | Governmental | | Business-type | | Total | |
|----------------------------------|--------------|--------------|---------------|-------------|--------------|--------------|
| | Activities | | Activities | | 2022 | 2021 |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Current and other assets | \$80,503,074 | \$58,708,328 | \$1,564,896 | \$3,674,245 | \$82,067,970 | \$62,382,573 |
| Capital assets, net | 82,379,859 | 81,454,428 | 90,686 | 892,699 | 82,470,545 | 82,347,127 |
| Total assets | 162,882,933 | 140,162,756 | 1,655,582 | 4,566,944 | 164,538,515 | 144,729,700 |
| Deferred Outflows of Resources | 5,225,293 | 5,463,266 | | | 5,225,293 | 5,463,266 |
| Current liabilities and other | 17,446,668 | 9,720,319 | 19,752 | 30,698 | 17,466,420 | 9,751,017 |
| Net pension liability | 11,780,746 | 15,226,299 | | | 11,780,746 | 15,226,299 |
| Long-term liabilities | 44,385,070 | 49,112,448 | | | 44,385,070 | 49,112,448 |
| Total liabilities | 73,612,484 | 74,059,066 | 19,752 | 30,698 | 73,632,236 | 74,089,764 |
| Deferred Inflow of Resources | 8,174,509 | 7,546,386 | | | 8,174,509 | 7,546,386 |
| Net position: | | | | | | |
| Net investment in capital assets | 35,998,482 | 32,242,098 | 90,686 | 892,699 | 36,089,168 | 33,134,797 |
| Restricted | 15,080,666 | 10,675,076 | | 2,000,000 | 15,080,666 | 12,675,076 |
| Unrestricted | 35,242,085 | 21,103,396 | 1,545,144 | 1,643,547 | 36,787,229 | 22,746,943 |
| Total net position | \$86,321,233 | \$64,020,570 | \$1,635,830 | \$4,536,246 | \$87,957,063 | \$68,556,816 |

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 \$36,787,229 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 and cash equivalents 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 increased mainly due to a increase in accounts payable and unearned revenue during fiscal year 2022.

Restricted Net Position increased mainly due to an increase in Capital Reserve, Emergency Reserve and Maintenance Reserve during fiscal year 2022.

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

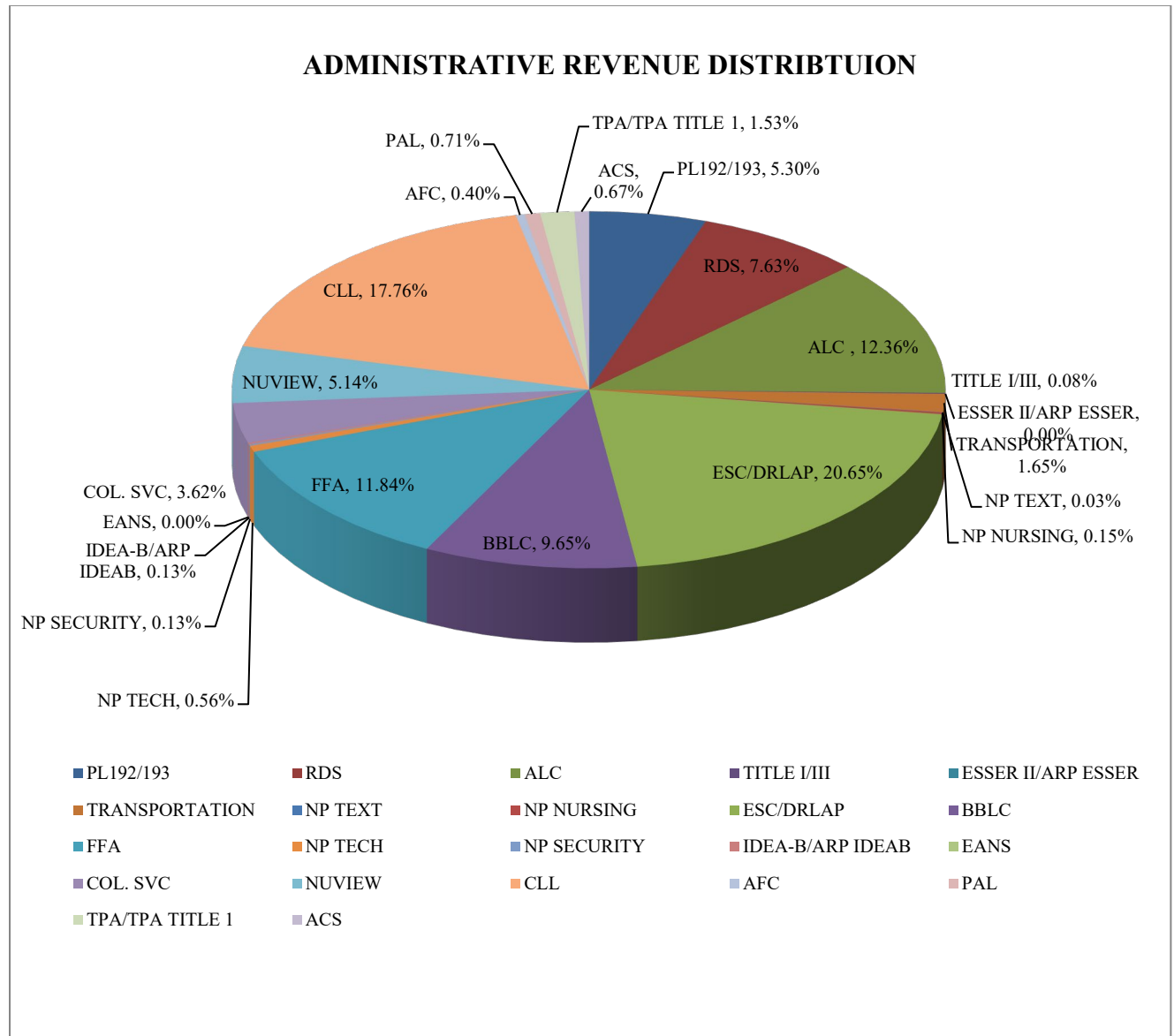
Table 2 shows the changes in the Commission's net position from fiscal year 2021 to 2022.

Government-Wide Activities

**Table 2 - Changes in Net Position
Years Ended June 30, 2022 and 2021**

| | Governmental Activities | | Business-type Activities | | Total | |
|--|----------------------------|---------------------|-----------------------------|--------------------|---------------------|---------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for Services | \$46,926,355 | \$35,466,085 | \$ 885,419 | \$5,694,817 | \$47,811,774 | \$41,160,902 |
| Operating/Cap Grants and Contributions | 22,508,225 | 10,080,264 | 661,935 | 197,071 | 23,170,160 | 10,277,335 |
| Transportation | 41,876,629 | 23,764,775 | | | 41,876,629 | 23,764,775 |
| General Revenues: | | | | | | |
| Service Provided to Other Districts | 29,568,739 | 21,562,394 | | | 29,568,739 | 21,562,394 |
| Grants and Entitlements | 9,148,119 | 13,304,926 | | | 9,148,119 | 13,304,926 |
| Miscellaneous | 452,026 | 181,028 | | | 452,026 | 181,028 |
| Total Revenues | 150,480,093 | 104,359,472 | 1,547,354 | 5,891,888 | 152,027,447 | 110,251,360 |
| Program Expenses: | | | | | | |
| Instructional Services | 34,265,828 | 23,673,363 | 5,324 | 5,246,698 | 34,271,152 | 28,920,061 |
| Support Services | 91,586,135 | 67,131,676 | | | 91,586,135 | 67,131,676 |
| Special Schools | 3,305,893 | 1,650,522 | | | 3,305,893 | 1,650,522 |
| Interest on Long-Term Debt | 1,789,968 | 1,955,528 | | | 1,789,968 | 1,955,528 |
| Operation of non-instructional services | | | 1,674,052 | 1,121,528 | 1,674,052 | 1,121,528 |
| Total Expenses | 130,947,824 | 94,411,089 | 1,679,376 | 6,368,226 | 132,627,200 | 100,779,315 |
| Transfers In (Out) | 1,970,500 | (766,879) | (1,970,500) | 766,879 | | |
| Special Item | 797,894 | | (797,894) | | | |
| Change In Net Position | 22,300,663 | 9,181,504 | (2,900,416) | 290,541 | 19,400,247 | 9,472,045 |
| Net Position—Beginning | 64,020,570 | 54,839,066 | 4,536,246 | 4,245,705 | 68,556,816 | 59,084,771 |
| Net Position—Ending | <u>\$86,321,233</u> | <u>\$64,020,570</u> | <u>\$1,635,830</u> | <u>\$4,536,246</u> | <u>\$87,957,063</u> | <u>\$68,556,816</u> |

Revenues and expenses increased primarily due to the increases in transportation, educational services provided to other districts and coop services.



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, 2022 and the amount and percentages of increases and in relation to the prior year’s revenues.

Revenues Year Ended June 30, 2022

| Revenues | Amount | Percentage of Total | Increase from 2021 | Percentage of Increase |
|-----------------|-----------------------|----------------------------|---------------------------|-------------------------------|
| Local sources | \$ 118,869,220 | 79.44% | \$ 37,860,657 | 46.74% |
| State sources | 16,635,011 | 11.12% | 2,056,403 | 14.11% |
| Federal sources | 14,132,303 | 9.44% | 11,857,600 | 521.28% |
| Total | \$ 149,635,534 | 100.00% | \$ 51,774,660 | 52.91% |

The increase in local sources is attributable to increases in transportation and educational services provided to districts. The increase in State revenue sources is mainly attributable to the increase in PL192/193, Nursing, Technology and On-Behalf TPAF Pension Contributions. The increase in Federal revenue sources is mainly attributable to the new Emergency Assistance to Non-Public Schools (EANS) program provided to eligible nonpublic schools in fiscal year 2022.

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2022 and the amount and percentages of increases and (decreases) in relation to the prior year’s expenditures.

**Expenditures
Year Ended June 30, 2022**

| Expenditures | Amount | Percentage of Total | (Decrease) Increase from 2021 | Percentage of (Decrease) Increase |
|----------------------------|-----------------------|------------------------|-------------------------------------|--|
| Current: | | | | |
| Instruction | \$ 27,738,390 | 20.55% | \$ 10,686,040 | 62.67% |
| Undistributed expenditures | 93,247,274 | 69.08% | 29,871,616 | 47.13% |
| Capital outlay | 4,574,716 | 3.39% | 1,789,901 | 64.27% |
| Special schools | 3,305,893 | 2.45% | 1,655,371 | 100.29% |
| Debt service: | | | | |
| Principal | 4,149,783 | 3.07% | 112,833 | 2.80% |
| Interest | 1,967,509 | 1.46% | (115,058) | -5.52% |
| Total | \$ 134,983,565 | 100.00% | \$ 44,000,703 | 48.36% |

The increase in instruction is due to an increase in educational services provided to districts. The increase in undistributed expenditures is mainly due to an increase in transportation services, all other services provided to districts and coop services. The increase in capital outlay is mainly related to construction services related to the Aquatic Fitness Center new addition. The increase in special schools is mainly attributable to the addition of enrollment for extended school program for all Commission schools.

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 \$62,420,611, an increase of \$13,551,477 in comparison with the prior year. \$45,532,078 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 \$45,532,078, while total fund balance reached \$54,780,563. 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 42.81 percent of total general fund expenditures, while total fund balances represent 51.51 percent of that same amount.

The total fund balance of the Commission's general fund increased by \$15,718,762 during the current fiscal year and the unassigned fund balance increased by \$10,735,546 during the current fiscal year.

The fund balance of the Commission's capital projects fund decreased by (\$2,831,111) due to on-going Aquatic Fitness Center capital projects completed during the current year. The capital projects fund has a total fund balance of \$968,356 as of June 30, 2022.

The debt service fund has a total fund balance of \$6,660,471, 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 \$663,089.

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 2022 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 2022 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 \$118,811,193, \$24,556,924 over original budgeted estimates of \$94,254,269. This difference was due primarily to the increase in transportation, educational and coop services during fiscal year 2022.

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

1. Salaries of teachers for home instruction were increased by \$490,320. These increases were directly related to the increase of home instruction services provided to districts.
2. Salaries of instruction for behavioral disabilities were decreased by (\$158,136). These decreases were directly related to the decrease of instructional staff related to reduction in enrollment for NuView Academy as compared to the original budget estimates.

3. Salaries of teachers for Autism were decreased by (\$317,687). These decreases as compared to the original budget estimates were related to the reduction of Autistic students enrolled in the Academy Learning Center, the Bright Beginning Learning Center, and the Center for Lifelong Learning.
4. Other salaries of instruction for Preschool Disabilities were decreased by (\$120,449). These decreases were directly related to the reduction of Preschool Disable students enrolled in the Academy Learning Center, the Bright Beginning Learning Center, and the Center for Lifelong Learning.
5. Other Support Health Services for Purchased Professional Technical Services was decreased by (\$122,370). 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.
6. Other Support for Students for Purchased Professional Educational Services was increased by \$533,695. This increase was directly related to the actual cost paid as compared to the original budget estimates for Occupational and Physical Therapy Services.
7. Other Support for Students for other salaries of 1:1 aide services was increased by \$1,664,725. This increase was directly related to the increase of 1:1 aides services provided to districts during fiscal year 2022.
8. Other Support for Students for other Purchased Professional and Technical Services was increased by \$334,108. This increase was directly related to the actual cost paid as compared to the original budget estimates for charter school and DRLAP services.
9. Salaries of central services were decreased by (\$333,573). These decreases were directly related to the actual salary paid to the former Business Administrator who retired on December 31, 2021 and reduction of overtime payment for all Business office staff as compared to the original budget estimates during fiscal year 2022.
10. Miscellaneous Purchased services for Central Services was decreased by (\$137,651). This decrease was directly related to the actual cost paid as compared to the original budget estimates for transportation software application.
11. Required maintenance of school facilities for cleaning, repair and maintenance line was increased by \$3,799,583. This increase was directly related to various maintenance reserve projects including upgrading of flooring, fire alarm system, window replacement, roof replacement, HVAC upgrade and other miscellaneous projects during fiscal year 2022.
12. Salaries of custodial services was decreased by (\$125,144). This decrease was directly related to actual salary paid to custodial positions for the Academy Learning Center, Piscataway Regional Day Schools and Central Office as compared to the original budget.

13. Energy for Custodial services was increased by \$159,490. This increase was directly related to the actual cost paid for natural gas and electricity as compared to the original budget estimates.
14. Student Transportation Contracted Services between Home and School was increased by \$9,783,602. This increase was directly related to the increase of transportation services provided to participating districts during fiscal year 2022.
15. Student Transportation field trips was decreased by (\$164,363). This decrease was directly related to the reduction of transportation field trip services during the COVID-19 pandemic as compared to budget estimates.
16. Employee Benefits for Social security contribution was increased by \$352,279. This increase was directly related to the actual social security cost paid as compared to the original budget estimates due to the increase of staffing related to high enrollments during year 2022 for all schools.
17. Employee Benefits for Workers' Compensation was decreased by (\$150,980). This decrease was directly related to the actual insurance cost paid as compared to the original budget estimates.
18. Health Benefits was increased by \$13,129,308. This increase represents the distribution of additional revenue for increases in enrollments and services during year 2022 as compared to original budget estimates.
19. Other employee benefits was increased by \$196,395. This increase was mainly related to the sick and vacation payout paid to retirees during year 2022 as compared to the original budget estimates.
20. Capital outlay for special education non-instructional equipment was increased by \$970,919. This increase was mainly related to the purpose of upgrading playground, acquisition of commission vehicles, maintenance equipment, and school buses during fiscal year 2022.
21. Capital outlay for construction services was increased by \$127,639. This increase was mainly related to the transfer of Piscataway Regional day maintenance reserve fund balance from Enterprise fund to general fund to upgrade various projects during fiscal year 2022.
22. Summer School Support Services for salary of other salaries of instruction were decreased by (\$254,126). This decrease was directly related to the reduction of staffing for classroom aides as compared to the original budget estimates.
23. Summer School Support Services for salary and purchase professional and tech services were decreased by (\$143,974) and (\$128,959). These decreases were directly related to the reduction of support staffing, Occupational and Physical therapy agency services for all extended school programs as compared to the original budget estimates.

24. Summer School other Object was increased by \$558,150. This increase represents the distribution of additional revenue for increases in enrollments and services during extended school year 2022 as compared to original budget estimates.

The General Fund revenues of the Commission exceeded expenditures and other financing sources (uses) by \$15,718,762.

Capital Assets

At the end of the fiscal year 2022, the Commission had \$82,379,859 (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 2021 to 2022.

Table 3 – Capital Assets (Net of Depreciation)

| | Governmental Activities | |
|-----------------------------------|-------------------------|---------------|
| | 2022 | 2021 |
| Land and land improvements | \$ 5,301,873 | \$ 5,335,810 |
| Construction in progress | | 5,813,445 |
| Buildings and improvements | 73,574,924 | 66,972,440 |
| Machinery, equipment and vehicles | 3,503,062 | 3,332,733 |
| Totals | \$ 82,379,859 | \$ 81,454,428 |

At the end of the fiscal year 2022, the Commission had \$90,686 (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 2021 to 2022

Table 4 – Capital Assets (Net of Depreciation)

| | Business-Type Activities | |
|----------------------------|--------------------------|------------|
| | 2022 | 2021 |
| Land improvements | | \$ 835 |
| Buildings and improvements | \$ 20,311 | 598,507 |
| Equipment | 70,375 | 293,357 |
| Totals | \$ 90,686 | \$ 892,699 |

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

Debt Administration

On June 30, 2022, the Commission had \$40,785,000 in outstanding bonds/loans payable and \$4,048,267 in an outstanding capital 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 transferred the operations of the Piscataway Regional Day School to the Commission, so the Commission moved the PRDS from the enterprise fund to general fund during fiscal year 2022. Commission transferred PRDS Capital assets from Business-Type Activities to Governmental Activities. The Commission also moved the Maintenance Reserve in the amount of \$2,000,000 for the Piscataway Regional Day School from Enterprise fund to General fund to upgrade various projects.
- The Commission continues to consider the effects of the COVID-19 pandemic on its operations and believes it has a plan in place to address the impact in the 2022-23 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, 2022.

Educational Services Commission of New Jersey

Statement of Net Position

June 30, 2022

| | Governmental Activities | Business-type Activities | Total |
|---------------------------------------|------------------------------------|-------------------------------------|----------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 42,390,858 | \$ 1,179,511 | \$ 43,570,369 |
| Cash held with Fiscal Agent | 238,022 | | 238,022 |
| Internal balances | (255,395) | 255,395 | - |
| Receivables, net | 35,908,498 | 129,990 | 36,038,488 |
| Restricted assets: | | | |
| Cash and cash equivalents-restricted | 2,221,091 | | 2,221,091 |
| Capital assets, nondepreciable | 5,231,614 | | 5,231,614 |
| Capital assets, depreciable, net | 77,148,245 | 90,686 | 77,238,931 |
| Total assets | <u>162,882,933</u> | <u>1,655,582</u> | <u>164,538,515</u> |
| Deferred outflows of resources | | | |
| Deferred loss on refunding | 2,678,366 | | 2,678,366 |
| Pension Deferrals | 2,546,927 | | 2,546,927 |
| Total deferred outflows of resources | <u>5,225,293</u> | | <u>5,225,293</u> |
| Liabilities | | | |
| Accounts payable | 8,123,899 | 13,121 | 8,137,020 |
| Accrued interest payable | 453,050 | | 453,050 |
| Intergovernmental accounts payable: | | | |
| Districts | 1,075,592 | | 1,075,592 |
| Unearned revenue | 3,030,980 | 6,631 | 3,037,611 |
| Noncurrent liabilities: | | | |
| Net Pension Liability | 11,780,746 | | 11,780,746 |
| Due within one year | 4,763,147 | | 4,763,147 |
| Due beyond one year | 44,385,070 | | 44,385,070 |
| Total liabilities | <u>73,612,484</u> | <u>19,752</u> | <u>73,632,236</u> |
| Deferred inflow of resources | | | |
| Pension Deferrals | <u>8,174,509</u> | | <u>8,174,509</u> |
| Net Position | | | |
| Net Investment in Capital Assets | 35,998,482 | 90,686 | 36,089,168 |
| Restricted for: | | | |
| Capital Projects | 968,356 | | 968,356 |
| Capital Reserve | 2,216,392 | | 2,216,392 |
| Emergency Reserve | 500,000 | | 500,000 |
| Unemployment compensation | 323,797 | | 323,797 |
| Student activities | 11,221 | | 11,221 |
| Maintenance Reserve | 4,853,479 | | 4,853,479 |
| Debt Service | 6,207,421 | | 6,207,421 |
| Unrestricted | 35,242,085 | 1,545,144 | 36,787,229 |
| Total Net Position | <u>\$ 86,321,233</u> | <u>\$ 1,635,830</u> | <u>\$ 87,957,063</u> |

See accompanying notes to the basic financial statements

Educational Services Commission of New Jersey

Statement of Activities

Year ended June 30, 2022

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Position | | Total |
|--|-----------------------|----------------------|------------------------------------|---|--------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Governmental Activities | Business-type Activities | |
| Governmental activities | | | | | | |
| Instruction | \$ 34,265,828 | \$ 46,914,452 | \$ 12,372,635 | \$ 25,021,259 | | \$ 25,021,259 |
| Support Services: | | | | | | |
| Health Services | 1,809,544 | | | (1,809,544) | | (1,809,544) |
| Student and Instruction Related Services | 26,759,482 | 11,903 | 10,135,590 | (16,611,989) | | (16,611,989) |
| General and Business Administrative Services | 1,490,560 | | | (1,490,560) | | (1,490,560) |
| School Administrative Services | 2,979,571 | | | (2,979,571) | | (2,979,571) |
| Central Services | 2,442,684 | | | (2,442,684) | | (2,442,684) |
| Administrative Information Technology | 581,595 | | | (581,595) | | (581,595) |
| Plant Operations and Maintenance | 4,290,632 | | | (4,290,632) | | (4,290,632) |
| Pupil Transportation | 50,948,526 | 41,876,629 | | (9,071,897) | | (9,071,897) |
| Employee Benefits | 283,541 | | | (283,541) | | (283,541) |
| Special Schools | 3,305,893 | | | (3,305,893) | | (3,305,893) |
| Interest on Long-Term Debt | 1,789,968 | | | (1,789,968) | | (1,789,968) |
| Total Governmental Activities | <u>130,947,824</u> | <u>88,802,984</u> | <u>22,508,225</u> | <u>(19,636,615)</u> | | <u>(19,636,615)</u> |
| Business-type activities | | | | | | |
| Regional Day School | 5,324 | | | | \$ (5,324) | (5,324) |
| Pool Services | 552,321 | 328,637 | | | (223,684) | (223,684) |
| Adult Community Services | 523,967 | 547,538 | | | 23,571 | 23,571 |
| Food Services | 597,764 | 9,244 | 661,935 | | 73,415 | 73,415 |
| Total Business-Type Activities | <u>1,679,376</u> | <u>885,419</u> | <u>661,935</u> | | <u>(132,022)</u> | <u>(132,022)</u> |
| Total Primary Government | <u>\$ 132,627,200</u> | <u>\$ 89,688,403</u> | <u>\$ 23,170,160</u> | <u>(19,636,615)</u> | <u>(132,022)</u> | <u>(19,768,637)</u> |
| General Revenues and Transfers: | | | | | | |
| Federal And State Sources | | | | 9,148,119 | | 9,148,119 |
| Services Provided to Districts | | | | 29,568,739 | | 29,568,739 |
| Interest Income | | | | 58,252 | | 58,252 |
| Miscellaneous | | | | 393,774 | | 393,774 |
| Transfers | | | | 1,970,500 | (1,970,500) | |
| Total General Revenues and Transfers | | | | <u>41,139,384</u> | <u>(1,970,500)</u> | <u>39,168,884</u> |
| Change In Net Position before Special Item | | | | 21,502,769 | (2,102,522) | 19,400,247 |
| Special item | | | | 797,894 | (797,894) | |
| Change In Net Position | | | | <u>22,300,663</u> | <u>(2,900,416)</u> | <u>19,400,247</u> |
| Net Position—Beginning | | | | 64,020,570 | 4,536,246 | 68,556,816 |
| Net Position—Ending | | | | <u>\$ 86,321,233</u> | <u>\$ 1,635,830</u> | <u>\$ 87,957,063</u> |

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, 2022

| | Major Funds | | | | Total Governmental Funds |
|--------------------------------------|----------------------|----------------------|---------------------|---------------------|--------------------------------|
| | General | Special Revenue | Capital Projects | Debt Service | |
| Assets | | | | | |
| Cash and Cash Equivalents | \$ 26,871,124 | \$ 3,333,990 | \$ 1,434,547 | \$ 4,097,224 | \$ 35,736,885 |
| Accounts Receivable: | | | | | |
| State | 62,757 | | | | 62,757 |
| Federal | | 8,700,753 | | | 8,700,753 |
| Intergovernmental - Other Districts | 23,556,206 | 3,134,818 | | | 26,691,024 |
| Other | 58,252 | | | | 58,252 |
| Interfund Receivable | 7,164,302 | | | 376,963 | 7,541,265 |
| Restricted Cash and Cash Equivalents | | | 34,807 | 2,186,284 | 2,221,091 |
| Total Assets | <u>\$ 57,712,641</u> | <u>\$ 15,169,561</u> | <u>\$ 1,469,354</u> | <u>\$ 6,660,471</u> | <u>\$ 81,012,027</u> |
| Liabilities and Fund Balances | | | | | |
| Accounts Payable | \$ 826,007 | \$ 4,166,601 | \$ 134,035 | | \$ 5,126,643 |
| Payroll Deductions Payable | 496,020 | | | | 496,020 |
| Intergovernmental Accounts Payable: | | | | | |
| State | 516 | | | | 516 |
| Other Districts | 362,907 | 712,685 | | | 1,075,592 |
| Interfunds Payable | 1,246,628 | 7,248,074 | 366,963 | | 8,861,665 |
| Unearned Revenue | | 3,030,980 | | | 3,030,980 |
| Total Liabilities | <u>2,932,078</u> | <u>15,158,340</u> | <u>500,998</u> | | <u>18,591,416</u> |
| Fund Balances: | | | | | |
| Restricted For: | | | | | |
| Capital Reserve | 2,216,392 | | | | 2,216,392 |
| Maintenance Reserve | 4,853,479 | | | | 4,853,479 |
| Emergency Reserve | 500,000 | | | | 500,000 |
| Unemployment Compensation | 323,797 | | | | 323,797 |
| Student Activities | | 11,221 | | | 11,221 |
| Capital Projects | | | 968,356 | | 968,356 |
| Debt Service | | | | \$ 6,660,471 | 6,660,471 |
| Assigned To: | | | | | |
| Other Purposes | 1,354,817 | | | | 1,354,817 |
| Unassigned | 45,532,078 | | | | 45,532,078 |
| Total Fund Balances | <u>54,780,563</u> | <u>11,221</u> | <u>968,356</u> | <u>6,660,471</u> | <u>62,420,611</u> |
| Total Liabilities and Fund Balances | <u>\$ 57,712,641</u> | <u>\$ 15,169,561</u> | <u>\$ 1,469,354</u> | <u>\$ 6,660,471</u> | |

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

| | |
|---|----------------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$116,481,250 and the accumulated depreciation is \$34,101,391. | 82,379,859 |
| 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. | (453,050) |
| Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds. | (5,627,582) |
| 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. | 2,678,366 |
| Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds. | (11,780,746) |
| Accrued pension contributions for the June 30, 2022 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. | (1,164,358) |
| 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). | (49,148,217) |
| 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. | 7,016,350 |
| Net position of governmental activities (A-1) | <u>\$ 86,321,233</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, 2022

| | Major Funds | | | | Total |
|---|---------------|----------------------|-----------------------|-------------------|---------------|
| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | |
| Revenues: | | | | | |
| Local Sources: | | | | | |
| Tuition from Districts | \$ 46,914,452 | | | | \$ 46,914,452 |
| Transportation Fees | 41,876,629 | | | | 41,876,629 |
| Services Provided to Districts | 29,568,739 | | | | 29,568,739 |
| Interest on Investments | 57,599 | | \$ 135 | \$ 518 | 58,252 |
| Other Restricted Miscellaneous Revenue | 395 | | | | 395 |
| Miscellaneous | 393,379 | \$ 57,509 | | | 450,888 |
| Total – Local Sources | 118,811,193 | 57,509 | 135 | 518 | 118,869,355 |
| State Sources | 8,304,695 | 8,330,316 | | | 16,635,011 |
| Federal Sources | | 14,132,303 | | | 14,132,303 |
| Total Revenues | 127,115,888 | 22,520,128 | 135 | 518 | 149,636,669 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction | 15,365,755 | 12,372,635 | | | 27,738,390 |
| Support Services | | | | | |
| Health Services | 1,499,681 | | | | 1,499,681 |
| Other Support: Special | 13,861,307 | 5,876,733 | | | 19,738,040 |
| General Administration | 1,235,319 | | | | 1,235,319 |
| School Administration | 2,469,355 | | | | 2,469,355 |
| Central Services | 2,024,403 | | | | 2,024,403 |
| Administrative Information Technology | 482,004 | | | | 482,004 |
| Required Maintenance for School Facilities | 2,576,362 | | | | 2,576,362 |
| Operation of Plant | 979,550 | | | | 979,550 |
| Student Transportation | 42,224,194 | | | | 42,224,194 |
| Employee Benefits | 11,713,671 | | | | 11,713,671 |
| Reimbursement TPAF Social Security, Disability Insurance and Pension (Non-Budgeted) | 8,304,695 | | | | 8,304,695 |
| Capital Outlay | 311,993 | 4,262,723 | 2,464,283 | | 7,038,999 |
| Special Schools | 3,305,893 | | | | 3,305,893 |
| Debt Service: | | | | | |
| Principal | | | | 4,149,783 | 4,149,783 |
| Interest | | | | 1,967,509 | 1,967,509 |
| Total Expenditures | 106,354,182 | 22,512,091 | 2,464,283 | 6,117,292 | 137,447,848 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 20,761,706 | 8,037 | (2,464,148) | (6,116,774) | 12,188,821 |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | 2,068,838 | | | 6,779,863 | 8,848,701 |
| Transfers Out | (7,111,782) | (7,300) | (366,963) | | (7,486,045) |
| Total Other Financing Sources (Uses) | (5,042,944) | (7,300) | (366,963) | 6,779,863 | 1,362,656 |
| Net Change in Fund Balances | 15,718,762 | 737 | (2,831,111) | 663,089 | 13,551,477 |
| Fund Balances, July 1 | 39,061,801 | 10,484 | 3,799,467 | 5,997,382 | 48,869,134 |
| Fund Balances, June 30 | \$ 54,780,563 | \$ 11,221 | \$ 968,356 | \$ 6,660,471 | \$ 62,420,611 |

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, 2022

Total net change in fund balances - governmental funds (B-2) \$ 13,551,477

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

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

| | | | |
|--|--|------------------|---------|
| | Depreciation expense | \$ (2,661,486) | |
| | Capital Assets Transferred from Regional Day School, net | 797,894 | |
| | Capital Assets Additions | <u>2,789,023</u> | 925,431 |

The issuance of long-term debt (e.g. bonds/loans, financed purchases) 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 Principal | 3,190,000 | |
| | Repayment of Financed Purchases Payable | 959,783 | |
| | Amortization of Premium on Bonds | 431,935 | |
| | Deferred Loss on Refunding | <u>(310,079)</u> | 4,271,639 |

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. 55,685

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. (1,207)

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. 607,844

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 2,889,794

Change in net position of governmental activities (A-2) \$ 22,300,663

See accompanying notes to the basic financial statements

Proprietary Funds

Educational Services Commission of New Jersey
Proprietary Funds

Statement of Net Position

June 30, 2022

| | Major Enterprise Funds | | | Totals | Internal Service Fund |
|--|-----------------------------------|--|-----------------------------------|---------------------|------------------------------------|
| | Pool Services Fund | Adult Community Services Fund | Food Services Fund | | Self Insurance Fund |
| Assets | | | | | |
| Current Assets: | | | | | |
| Cash and Cash Equivalents | \$ 356,213 | \$ 627,819 | \$ 195,479 | \$ 1,179,511 | \$ 6,653,973 |
| Cash held with Fiscal Agents | | | | | 238,022 |
| Intergovernmental Accounts Receivable: | | | | | |
| State | | | 891 | 891 | |
| Federal | | | 58,633 | 58,633 | |
| Other Districts | 4,883 | 65,583 | | 70,466 | 395,970 |
| Interfund Receivable | 382,338 | | | 382,338 | 1,065,005 |
| Total Current Assets | <u>743,434</u> | <u>693,402</u> | <u>255,003</u> | <u>1,691,839</u> | <u>8,352,970</u> |
| Capital Assets: | | | | | |
| Depreciable: | | | | | |
| Land and Building Improvements | 21,969 | | | 21,969 | |
| Equipment | 17,952 | 78,977 | | 96,929 | |
| Accumulated Depreciation | (6,621) | (21,591) | | (28,212) | |
| Total Capital Assets | <u>33,300</u> | <u>57,386</u> | | <u>90,686</u> | |
| Total Assets | <u>776,734</u> | <u>750,788</u> | <u>255,003</u> | <u>1,782,525</u> | <u>8,352,970</u> |
| Liabilities | | | | | |
| Current Liabilities: | | | | | |
| Accounts Payable | 13,121 | | | 13,121 | 1,336,620 |
| Interfunds Payable | 3,737 | 5,612 | 117,594 | 126,943 | |
| Unearned Revenues | 2,170 | | 4,461 | 6,631 | |
| Total Current Liabilities | <u>19,028</u> | <u>5,612</u> | <u>122,055</u> | <u>146,695</u> | <u>1,336,620</u> |
| Net Position | | | | | |
| Investment in Capital Assets | 33,300 | 57,386 | | 90,686 | |
| Unrestricted | 724,406 | 687,790 | 132,948 | 1,545,144 | 7,016,350 |
| Total Net Position | <u>\$ 757,706</u> | <u>\$ 745,176</u> | <u>\$ 132,948</u> | <u>\$ 1,635,830</u> | <u>\$ 7,016,350</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, 2022

| | Major Enterprise Funds | | | | Totals | Internal |
|--|-----------------------------------|--------------------------|--|--------------------------|--------------|---------------------------|
| | Regional Day School Fund | Pool Services Fund | Adult Community Services Fund | Food Services Fund | | Self Insurance Fund |
| Operating Revenues: | | | | | | |
| Services Provided by Other Funds | | | | | | \$ 10,244,693 |
| Charges for Services: | | | | | | |
| Daily Sales - Non-Reimbursable Programs | | | | \$ 9,244 | \$ 9,244 | |
| Services | | \$ 328,527 | \$ 547,028 | | 875,555 | |
| Miscellaneous | | 110 | 510 | | 620 | |
| Total Operating Revenues | | 328,637 | 547,538 | 9,244 | 885,419 | 10,244,693 |
| Operating Expenses: | | | | | | |
| Cost of Sales - Reimbursable Programs | | | | 464,363 | 464,363 | |
| Cost of Sales - Non-Reimbursable Programs | | | | 8,377 | 8,377 | |
| Salaries and Wages | | 247,586 | 354,143 | 125,024 | 726,753 | |
| Employee Benefits | | 108,790 | 118,978 | | 227,768 | 10,244,693 |
| Other Professional Services | \$ 5,324 | 27,466 | 25,065 | | 57,855 | |
| Maintenance and Repairs | | 77,080 | 3,703 | | 80,783 | |
| Materials and Supplies | | 42,622 | 2,165 | | 44,787 | |
| Utilities | | 36,749 | 9,800 | | 46,549 | |
| Depreciation | | 2,305 | 9,634 | | 11,939 | |
| Miscellaneous | | 9,723 | 479 | | 10,202 | |
| Total Operating Expenses | 5,324 | 552,321 | 523,967 | 597,764 | 1,679,376 | 10,244,693 |
| Operating (Loss) Income | (5,324) | (223,684) | 23,571 | (588,520) | (793,957) | — |
| Nonoperating Revenues: | | | | | | |
| State School Lunch Program | | | | 9,938 | 9,938 | |
| Federal National School Breakfast Program | | | | 205,565 | 205,565 | |
| Federal National School Lunch Program | | | | 395,404 | 395,404 | |
| Emergency Operational Cost Program | | | | 49,786 | 49,786 | |
| P-EBT Administrative Cost | | | | 1,242 | 1,242 | |
| Total Nonoperating Revenues | | | | 661,935 | 661,935 | |
| (Loss) Income Before Transfers | (5,324) | (223,684) | 23,571 | 73,415 | (132,022) | — |
| Transfers In | | 382,338 | | | 382,338 | 607,844 |
| Transfers Out | (2,068,838) | (134,000) | (150,000) | | (2,352,838) | |
| Total Transfers | (2,068,838) | 248,338 | (150,000) | | (1,970,500) | 607,844 |
| Change in Net Position before Special Item | (2,074,162) | 24,654 | (126,429) | 73,415 | (2,102,522) | 607,844 |
| Special item | (797,894) | | | | (797,894) | |
| Change in Net Position | (2,872,056) | 24,654 | (126,429) | 73,415 | (2,900,416) | 607,844 |
| Net Position, Beginning | 2,872,056 | 733,052 | 871,605 | 59,533 | 4,536,246 | 6,408,506 |
| Net Position, Ending | \$ — | \$ 757,706 | \$ 745,176 | \$ 132,948 | \$ 1,635,830 | \$ 7,016,350 |

See accompanying notes to the basic financial statements

Educational Services Commission of New Jersey
Proprietary Fund

Statement of Cash Flows

Year ended June 30, 2022

| | Major Enterprise Funds | | | | | Internal Service Fund |
|---|-----------------------------------|--------------------------|--|--------------------------|--------------|-----------------------------|
| | Regional Day School Fund | Pool Services Fund | Adult Community Services Fund | Food Services Fund | Totals | Self Insurance Fund |
| | | | | | | |
| Cash Flows From Operating Activities | | | | | | |
| Receipts from customers | \$ 754,581 | \$ 328,802 | \$ 492,721 | \$ 8,729 | \$ 1,584,833 | \$ 10,211,871 |
| Payments to employees | | (247,586) | (354,143) | (125,024) | (726,753) | |
| Payments for employee benefits | | (108,790) | (118,978) | | (227,768) | (9,733,478) |
| Payments to suppliers | (15,562) | (187,814) | (42,126) | (472,740) | (718,242) | |
| Net cash provided by (used in) operating activities | 739,019 | (215,388) | (22,526) | (589,035) | (87,930) | 478,393 |
| Cash Flows From Noncapital Financing Activities | | | | | | |
| State sources | | | | 10,353 | 10,353 | |
| Federal sources | | | | 622,347 | 622,347 | |
| Operating subsidies and transfers (to) from other funds | (2,116,653) | (130,263) | (144,388) | 118,064 | (2,273,240) | (34,943) |
| Net cash (used in) provided by noncapital financing activities | (2,116,653) | (130,263) | (144,388) | 750,764 | (1,640,540) | (34,943) |
| Cash Flows From Capital and Related Financing Activities | | | | | | |
| Purchases of capital assets | | (7,820) | | | (7,820) | |
| Net cash used in capital and related financing activities | | (7,820) | | | (7,820) | |
| Net (decrease) increase in cash and cash equivalents | (1,377,634) | (353,471) | (166,914) | 161,729 | (1,736,290) | 443,450 |
| Balances—beginning of year | 1,377,634 | 709,684 | 794,733 | 33,750 | 2,915,801 | 6,210,523 |
| Balances—end of year | \$ — | \$ 356,213 | \$ 627,819 | \$ 195,479 | \$ 1,179,511 | \$ 6,653,973 |
| Reconciliation of operating (loss) income to net cash provided by (used in) operating activities | | | | | | |
| Operating (loss) income | \$ (5,324) | \$ (223,684) | \$ 23,571 | \$ (588,520) | \$ (793,957) | \$ — |
| Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities | | | | | | |
| Depreciation and net amortization | | 2,305 | 9,634 | | 11,939 | |
| Change in assets and liabilities: | | | | | | |
| Decrease (Increase) in accounts receivable | 754,581 | 5,270 | (54,817) | | 705,034 | (32,822) |
| (Decrease) Increase in accounts payable | (10,238) | 5,826 | (914) | | (5,326) | 511,215 |
| (Decrease) in unearned revenue | | (5,105) | | (515) | (5,620) | |
| Net cash provided by (used in) operating activities | \$ 739,019 | \$ (215,388) | \$ (22,526) | \$ (589,035) | \$ (87,930) | \$ 478,393 |

See accompanying notes to the basic financial statements

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

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, 2022

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, 2022

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, 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, 2022

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 Pool Service Fund and Adult Community Services Fund 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, 2022

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, 2022 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.

Except for student activity funds, 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.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

1. Summary of Significant Accounting Policies (continued)

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.

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:

| | <u>Years</u> |
|-------------------------|--------------|
| 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.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

1. Summary of Significant Accounting Policies (continued)

I. Compensated Absences (continued)

As of June 30, 2022, a liability existed for compensated absences in the government-wide financial statements in the amount of \$88,474.

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, 2022, no liability existed for compensated absences in the proprietary fund types.

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 assets 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 assets 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.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

1. Summary of Significant Accounting Policies (continued)

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 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:

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

1. Summary of Significant Accounting Policies (continued)

N. Fund Balance (continued)

- 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.

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.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

1. Summary of Significant Accounting Policies (continued)

N. Fund Balance (continued)

Of the \$54,780,563 of fund balance in the General Fund, \$1,354,817 of encumbrances is assigned to other purposes, \$2,216,392 has been restricted in the capital reserve account; \$4,853,479 has been restricted in the maintenance reserve account; \$500,000 has been restricted for Emergency Reserve; \$323,797 has been restricted for unemployment compensation; and the remaining \$45,532,078 is unassigned. The Special Revenue Fund balance is \$11,221, which is restricted for student activities. Capital Projects Fund balance is \$968,356, which is restricted for capital projects and the Debt Service Fund balance is \$6,660,471, 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.

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.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

1. Summary of Significant Accounting Policies (continued)

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 decreased by \$4,176,387 to 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, 2022, the Commission has recorded an unamortized balance of \$2,678,366 as a deferred outflow of resources. Amortization expense for the year ended June 30, 2022 was \$310,079.

S. GASB Pronouncements

GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. Management of the Commission have reviewed the GASB and have determined that it did not have an impact on the Commission.

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.

The GASB issued Statement No. 99, *Omnibus 2022* in April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for period beginning after June 15, 2022. Management has not yet 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, 2022

2. Summary of Significant Accounting Policies (continued)

S. GASB Pronouncements (continued)

The GASB issued Statement No. 101, *Compensated Absences* in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. 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, 2022 through March 13, 2023, 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.

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 financed purchases payable - leases, are not due and payable in the current period and therefore are not reported in the funds. The details of the \$49,148,217 difference are as follows:

| | |
|--|-----------------------------|
| Bonds/loans payable | \$ 40,785,000 |
| Financed purchases payable - leases | 4,048,267 |
| Unamortized bond issuance premium | 4,226,476 |
| Compensated absences | <u>88,474</u> |
| Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities | <u><u>\$ 49,148,217</u></u> |

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

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. 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:

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

3. Deposits and Investments (continued)

Deposits (continued)

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, 2022, the carrying amount of the Commission's deposits was \$43,570,369 and the bank balance was \$53,876,399. Of the bank balance, \$250,000 was covered by the Federal Depository Insurance and \$52,360,285 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). \$1,266,114 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), 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.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

3. Deposits and Investments (continued)

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, 2022, the deposits held by bond trustees under bond indenture agreements and lease purchase loan are maintained for the following:

| | | |
|--|----|-------------------------|
| Revenue fund | \$ | 53,434 |
| Debt service fund for principal and interest | | 2,091,542 |
| Operating fund | | <u>76,114</u> |
| Deposits Held by Trustees | \$ | <u><u>2,221,091</u></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:

| | Cost | Fair Value |
|----------------------|---------------------|---------------------|
| Cash and equivalents | <u>\$ 2,221,091</u> | <u>\$ 2,221,091</u> |
| | <u>\$ 2,221,091</u> | <u>\$ 2,221,091</u> |

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

3. Deposits and Investments (continued)

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, 2022, 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, 2022, 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, 2022

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2022:

| | Beginning Balance | Increases | Transfers Put In Service | Transfers Between Funds | Ending Balance |
|--|----------------------|--------------|-----------------------------|----------------------------|-------------------|
| Governmental activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 5,231,614 | | | | \$ 5,231,614 |
| Construction in progress | 5,813,445 | | \$ (5,813,445) | | |
| Total capital assets, not being depreciated | 11,045,059 | | (5,813,445) | | 5,231,614 |
| Capital assets, being depreciated: | | | | | |
| Buildings and building improvements | 90,296,691 | \$ 2,216,646 | 5,813,445 | \$ 1,125,775 | 99,452,557 |
| Land improvements | 1,192,854 | | | 6,163 | 1,199,017 |
| Vehicles | 625,779 | | | 4,000 | 629,779 |
| Machinery and equipment | 8,414,678 | 572,377 | | 981,228 | 9,968,283 |
| Total capital assets being depreciated | 100,530,002 | 2,789,023 | 5,813,445 | 2,117,166 | 111,249,636 |
| Less accumulated depreciation for: | | | | | |
| Buildings and building improvements | (23,324,251) | (2,004,769) | | (548,613) | (25,877,633) |
| Land improvements | (1,088,658) | (34,772) | | (5,328) | (1,128,758) |
| Vehicles | (418,488) | (52,665) | | (4,000) | (475,153) |
| Machinery and equipment | (5,289,236) | (569,280) | | (761,331) | (6,619,847) |
| Total accumulated depreciation | (30,120,633) | (2,661,486) | | (1,319,272) | (34,101,391) |
| Total capital assets, being depreciated, net | 70,409,369 | 127,537 | 5,813,445 | 797,894 | 77,148,245 |
| Governmental activities capital assets, net | \$ 81,454,428 | \$ 2,916,560 | \$ 5,813,445 | \$ 2,915,060 | \$ 82,379,859 |

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

| | |
|-------------------------------------|---------------------|
| Instruction | \$ 796,152 |
| Business and other support services | 3,184,606 |
| Total allocated depreciation | <u>\$ 3,980,758</u> |

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

4. Capital Assets (continued)

The following is a summary of business-type capital assets for the fiscal year ended June 30, 2022:

| | Beginning Balance | Increases | Decreases | Transfers Between Funds | Ending Balance |
|--|----------------------|------------|-------------|----------------------------|-------------------|
| Business-type activities: | | | | | |
| Capital assets, being depreciated: | | | | | |
| Buildings and building improvements | \$ 1,147,744 | | | \$ (1,125,775) | \$ 21,969 |
| Land improvements | 6,163 | | | (6,163) | |
| Vehicles, machinery, and equipment | 1,086,818 | \$ 7,820 | \$ (12,481) | (985,228) | 96,929 |
| Total capital assets being depreciated | 2,240,725 | 7,820 | (12,481) | (2,117,166) | 118,898 |
| Less accumulated depreciation for: | | | | | |
| Buildings and building improvements | (549,609) | (662) | | 548,613 | (1,658) |
| Land improvements | (5,328) | | | 5,328 | |
| Vehicles, machinery, and equipment | (793,089) | (11,277) | 12,481 | 765,331 | (26,554) |
| Total accumulated depreciation | (1,348,026) | (11,939) | 12,481 | 1,319,272 | (28,212) |
| Business-type activities capital assets, net | \$ 892,699 | \$ (4,119) | \$ - | \$ (797,894) | \$ 90,686 |

5. Long-Term Liabilities

During the year ended June 30, 2022, the following changes occurred in long-term liabilities:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|----------------------|-----------|---------------|-------------------|------------------------|
| Governmental activities: | | | | | |
| Compensated absences payable | \$ 87,267 | \$ 2,373 | \$ (1,166) | \$ 88,474 | \$ 10,957 |
| MCIA bonds/loans payable | 43,975,000 | | (3,190,000) | 40,785,000 | 3,340,000 |
| Financed purchases payable-lease | 5,008,050 | | (959,783) | 4,048,267 | 980,255 |
| Unamortized premium | 4,658,411 | | (431,935) | 4,226,476 | 431,935 |
| Subtotal | 53,728,728 | 2,373 | (4,582,884) | 49,148,217 | 4,763,147 |
| Net pension liability | 15,226,299 | | (3,445,553) | 11,780,746 | |
| Total governmental activities long-term liabilities | \$68,955,027 | \$ 2,373 | \$(8,028,437) | \$60,928,963 | \$4,763,147 |

The Commission expects to liquidate the compensated absences, the financed purchases payable - 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.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

5. Long-Term Liabilities (continued)

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, 2022 is \$3,920,000.

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, 2022 is \$25,315,000.

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, 2022 is \$11,550,000. The funds were obtained for the NuView Academy Annex project.

As of June 30, 2022, \$33,670,000 of all defeased bonds remain outstanding.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

5. Long-Term Liabilities (continued)

Bonds/Loan Payable (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: | | | |
| 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 | 2,475,000 | 1,038,862 | 3,513,862 |
| 2028-2032 | 14,210,000 | 3,321,888 | 17,531,888 |
| 2033-2037 | 8,885,000 | 684,481 | 9,569,481 |
| Thereafter | 840,000 | 16,800 | 856,800 |
| | \$ 40,785,000 | \$ 10,832,881 | \$ 51,617,881 |

Financed Purchases Payable - Lease

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, 2022 is \$4,048,267. The following is a schedule of the future lease payments at June 30, 2022:

| | Principal | Interest | Total |
|-----------------------------|---------------------|-------------------|---------------------|
| Fiscal year ending June 30: | | | |
| 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 |
| | \$ 4,048,267 | \$ 218,153 | \$ 4,266,420 |

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

6. Pension Plans

Description of Systems

Based on Membership Eligibility, substantially all of the Commission's employees participate in either of the 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 $1/55^{\text{th}}$ 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 $1/60^{\text{th}}$ 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.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

6. Pension Plans (continued)

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, 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.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

6. Pension Plans (continued)

During the year ended June 30, 2022, the State of New Jersey contributed \$7,161,340 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 \$1,143,355 during the year ended June 30, 2022 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, 2022, 2021, and 2020 were \$1,164,616, \$1,021,427, and \$943,446, respectively, equal to the required contributions for each year.

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, 2022, the Commission reported a liability of \$11,780,746 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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, 2021, the Commission's proportion was 0.0994449547 percent, which was an increase of 0.0060743794 percent from its proportion measured as of June 30, 2020.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

6. Pension Plans (continued)

For the year ended June 30, 2022, the Commission recognized full accrual pension benefit of (\$1,661,841) in the government-wide financial statements. Pension benefit is reported in the Commission's financial statements as part of employee benefits expense. At June 30, 2022, 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 | \$ 185,798 | \$ 84,336 |
| Changes of assumptions | 61,354 | 4,194,022 |
| Net difference between projected and actual earnings on pension plan investments | | 3,103,358 |
| Changes in proportion and differences between Commission contributions and proportionate share of contributions | 1,072,080 | 792,793 |
| Commission contributions subsequent to the measurement date | 1,227,695 | |
| | \$ 2,546,927 | \$ 8,174,509 |

\$1,227,695 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, 2023. 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: | |
|----------------------------|----------------|
| 2023 | \$ (2,816,814) |
| 2024 | (1,974,433) |
| 2025 | (1,256,449) |
| 2026 | (832,863) |
| 2027 | 25,282 |
| | \$ (6,855,277) |

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

6. Pension Plans (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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, 2020 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.

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-2021.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

6. Pension Plans (continued)

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, 2021) 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, 2021 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------------|--------------------------|---|
| U.S. Equity | 27.00% | 8.09% |
| Non-U.S. Developed Markets Equity | 13.50% | 8.71% |
| Emerging Markets Equity | 5.50% | 10.96% |
| Private Equity | 13.00% | 11.30% |
| Real Estate | 8.00% | 9.15% |
| Real Assets | 3.00% | 7.40% |
| High Yield | 2.00% | 3.75% |
| Private Credit | 8.00% | 7.60% |
| Investment Grade Credit | 8.00% | 1.68% |
| Cash Equivalents | 4.00% | 0.50% |
| U.S. Treasuries | 5.00% | 0.95% |
| Risk Mitigation Strategies | 3.00% | 3.35% |
| | <u>100.00%</u> | |

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

6. Pension Plans (continued)

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, 2021 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 | \$ 16,042,987 | \$ 11,780,746 | \$ 8,163,630 |

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.

Additional Information

Collective balances - Local Group at June 30, 2021 are as follows:

| | |
|--------------------------------|-------------------|
| Deferred outflows of resources | \$ 1,164,738,169 |
| Deferred inflows of resources | \$ 8,339,123,762 |
| Net pension liability | \$ 11,972,782,878 |
| Commission's Proportion | 0.0994449547% |

Collective pension benefit for the Local Group for the measurement period ended June 30, 2021 is (\$1,599,674,464).

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

6. Pension Plans (continued)

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, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 is 5.13, 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 these local participating employers do 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 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, 2022 was \$69,130,720. The Commission's contractually required contribution rate for the year ended June 30, 2021, 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, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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 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, 2021, the State's proportionate share of the TPAF net pension liability associated with the Commission was 0.1437970860 percent, which was an increase of 0.0042170318 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Commission recognized on-behalf pension expense and revenue in the government-wide financial statements of (\$4,176,387) for contributions incurred by the State.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

6. Pension Plans (continued)

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% |
| | based on years of service |
| Thereafter | 2.75 - 5.65% |
| | 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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2021) 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

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

6. Pension Plans (continued)

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, 2021 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|--------------------------------------|------------------------------|---|
| U.S. Equity | 27.00% | 8.09% |
| Non-U.S. Developed Markets Equity | 13.50% | 8.71% |
| Emerging Markets Equity | 5.50% | 10.96% |
| Private Equity | 13.00% | 11.30% |
| Real Estate | 8.00% | 9.15% |
| Real Assets | 3.00% | 7.40% |
| High Yield | 2.00% | 3.75% |
| Private Credit | 8.00% | 7.60% |
| Investment Grade Credit | 8.00% | 1.68% |
| Cash Equivalents | 4.00% | 0.50% |
| U.S. Treasuries | 5.00% | 0.95% |
| Risk Mitigation Strategies | 3.00% | 3.35% |
| | <u>100.00%</u> | |

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

6. Pension Plans (continued)

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, 2021 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 (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 | \$ 81,793,189 | \$ 69,130,720 | \$ 58,495,042 |

Pension plan fiduciary net position

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

Additional Information

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

| | | |
|--------------------------------|----|----------------|
| Deferred outflows of resources | \$ | 6,356,228,800 |
| Deferred inflows of resources | \$ | 27,175,330,929 |
| Net pension liability | \$ | 48,075,188,642 |
| Commission's Proportion | | 0.1437970860% |

Collective pension expense-Local Group for the plan for the measurement period ended June 30, 2021 is \$1,159,039,411. 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, 2021, 2020, 2019, 2018, 2017, 2016, and 2015 is 7.43, 7.99, 8.04, 8.29, 8.30, 8.30, and 8.30 years, respectively.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

6. Pension Plans (continued)

Defined Contribution Plan

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

The DCRP was established July 1, 2007. The passage of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.) set up DCRP membership criteria including employees enrolled in TPAF or PERS on or after July 1, 2007 who earn a salary in excess of established “Maximum Compensation” limits, employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annually salary for PERS or TPAF Tier 2 enrollment (\$7,700) but who earn salary of at least \$5,000 annually, or employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010 who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 enrollment (32 hours per week for local education employees). Membership is mandatory for eligible employees, but PERS and TPAF members enrolled on or after July 1, 2007 who are eligible for DCRP participation upon reaching the annual maximum wage contribution base for Social Security pursuant to the Federal Insurance Contributions Act (\$142,800 in 2021 and \$147,000 in 2022), 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 \$278,723 for the fiscal year ended June 30, 2022.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

7. Post-Retirement Benefits

General Information about the OPEB Plan

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan 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. The State Retired OPEB Plan covers the State, State colleges and universities, the Palisades Interstate Park Commission, and the New Jersey Building Authority (referred to collectively as “the employers”) for which the State is legally obligated to pay for benefits. The State Retired OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen’s Retirement System (PFRS), and the Alternate Benefit Program (ABP). In addition, N.J.S.A. 52:14-17.26 provides that for purposes of the State Retired OPEB Plan, an employee of Rutgers, the State University of New Jersey, and New Jersey Institute of Technology shall be deemed to be an employee of the State. Further, P.L.1966, c.302, addresses the other State colleges and universities, whereas while these institutions were provided autonomy from the State, their employees retained any and all rights to health benefits within the State Retired OPEB Plan and are therefore classified as State employees.

The State Health Benefit Local Education Retired Employees Plan (Local Education Retired OPEB Plan) is a multiple-employer defined benefit OPEB plan with a special funding situation. The Local Education Retired OPEB Plan 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. The Local Education Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of local education employees. The State also offers dental

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

7. Post-Retirement Benefits (continued)

care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: TPAF, PERS, PFRS, or ABP.

Pursuant to P.L.2011, c.78, future retirees eligible for postemployment medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. The State, as a non-employer contributing entity, reported a Fiscal Year 2021 total OPEB liability of \$60,007,850,970 for this special funding situation.

The State's contributions to the SHBP Fund for TPAF retirees' post-retirement medical benefits on behalf of the Commission for the years ended June 30, 2022, 2021 and 2020 were \$1,355,830, \$1,334,873 and \$1,156,127, respectively, which equaled the required contributions for each year.

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. 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 State, a non-employer 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 District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective OPEB liability on the Statement of Net Position. The State's proportionate share of the OPEB liability associated with the District as of

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

7. Post-Retirement Benefits (continued)

June 30, 2021 was \$86,692,155. Additional information can be obtained from the State of New Jersey’s annual comprehensive financial report.

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

Actuarial assumptions and other inputs

The total non-employer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021 and included in the June 30, 2021 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 | 2.75 - 5.65% | 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-2021. 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-2021. 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-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "General" (PERS) and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

7. Post-Retirement Benefits (continued)

The actuarial assumptions used in the June 30, 2020 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, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.50% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

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

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2021 calculated using a 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 (1.16%) or 1-percentage-point higher (3.16%) than the current rate:

| | At 1% decrease (1.16%) | At Current discount rate (2.16%) | At 1% increase (3.16%) |
|--|------------------------------|--|------------------------------|
| Net OPEB Liability (Allocable to the District and the responsibility of the State) | \$ 28,393,458 | \$ 23,703,822 | \$ 20,011,015 |

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

7. Post-Retirement Benefits (continued)

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2021 calculated using a 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 trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

| | At 1% decrease | At Healthcare Cost Trend Rate | At 1% increase |
|--|-------------------|-------------------------------------|-------------------|
| Net OPEB Liability (Allocable to the District and the responsibility of the State) | \$ 19,188,321 | \$ 23,703,822 | \$ 29,767,806 |

Changes in the Total Non-employer OPEB Liability

Below represents the changes in the District's total OPEB liability for the year ended June 30, 2022:

| | |
|---|---------------------------------------|
| Beginning Total OPEB Liability, June 30, 2020 | Total OPEB Liability \$ 98,328,171 |
| Changes for the year: | |
| Service cost | 5,974,333 |
| Interest | 2,248,886 |
| Changes of benefit terms | (92,273) |
| Differences between expected and actual experiences | (18,138,491) |
| Changes in assumptions or other inputs | 85,528 |
| Member contributions | 57,493 |
| Benefit payments | (1,771,492) |
| Net changes | (11,636,016) |
| Ending Total OPEB Liability, June 30, 2021 | \$ 86,692,155 |

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

7. Post-Retirement Benefits (continued)

Employees covered by benefit terms

The following employees were covered by the benefit terms:

| Local Education Group | June 30, 2021 |
|---|---------------|
| Active Plan Members | 213,901 |
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 150,427 |
| Inactive Plan Members Entitled to but Not Yet Receiving Benefits | - |
| Total Plan Members | 364,328 |

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

For the year ended June 30, 2021, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$5,560,206 for OPEB expenses incurred by the State. Collective balances of the Local Education Group at June 30, 2021 are as follows:

| | | |
|--------------------------------|----|----------------|
| Deferred outflows of resources | \$ | 21,546,947,255 |
| Deferred inflows of resources | \$ | 26,769,148,209 |
| Collective OPEB Expense | \$ | 3,527,672,060 |

| | |
|-----------------------|-------|
| District's Proportion | 0.04% |
|-----------------------|-------|

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State, therefore, the District 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 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, 2022 may be impaired. As a result of the impact of COVID-19, the Commission has received funding under the American Rescue Plan Act (ARP) and Elementary and Secondary School Emergency Relief (ESSER) Fund. To the extent

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

8. Contingent Liabilities (continued)

that the Commission has not complied with the rules governing the ARP and ESSER and CRF funds, money may be required to be returned. In the opinion of the Commission, there are no significant contingent liabilities relating to compliance with the rules and regulations or final eligible cost requirements governing the respective grants or funding; therefore, no provisions have been recorded in the accompanying basic financial statements for such contingencies.

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, 2022 may be impaired. In the opinion of the Commission, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying financial statements for such contingencies.

9. Risk Management

The Commission 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, 2022.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

9. Risk Management (continued)

Based on final unemployment experience rate, the Commission allocated to the Unemployment and Workforce Funds the total amount of \$160,123 for fiscal year 2022. At June 30, 2022, there is \$323,797 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 \$208,822 being held by Horizon Blue Cross/Blue Shield of June 30, 2022 and an estimate of \$833,000 within accounts payable for incurred but not reported (IBNR) claims which was developed and calculated by an independent actuary. In addition, at June 30, 2022, \$29,200 of funds are held by other health care service providers on behalf of the Commission.

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

| Year | Beginning Balance | Claims and Estimates | Payments | Ending Balance |
|-----------|-------------------|----------------------|--------------|----------------|
| 2021-2022 | \$684,000 | \$10,244,693 | \$10,095,693 | \$833,000 |
| 2020-2021 | \$586,500 | \$9,242,597 | \$9,145,097 | \$684,000 |
| 2019-2020 | \$574,000 | \$7,724,364 | \$7,711,864 | \$586,500 |

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

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

10. Capital Reserve Account (continued)

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, 2022 is \$2,216,392 and there was an addition of \$2,000,000 of deposits and no withdrawals during the 2022 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. The State transferred the title of Piscataway Regional Day School to the Commission, so the Commission moved the PRDS Maintenance Reserve from Enterprise fund to General Fund in the 2022 fiscal year. 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, 2021 to June 30, 2022 fiscal year are as follows:

| | Regular Maintenance Reserve | PRDS Maintenance Reserve | Total Reserve |
|---------------------|--|-------------------------------------|----------------------|
| Beginning balance | \$ 2,277,370 | \$ 2,000,000 | \$ 4,277,370 |
| Additions/Transfers | 4,000,000 | (2,000,000) | 2,000,000 |
| Withdrawals | (1,423,891) | | (1,423,891) |
| Ending balance | \$ 4,853,479 | \$ - | \$ 4,853,479 |

12. Emergency Reserve Accounts

The Commission maintains an emergency reserve to be used for unanticipated general fund current expense. In the 2022 fiscal year, Commission passed a board resolution to authorize supplementation of its current expense emergency reserve fund with a transfer not to exceed \$500,000 pursuant to the authority under N.J.S.A. 18A:7F-41(6)(c)(1) and N.J.A.C. 6A:23A14.4(a)(1)(iii).

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

13. Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at June 30, 2022:

| Fund | Interfund Receivables | Interfund Payables |
|--|--------------------------|-----------------------|
| General Fund | \$ 7,164,302 | \$ 1,246,628 |
| Special Revenue Fund | | 7,248,074 |
| Capital Projects Fund | | 366,963 |
| Debt Service Fund | 376,963 | |
| Pool Service Enterprise Fund | 382,338 | 3,737 |
| Adult Community Services Enterprise Fund | | 5,612 |
| Food Services Enterprise Fund | | 117,594 |
| Internal Service Fund - self insurance | 1,065,005 | |
| | <u>\$ 8,988,608</u> | <u>\$ 8,988,608</u> |

The General Fund receivable mainly represents amounts owed from Special Revenue Fund for short term cash loans to liquidate the fund cash deficit, Food Services Fund for meals claims received from State, but not yet transferred. The Debt Service Fund receivable mainly represents amounts owed from Capital Projects Fund to close out NVA projects and owed from General Fund for the annual MCIA fee and trustee fee paid through Debt Service Fund. The Pool Service Enterprise Fund receivable represents amounts transferred from General fund to cover Pool fund operating deficit. The Internal Service Fund – Self Insurance receivable represents amounts owed from the General Fund, Special Revenue Fund and the Pool Service Fund.

The Commission expects to liquidate all interfunds within one year.

14. Transfers – Reconciliation

The following represents a reconciliation of transfers made during the 2022 fiscal year:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|--|---------------------|----------------------|
| General Fund | \$ 2,068,838 | \$ 7,111,782 |
| Special Revenue Fund | | 7,300 |
| Capital Projects Fund | | 366,963 |
| Debt Service Fund | 6,779,863 | |
| Enterprise Fund – Regional Day School | | 2,068,838 |
| Enterprise Fund – Pool Services | 382,338 | 134,000 |
| Enterprise Fund – Adult Community Services | | 150,000 |
| Internal Service Fund - Self Insurance | 607,844 | |
| Total | <u>\$ 9,838,883</u> | <u>\$ 9,838,883</u> |

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2022

14. Transfers – Reconciliation (continued)

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.

15. Commitments

The Commission has contractual commitments at June 30, 2022 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$1,354,817.

The Commission also has \$21,858 of encumbrances outstanding at June 30, 2022 for various construction contracts recorded in the capital projects fund as part of restricted for capital projects.

16. Special Item

Prior to the 2022 fiscal year, the Commission operated the Piscataway Regional Day School (PRDS) on behalf of the State of New Jersey. Effective July 1, 2021, the Commission entered into an agreement with the State of New Jersey to take over the operations of the PRDS and no longer be operated on behalf of the State. The Commission is now operating the PRDS as part of its own operations and is included within the general fund. As part of the transaction, the Commission moved the Piscataway Regional Day School's capital assets in the amount of \$797,894 from business-type activities to governmental activities.

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 Employees' Retirement System

| | Year Ended June 30, | | | | | | | | | |
|--|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| Commission's proportion of the net pension liability (asset) - Local Group | 0.0994449547% | 0.0933705753% | 0.0969915418% | 0.0978789200% | 0.1010685311% | 0.1007793105% | 0.1007043122% | 0.1047205366% | 0.1040601532% | n/a |
| Commission's proportionate share of the net pension liability (asset) | \$11,780,746 | \$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 |
| 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 |
| Commission's proportionate share of the net pension liability (asset) as a percentage as a percentage of its covered payroll | 171.50% | 221.32% | 263.69% | 287.89% | 345.54% | 436.70% | 329.54% | 290.19% | 284.27% | n/a |
| Plan fiduciary net position as a percentage of the total pension liability - Local Group | 70.33% | 58.32% | 56.27% | 53.60% | 48.10% | 40.14% | 47.93% | 52.08% | 52.08% | 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' Retirement System (PERS)

| | Year Ended June 30, | | | | | | | | | |
|--|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| Contractually required contribution | \$1,164,616 | \$1,021,428 | \$943,446 | \$973,579 | \$936,292 | \$895,309 | \$865,787 | \$863,301 | \$784,072 | \$870,819 |
| Contributions in relation to the contractually required contribution | 1,164,616 | 1,021,428 | 943,446 | 973,579 | 936,292 | 895,309 | 865,787 | 863,301 | 784,072 | 870,819 |
| Contribution deficiency (excess) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Commission's covered payroll | \$6,845,654 | \$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 |
| Contributions as a percentage of covered payroll | 17.01% | 14.87% | 13.71% | 14.69% | 13.99% | 13.15% | 12.67% | 12.58% | 11.60% | 12.45% |

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, | | | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| State's proportion of the net pension liability (asset) associated with the Commission - Local Group | 0.1437970860% | 0.1395800542% | 0.1425205832% | 0.1368294519% | 0.1335566447% | 0.1295079730% | 0.1302616210% | 0.1323959546% |
| Commission's proportionate share of the net pension liability (asset) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| State's proportionate share of the net pension liability (asset) associated with the Commission | \$69,130,720 | \$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>\$69,130,720</u> | <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 | 35.52% | 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, | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
| State's proportion of the net OPEB liability (asset) associated with the Commission - | 0.14% | 0.14% | 0.14% | 0.13% | 0.14% | 0.13% |
| Commission's proportionate share of the net liability | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| State's proportionate share of the net OPEB liability associated with the Commission | \$86,692,155 | \$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>\$86,692,155</u> | <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% | 0.00% |
| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017*</u> |
| Total OPEB Liability | | | | | | |
| Service cost | 5,974,333 | 3,366,626 | 3,298,613 | 3,861,009 | 4,618,069 | |
| Interest cost | 2,248,886 | 2,131,381 | 2,469,131 | 2,704,718 | 2,300,705 | |
| Differences between expected and actual experiences | -18,230,764 | 18,176,101 | -7,910,869 | -9,050,592 | 0 | |
| Changes of assumptions | 85,528 | 17,961,178 | 870,045 | -7,041,832 | -9,738,211 | |
| Member contributions | 57,493 | 51,885 | 53,098 | 56,710 | 61,813 | |
| Gross benefit payments | -1,771,492 | -1,711,812 | -1,791,257 | -1,640,853 | -1,678,672 | |
| Net change in total OPEB liability | <u>-11,636,016</u> | <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>98,328,171</u> | <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>\$86,692,155</u> | <u>\$98,328,171</u> | <u>\$58,352,812</u> | <u>\$61,364,051</u> | <u>\$72,474,891</u> | |
| Covered-employee payroll | <u>\$22,808,913</u> | <u>\$22,476,933</u> | <u>\$22,562,536</u> | <u>\$21,550,411</u> | <u>\$21,158,917</u> | |
| Total OPEB liability as a percentage of covered-employee payroll | <u>385.69%</u> | <u>437.46%</u> | <u>258.63%</u> | <u>284.75%</u> | <u>342.53%</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, 2022

PUBLIC EMPLOYEES' RETIREMENT SYSTEM - PENSION

Benefit Changes

There were none.

Changes of Assumptions

There were none.

TEACHERS PENSION AND ANNUITY FUND - PENSION

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.40% as of June 30, 2020 to 7.00% as of June 30, 2021.

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

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021.

Required Supplementary Information - Part III

Budgetary Comparison Schedules

Educational Services Commission of New Jersey
General Fund

Budgetary Comparison Schedule

Year ended June 30, 2022

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-----------------|---------------|--------------------------------|
| Revenues | | | | | |
| Local sources: | | | | | |
| Tuition | \$ 43,686,867 | \$ 3,227,585 | \$ 46,914,452 | \$ 46,914,452 | |
| Transportation fees | 32,160,000 | 9,716,629 | 41,876,629 | 41,876,629 | |
| Services provided to districts | 18,207,102 | 11,361,637 | 29,568,739 | 29,568,739 | |
| Interest on investments | 100,000 | (42,401) | 57,599 | 57,599 | |
| Other/restricted miscellaneous | | | | 395 | \$ 395 |
| Miscellaneous | 100,300 | 293,079 | 393,379 | 393,379 | |
| Total - local sources | 94,254,269 | 24,556,529 | 118,810,798 | 118,811,193 | 395 |
| State sources: | | | | | |
| On-behalf TPAF Pension Contributions (non-budgeted) | | | | 5,803,063 | 5,803,063 |
| TPAF post-retirement (on-behalf - non-budgeted) | | | | 1,355,830 | 1,355,830 |
| TPAF non-contributory insurance (on-behalf - non-budgeted) | | | | 2,447 | 2,447 |
| Reimbursed TPAF Social Security (non-budgeted) | | | | 1,143,355 | 1,143,355 |
| Total - state sources | | | | 8,304,695 | 8,304,695 |
| Total revenues | 94,254,269 | 24,556,529 | 118,810,798 | 127,115,888 | 8,305,090 |
| Expenditures | | | | | |
| Current: | | | | | |
| Home instruction: | | | | | |
| Salaries of teachers | 221,000 | 490,320 | 711,320 | 711,320 | |
| Other objects | 19,000 | (18,625) | 375 | 375 | |
| Total home instruction | 240,000 | 471,695 | 711,695 | 711,695 | |
| Total instruction - home instruction | 240,000 | 471,695 | 711,695 | 711,695 | |
| Special education: | | | | | |
| Learning and/or language disabilities: | | | | | |
| Salaries of teachers | 3,350 | (3,150) | 200 | 200 | |
| Total learning and/or language disabilities | 3,350 | (3,150) | 200 | 200 | |
| Auditory impairments: | | | | | |
| Salaries of teachers | 111,000 | (22,271) | 88,729 | 88,729 | |
| Purchased professional-educational services | 59,000 | (27,725) | 31,275 | 31,275 | |
| General supplies | 1,000 | (581) | 419 | 419 | |
| Other objects | 5,000 | (3,049) | 1,951 | 1,951 | |
| Total auditory impairments | 176,000 | (53,626) | 122,374 | 122,374 | |
| Emotional regulation impairment: | | | | | |
| Salaries of teachers | 1,337,000 | (158,136) | 1,178,864 | 1,178,864 | |
| Other salaries of instruction | 201,000 | (13,777) | 187,223 | 187,223 | |
| General supplies | 23,100 | (12,447) | 10,653 | 10,653 | |
| Textbooks | 20,400 | (15,193) | 5,207 | 5,207 | |
| Other objects | 11,730 | (9,762) | 1,968 | 1,968 | |
| Total emotional regulation impairment | 1,593,230 | (209,315) | 1,383,915 | 1,383,915 | |
| For Keeps Children's program: | | | | | |
| Salaries of teachers | 25,000 | 5,936 | 30,936 | 30,936 | |
| General supplies | 500 | (500) | | | |
| Total For Keeps Children's program | 25,500 | 5,436 | 30,936 | 30,936 | |
| Multiple disabilities: | | | | | |
| Salaries of teachers | 3,110,450 | (76,235) | 3,034,215 | 3,034,215 | |
| Other salaries of instruction | 1,680,200 | 34,894 | 1,715,094 | 1,715,094 | |
| General supplies | 81,554 | 30,946 | 112,500 | 108,783 | 3,717 |
| Textbooks | 1,337 | (952) | 385 | 385 | |
| Other objects | 44,418 | (41,842) | 2,576 | 2,576 | |
| Total multiple disabilities | 4,917,959 | (53,189) | 4,864,770 | 4,861,053 | 3,717 |
| Autism: | | | | | |
| Salaries of teachers | 4,756,050 | (317,687) | 4,438,363 | 4,438,363 | |
| Other salaries of instruction | 3,011,300 | (81,106) | 2,930,194 | 2,930,194 | |
| General supplies | 112,845 | 25,764 | 138,609 | 127,788 | 10,821 |
| Textbooks | 4,476 | (3,167) | 1,309 | 1,309 | |
| Other objects | 51,679 | (41,492) | 10,187 | 10,025 | 162 |
| Total autism | 7,936,350 | (417,688) | 7,518,662 | 7,507,679 | 10,983 |

Educational Services Commission of New Jersey
General Fund

Budgetary Comparison Schedule

Year ended June 30, 2022

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-------------------|-------------------|--------------------------------|
| Expenditures (continued) | | | | | |
| Preschool Disabilities Full Time: | | | | | |
| Salaries of teachers | \$ 477,500 | \$ 30,472 | \$ 507,972 | \$ 507,972 | |
| Other salaries of instruction | 353,200 | (120,449) | 232,751 | 232,751 | |
| General supplies | 11,130 | (3,775) | 7,355 | 6,565 | \$ 790 |
| Textbooks | 1,265 | (1,223) | 42 | 42 | |
| Other objects | 2,749 | (2,176) | 573 | 573 | |
| Total preschool disabilities full time | <u>845,844</u> | <u>(97,151)</u> | <u>748,693</u> | <u>747,903</u> | <u>790</u> |
| Total special education | 15,498,233 | (828,683) | 14,669,550 | 14,654,060 | 15,490 |
| Total instruction | 15,738,233 | (356,988) | 15,381,245 | 15,365,755 | 15,490 |
| Support services: | | | | | |
| Health services: | | | | | |
| Salaries | 685,600 | 30,255 | 715,855 | 715,855 | |
| Purchased professional and technical services | 885,045 | (122,370) | 762,675 | 760,185 | 2,490 |
| Supplies and materials | 26,675 | (3,034) | 23,641 | 23,641 | |
| Total health services | <u>1,597,320</u> | <u>(95,149)</u> | <u>1,502,171</u> | <u>1,499,681</u> | <u>2,490</u> |
| Other support services - students special services: | | | | | |
| Salaries of instruction (Speech/OTPT) | 2,908,100 | (96,977) | 2,811,123 | 2,811,123 | |
| Purchased Professional - Ed. Services | 3,183,846 | 533,695 | 3,717,541 | 3,201,217 | 516,324 |
| Other salaries of instruction (1:1) | 2,754,600 | 1,664,725 | 4,419,325 | 4,419,325 | |
| Other Purchased Prof. And Guidance Service | 644,600 | (79,014) | 565,586 | 565,586 | |
| Other salaries of support Services | 971,200 | (36,756) | 934,444 | 934,444 | |
| Other Purchased Prof. And Tech Services | 2,099,620 | 334,108 | 2,433,728 | 1,838,562 | 595,166 |
| Supplies and materials | 17,845 | (1,333) | 16,512 | 16,512 | |
| Total other support services - students special services | <u>12,579,811</u> | <u>2,318,448</u> | <u>14,898,259</u> | <u>13,786,769</u> | <u>1,111,490</u> |
| Improvement of Instructional Services: | | | | | |
| Other purchased services | 104,800 | (29,012) | 75,788 | 74,538 | 1,250 |
| Total Improvement of Instructional Services | <u>104,800</u> | <u>(29,012)</u> | <u>75,788</u> | <u>74,538</u> | <u>1,250</u> |
| Support services - general administration: | | | | | |
| Salaries | 756,100 | (47,992) | 708,108 | 708,108 | |
| Legal services | 55,300 | 11,746 | 67,046 | 67,046 | |
| Audit fees | 63,950 | 53,377 | 117,327 | 54,578 | 62,749 |
| Other purchased professional Services | 82,100 | (13,371) | 68,729 | 62,318 | 6,411 |
| Communications / telephone | 258,800 | (6,365) | 252,435 | 252,435 | |
| Supplies and materials | 14,600 | (2,246) | 12,354 | 12,324 | 30 |
| Miscellaneous expenditures | 99,515 | (21,005) | 78,510 | 78,510 | |
| Total support services - general administration | <u>1,330,365</u> | <u>(25,856)</u> | <u>1,304,509</u> | <u>1,235,319</u> | <u>69,190</u> |
| Support services - school administration: | | | | | |
| Salaries of principals/asst. principals | 1,840,500 | (56,381) | 1,784,119 | 1,784,119 | |
| Salaries of secretarial and clerical assistants | 608,200 | (44,221) | 563,979 | 563,979 | |
| Other purchased professional services | 60,930 | 15,824 | 76,754 | 76,754 | |
| General supplies | 55,660 | (22,553) | 33,107 | 32,867 | 240 |
| Other objects | 33,716 | (21,330) | 12,386 | 11,636 | 750 |
| Total support services - school administration | <u>2,599,006</u> | <u>(128,661)</u> | <u>2,470,345</u> | <u>2,469,355</u> | <u>990</u> |
| Central services: | | | | | |
| Salaries | 1,804,400 | (333,573) | 1,470,827 | 1,470,827 | |
| Purchased professional services | 310,650 | (137,651) | 172,999 | 169,199 | 3,800 |
| Misc. purchased services | 315,909 | 13,891 | 329,800 | 326,300 | 3,500 |
| Supplies and materials | 43,500 | 1,363 | 44,863 | 42,919 | 1,944 |
| Miscellaneous expenditures | 54,500 | (39,342) | 15,158 | 15,158 | |
| Total central services | <u>2,528,959</u> | <u>(495,312)</u> | <u>2,033,647</u> | <u>2,024,403</u> | <u>9,244</u> |
| Admin. Info. Technology: | | | | | |
| Salaries | 224,400 | 13,052 | 237,452 | 237,452 | |
| Other purchased services | 217,200 | (20,460) | 196,740 | 177,654 | 19,086 |
| Supplies and materials | 28,500 | 38,607 | 67,107 | 66,898 | 209 |
| Total admin. info. Technology | <u>470,100</u> | <u>31,199</u> | <u>501,299</u> | <u>482,004</u> | <u>19,295</u> |

Educational Services Commission of New Jersey
General Fund

Budgetary Comparison Schedule

Year ended June 30, 2022

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|-------------------|---|
| Expenditures (continued) | | | | | |
| Undistributed expenditures (continued): | | | | | |
| Required maintenance of school facilities: | | | | | |
| Salaries | \$ 709,600 | \$ (64,232) | \$ 645,368 | \$ 645,368 | |
| Cleaning, repair and maintenance services | 366,330 | 3,799,583 | 4,165,913 | 1,773,676 | \$ 2,392,237 |
| General supplies | <u>274,820</u> | <u>(93,579)</u> | <u>181,241</u> | <u>157,318</u> | <u>23,923</u> |
| Total required maintenance of school facilities | 1,350,750 | 3,641,772 | 4,992,522 | 2,576,362 | 2,416,160 |
| Custodial services: | | | | | |
| Salaries | 126,400 | (125,144) | 1,256 | 1,256 | |
| Rent | 48,308 | 4,194 | 52,502 | 52,502 | |
| Other Purchased Property Services | 67,700 | (8,600) | 59,100 | 58,171 | 929 |
| Insurance | 158,200 | 17,601 | 175,801 | 175,801 | |
| Energy (natural gas and electricity) | 531,580 | 159,490 | 691,070 | 690,570 | 500 |
| Other objects | <u>14,995</u> | <u>(13,745)</u> | <u>1,250</u> | <u>1,250</u> | |
| Total custodial services: | 947,183 | 33,796 | 980,979 | 979,550 | 1,429 |
| Student transportation services: | | | | | |
| Salaries for pupil transportation (between home and school) - regular | | | | | |
| | 135,000 | 1,282 | 136,282 | 136,282 | |
| Salaries of secretarial and clerical assistants | | | | | |
| | 255,000 | (83,288) | 171,712 | 171,712 | |
| Contracted svc (bet. Home and Sch) -Vendors | 32,000,000 | 9,783,602 | 41,783,602 | 41,702,054 | 81,548 |
| Contracted svc (oth. Than bet. Home and School) | 278,200 | (164,363) | 113,837 | 112,396 | 1,441 |
| Contracted svc -Aide in Lieu Pymts -NP Schools | 80,000 | 11,528 | 91,528 | 91,528 | |
| General supplies | <u>23,210</u> | <u>(12,988)</u> | <u>10,222</u> | <u>10,222</u> | |
| Total student transportation services | 32,771,410 | 9,535,773 | 42,307,183 | 42,224,194 | 82,989 |
| Employee benefits: | | | | | |
| Social security contributions | 878,000 | 352,279 | 1,230,279 | 1,230,279 | |
| Other retirement contributions - regular | 1,173,500 | 88,338 | 1,261,838 | 1,261,838 | |
| Unemployment compensation | 175,406 | (43,138) | 132,268 | 132,268 | |
| Workers' compensation | 426,797 | (150,980) | 275,817 | 275,817 | |
| Health benefits | 8,523,715 | 13,129,308 | 21,653,023 | 8,415,416 | 13,237,607 |
| Tuition reimbursement | 100,000 | 3,103 | 103,103 | 68,608 | 34,495 |
| Other employee benefits | <u>133,050</u> | <u>196,395</u> | <u>329,445</u> | <u>329,445</u> | |
| Total employee benefits | 11,410,468 | 13,575,305 | 24,985,773 | 11,713,671 | 13,272,102 |
| TPAF Pension Contributions (on-behalf - non-budgeted) | | | | | |
| | | | | 5,803,063 | (5,803,063) |
| TPAF post-retirement (on-behalf - non-budgeted) | | | | | |
| | | | | 1,355,830 | (1,355,830) |
| TPAF non-contributory insurance (on-behalf - non-budgeted) | | | | | |
| | | | | 2,447 | (2,447) |
| Reimbursed TPAF Social Security (non-budgeted) | | | | | |
| | | | | 1,143,355 | (1,143,355) |
| Total | | | | <u>8,304,695</u> | <u>(8,304,695)</u> |
| Total undistributed expenditures | <u>67,690,172</u> | <u>28,362,303</u> | <u>96,052,475</u> | <u>87,370,541</u> | <u>8,681,934</u> |
| Total expenditures - current | 83,428,405 | 28,005,315 | 111,433,720 | 102,736,296 | 8,697,424 |
| Capital outlay | | | | | |
| Equipment: | | | | | |
| Regular programs - instruction: | | | | | |
| Special education - instruction: | | | | | |
| Multiple disabilities | 13,600 | 7,287 | 20,887 | 5,742 | 15,145 |
| Emotional regulation impairment | 2,000 | 1,900 | 3,900 | 3,650 | 250 |
| Autism | 13,600 | 7,287 | 20,887 | 5,742 | 15,145 |
| Special education - non-instruction: | | | | | |
| Others | <u>57,500</u> | <u>970,919</u> | <u>1,028,419</u> | <u>266,008</u> | <u>762,411</u> |
| Total equipment | 86,700 | 987,393 | 1,074,093 | 281,142 | 792,951 |
| Facilities acquisition and construction services: | | | | | |
| Construction services | 1,050,000 | 127,639 | 1,177,639 | 30,851 | 1,146,788 |
| Total facilities acquisition and construction services | <u>1,050,000</u> | <u>127,639</u> | <u>1,177,639</u> | <u>30,851</u> | <u>1,146,788</u> |
| Total capital outlay | <u>1,136,700</u> | <u>1,115,032</u> | <u>2,251,732</u> | <u>311,993</u> | <u>1,939,739</u> |

Educational Services Commission of New Jersey
General Fund

Budgetary Comparison Schedule

Year ended June 30, 2022

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|----------------------|-----------------------|-----------------------|----------------------|--------------------------------|
| Expenditures (continued) | | | | | |
| Summer school: | | | | | |
| Summer School - Instruction | | | | | |
| Salaries of teachers | \$ 937,017 | \$ (97,608) | \$ 839,409 | \$ 839,409 | |
| Other salaries of instruction | 869,848 | (254,126) | 615,722 | 615,722 | |
| General supplies | 38,580 | (6,245) | 32,335 | 32,115 | \$ 220 |
| Total summer school - Instruction | <u>1,845,445</u> | <u>(357,979)</u> | <u>1,487,466</u> | <u>1,487,246</u> | <u>220</u> |
| Summer School - Support Services | | | | | |
| Salaries | 871,055 | (143,974) | 727,081 | 727,081 | |
| Purch Pro & Tech Services | 535,404 | (128,959) | 406,445 | 406,445 | |
| Purchased Serices | 40,650 | (35,129) | 5,521 | 5,521 | |
| Other Objects | 279,318 | 558,150 | 837,468 | 679,600 | 157,868 |
| Total summer school - Support Services | <u>1,726,427</u> | <u>250,088</u> | <u>1,976,515</u> | <u>1,818,647</u> | <u>157,868</u> |
| Total special schools | <u>3,571,872</u> | <u>(107,891)</u> | <u>3,463,981</u> | <u>3,305,893</u> | <u>158,088</u> |
| Total expenditures | <u>88,136,977</u> | <u>29,012,456</u> | <u>117,149,433</u> | <u>106,354,182</u> | <u>10,795,251</u> |
| Excess (deficiency) of revenues over (under) expenditures | 6,117,292 | (4,455,927) | 1,661,365 | 20,761,706 | 19,100,341 |
| Other financing sources (uses): | | | | | |
| Transfers in | | | | 2,068,838 | (2,068,838) |
| Transfers out | (6,117,292) | (612,152) | (6,729,444) | (7,111,782) | 382,338 |
| Total other financing sources (uses) | <u>(6,117,292)</u> | <u>(612,152)</u> | <u>(6,729,444)</u> | <u>(5,042,944)</u> | <u>(1,686,500)</u> |
| (Deficiency) excess of revenues (under) over expenditures and other financing sources (uses) | | (5,068,079) | (5,068,079) | 15,718,762 | 20,786,841 |
| Fund balances, July 1 | 39,061,801 | - | 39,061,801 | 39,061,801 | |
| Fund balances, June 30 | <u>\$ 39,061,801</u> | <u>\$ (5,068,079)</u> | <u>\$ 33,993,722</u> | <u>\$ 54,780,563</u> | <u>\$ 20,786,841</u> |
| Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources (uses) | | | | | |
| Adjustment for prior year encumbrances | | \$ (1,448,106) | \$ (1,448,106) | \$ (1,448,106) | |
| Unemployment Compensation Insurance | | | | 395 | \$ 395 |
| Budgeted fund balance | | (3,619,973) | (3,619,973) | 17,166,473 | 20,786,446 |
| Total | <u>\$ -</u> | <u>\$ (5,068,079)</u> | <u>\$ (5,068,079)</u> | <u>\$ 15,718,762</u> | <u>\$ 20,786,841</u> |

Educational Services Commission of New Jersey
Special Revenue Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2022

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-------------------|-------------------|--------------------------------|
| Revenues | | | | | |
| Local sources | \$ 11,166 | \$ 29,258 | \$ 40,424 | \$ 41,161 | \$ 737 |
| State sources | 9,052,179 | 238,318 | 9,290,497 | 8,440,161 | (850,336) |
| Federal sources | 2,564,892 | 29,988,478 | 32,553,370 | 16,416,026 | (16,137,344) |
| Total revenues | <u>11,628,237</u> | <u>30,256,054</u> | <u>41,884,291</u> | <u>24,897,348</u> | <u>(16,986,943)</u> |
| Expenditures | | | | | |
| Instruction: | | | | | |
| Salaries of teachers | 2,440,300 | (494,727) | 1,945,573 | 1,945,573 | |
| Purchased professional and technical services | 2,960,320 | 3,304,759 | 6,265,079 | 2,713,858 | 3,551,221 |
| General supplies | 121,680 | 13,645,336 | 13,767,016 | 8,422,711 | 5,344,305 |
| Textbooks | 621,042 | (44,250) | 576,792 | 539,036 | 37,756 |
| Total instruction | <u>6,143,342</u> | <u>16,411,118</u> | <u>22,554,460</u> | <u>13,621,178</u> | <u>8,933,282</u> |
| Support services: | | | | | |
| Salaries of supervisors of instruction | 209,000 | 91,953 | 300,953 | 300,953 | |
| Salaries of other professional staff | 1,803,082 | (38,748) | 1,764,334 | 1,634,870 | 129,464 |
| Salaries of secretarial and clerical employees | 138,700 | 21,681 | 160,381 | 160,381 | |
| Personal services-employee benefits | 812,399 | 282,930 | 1,095,329 | 1,079,766 | 15,563 |
| Travel | 20,000 | (13,581) | 6,419 | 6,419 | |
| Supplies and materials | 1,105,127 | 5,256,488 | 6,361,615 | 2,261,336 | 4,100,279 |
| Others | 865,853 | 1,867,060 | 2,732,913 | 1,219,230 | 1,513,683 |
| Student Activities | 11,166 | | 11,166 | 11,166 | |
| Total support services | <u>4,965,327</u> | <u>7,467,783</u> | <u>12,433,110</u> | <u>6,674,121</u> | <u>5,758,989</u> |
| Facilities acquisition and construction services: | | | | | |
| Instructional equipment | 12,268 | 5,935,948 | 5,948,216 | 4,208,662 | 1,739,554 |
| Noninstructional equipment | 500,000 | 441,205 | 941,205 | 392,650 | 548,555 |
| Total facilities acquisition and construction services | <u>512,268</u> | <u>6,377,153</u> | <u>6,889,421</u> | <u>4,601,312</u> | <u>2,288,109</u> |
| Total expenditures | <u>11,620,937</u> | <u>30,256,054</u> | <u>41,876,991</u> | <u>24,896,611</u> | <u>16,980,380</u> |
| Other financing uses: | | | | | |
| Transfers out | (7,300) | | (7,300) | - | (7,300) |
| Total other financing uses | <u>(7,300)</u> | <u>-</u> | <u>(7,300)</u> | <u>-</u> | <u>(7,300)</u> |
| Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 737</u> | <u>\$ (13,863)</u> |

Educational Services Commission of New Jersey
 Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2022

| | Special Revenue Fund |
|---|-------------------------------------|
| Sources/inflows of resources | |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-2) | \$ 24,897,348 |
| 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 | 653,760 |
| Current year | <u>(3,030,980)</u> |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2) | <u>\$ 22,520,128</u> |
| Uses/outflows of resources | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-2) | \$ 24,896,611 |
| 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 | 653,760 |
| Current year | <u>(3,030,980)</u> |
| Transfers to other funds | <u>(7,300)</u> |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2) | <u>\$ 22,512,091</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, 2022

| Non-Public Grants | | | | | | | | | | | |
|--|---------------------------|------------------|---------------------|-------------------|-----------------------------|---------------------|----------------------|-------------------|---------------------|-------------------|---------------------|
| | Compensatory Education | ESL | Home Instruction | Transportation | Supplemental Instruction | Exam and Class | Speech Correction | Text- Books | Nursing | Technology | Security |
| Revenues: | | | | | | | | | | | |
| Local sources | | | | | | | | | | | |
| State sources | \$ 1,655,170 | \$ 97,927 | \$ 38,819 | \$ 209,766 | \$ 727,789 | \$ 1,083,992 | \$ 549,723 | \$ 539,036 | \$ 1,852,025 | \$ 407,032 | \$ 1,265,337 |
| Federal sources | | | | | | | | | | | |
| Total revenues | <u>\$ 1,655,170</u> | <u>\$ 97,927</u> | <u>\$ 38,819</u> | <u>\$ 209,766</u> | <u>\$ 727,789</u> | <u>\$ 1,083,992</u> | <u>\$ 549,723</u> | <u>\$ 539,036</u> | <u>\$ 1,852,025</u> | <u>\$ 407,032</u> | <u>\$ 1,265,337</u> |
| Expenditures: | | | | | | | | | | | |
| Instruction: | | | | | | | | | | | |
| Salaries of teachers | \$ 1,121,071 | | \$ 13,925 | | \$ 237,886 | | \$ 546,093 | | | | |
| Purchased professional and technical services | | | 16,466 | | | \$ 702,122 | | | | | |
| General supplies | 9,591 | \$ 486 | | | 3,750 | 825 | 3,630 | | | \$ 315,393 | |
| Textbooks | | | | | | | | \$ 539,036 | | | |
| Total instruction | <u>1,130,662</u> | <u>486</u> | <u>30,391</u> | | <u>241,636</u> | <u>702,947</u> | <u>549,723</u> | <u>539,036</u> | | <u>315,393</u> | |
| Support services: | | | | | | | | | | | |
| Salaries of supervisors of instruction | 101,066 | 18,776 | | | 93,676 | 73,423 | | | \$ 2,352 | 8,300 | |
| Salaries of other professional staff | 52,948 | 9,836 | | \$ 142,209 | 49,076 | 38,466 | | | 1,293,025 | 1,000 | |
| Salaries of secretarial and clerical employees | 44,398 | 8,248 | 713 | 17,756 | 41,151 | 32,254 | | | 8,531 | 4,700 | |
| Personal services - employee benefits | 240,651 | 44,707 | 6,342 | 15,628 | 223,053 | 174,828 | | | 284,966 | 9,065 | |
| Travel | 1,972 | 366 | 32 | 789 | 1,828 | 1,433 | | | | | |
| Supplies and materials | 5,016 | 932 | 81 | 2,006 | 4,649 | 3,644 | | | 248,833 | | \$ 682,446 |
| Other | 78,458 | 14,576 | 1,261 | 31,378 | 72,720 | 56,998 | | | 14,318 | 100 | 296,145 |
| Student Activities | | | | | | | | | | | |
| Total support services | <u>524,508</u> | <u>97,441</u> | <u>8,428</u> | <u>209,766</u> | <u>486,153</u> | <u>381,045</u> | | | <u>1,852,025</u> | <u>23,165</u> | <u>978,591</u> |
| Facilities acquisition and construction services: | | | | | | | | | | | |
| Instructional equipment | | | | | | | | | | 68,474 | |
| Noninstructional equipment | | | | | | | | | | | 286,746 |
| Total facilities acquisition and construction services | | | | | | | | | | <u>68,474</u> | <u>286,746</u> |
| Total expenditures | <u>\$ 1,655,170</u> | <u>\$ 97,927</u> | <u>\$ 38,819</u> | <u>\$ 209,766</u> | <u>\$ 727,789</u> | <u>\$ 1,083,992</u> | <u>\$ 549,723</u> | <u>\$ 539,036</u> | <u>\$ 1,852,025</u> | <u>\$ 407,032</u> | <u>\$ 1,265,337</u> |
| Excess of Revenues over Expenditures | | | | | | | | | | | |
| Fund Balance, July 1 | | | | | | | | | | | |
| Fund Balance, June 30 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Educational Services Commission of New Jersey
Special Revenue Fund

Combining Schedule of Revenues and Expenditures –
Budgetary Basis

Year ended June 30, 2022

| | State Grant | Local | | Federal Grants | | | | | | | Total |
|--|------------------------|--------------|-----------------------|----------------|-----------------|----------------|--------------|----------------|------------|---------------|---------------|
| | DSA EM & Capital Grant | Safety Grant | Student Activity Fund | Title I Grant | Title III Grant | CRRSA ESSER II | ARP ESSER II | IDEA-B Regular | ARP IDEA-B | NP EANS | |
| Revenues: | | | | | | | | | | | |
| Local sources | | \$ 29,258 | \$ 11,903 | | | | | | | | \$ 41,161 |
| State sources | \$ 13,545 | | | | | | | | | | 8,440,161 |
| Federal sources | | | | \$ 172,914 | \$ 3,000 | \$ 134,051 | \$ 79,731 | \$ 1,806,521 | \$ 28,886 | \$ 14,190,923 | 16,416,026 |
| Total revenues | \$ 13,545 | \$ 29,258 | \$ 11,903 | \$ 172,914 | \$ 3,000 | \$ 134,051 | \$ 79,731 | \$ 1,806,521 | \$ 28,886 | \$ 14,190,923 | \$ 24,897,348 |
| Expenditures: | | | | | | | | | | | |
| Instruction: | | | | | | | | | | | |
| Salaries of teachers | | | | \$ 26,598 | | | | | | | \$ 1,945,573 |
| Purchased professional and technical services | | | | | | | | \$ 1,803,994 | \$ 5,832 | \$ 185,444 | 2,713,858 |
| General supplies | | | | | | \$ 121,442 | \$ 79,731 | 2,527 | 20,971 | 7,864,365 | 8,422,711 |
| Textbooks | | | | | | | | | | | 539,036 |
| Total instruction | | | | 26,598 | | 121,442 | 79,731 | 1,806,521 | 26,803 | 8,049,809 | 13,621,178 |
| Support services: | | | | | | | | | | | |
| Salaries of supervisors of instruction | | | | 3,185 | \$ 176 | | | | | | 300,953 |
| Salaries of other professional staff | | | | 48,236 | 74 | | | | | | 1,634,870 |
| Salaries of secretarial and clerical employees | | | | 2,492 | 138 | | | | | | 160,381 |
| Personal services - employee benefits | | | | 78,588 | 1,938 | | | | | | 1,079,766 |
| Travel | | | | | | | | | | | 6,419 |
| Supplies and materials | | \$ 29,258 | | | | | | | | 1,284,471 | 2,261,336 |
| Other | | | | 13,815 | 674 | 12,609 | | | | 626,179 | 1,219,230 |
| Student Activities | | | \$ 11,166 | | | | | | | | 11,166 |
| Total support services | | 29,258 | 11,166 | 146,316 | 3,000 | 12,609 | | | | 1,910,650 | 6,674,121 |
| Facilities acquisition and construction services: | | | | | | | | | | | |
| Instructional equipment | | | | | | | | | 2,083 | 4,138,105 | 4,208,662 |
| Noninstructional equipment | \$ 13,545 | | | | | | | | | 92,359 | 392,650 |
| Total facilities acquisition and construction services | 13,545 | | | | | | | | 2,083 | 4,230,464 | 4,601,312 |
| Total expenditures | \$ 13,545 | \$ 29,258 | 11,166 | \$ 172,914 | \$ 3,000 | \$ 134,051 | \$ 79,731 | \$ 1,806,521 | \$ 28,886 | \$ 14,190,923 | 24,896,611 |
| Excess of Revenues over Expenditures | | | 737 | | | | | | | | 737 |
| Fund Balance, July 1 | | | 10,484 | | | | | | | | 10,484 |
| Fund Balance, June 30 | \$ - | \$ - | \$ 11,221 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 11,221 |

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, 2022

Revenues

| | | |
|-------------------------|----|-----|
| Interest on Investments | \$ | 135 |
| Total revenues | | 135 |

Expenditures and Other Financing Uses

| | | |
|---|--|-----------|
| Construction Services | | 2,464,283 |
| Transfers Out | | 366,963 |
| Total expenditures and other financing uses | | 2,831,246 |

| | | |
|--|--|-------------|
| Deficiency of revenues under expenditures and other financing uses | | (2,831,111) |
|--|--|-------------|

| | | |
|-----------------------|----|-----------|
| Fund balance, July 1 | | 3,799,467 |
| Fund balance, June 30 | \$ | 968,356 |

Educational Services Commission of New Jersey
Capital Projects Fund

Summary Schedule of Project Expenditures

Year ended June 30, 2022

| Project Title | Appropriations | Prior Years Expenditures | Current Year Expenditures | Unexpended Balance |
|----------------------|-----------------------|---|--|-------------------------------|
| HVAC Project at 1690 | \$ 750,477 | \$ 750,477 | | |
| AFC Project | 9,249,523 | 5,816,884 | \$ 2,464,283 | \$ 968,356 |
| Total | \$ 10,000,000 | \$ 6,567,361 | \$ 2,464,283 | \$ 968,356 |

Analysis of Appropriations:

HVA Project at 1690 and

AFC Project

| | |
|------------------|----------------------|
| Loan Proceeds | \$ 6,000,000 |
| Commission Funds | 4,000,000 |
| Total | \$ 10,000,000 |

Long-Term Debt

Educational Services Commission of New Jersey
Long-Term Debt

Schedule of Bonds/Loans Payable

Year ended June 30, 2022

| Description | Interest Rate Payable | Amount of Issue | Balance July 1, 2021 | Retired | Balance June 30, 2022 |
|---|-----------------------------|-----------------------|----------------------------|---------------------|-----------------------------|
| Bonds/loan payable – | | | | | |
| Middlesex County Improvement Authority - 2014 | Various | \$ 9,385,000 | \$ 4,800,000 | \$ 880,000 | \$ 3,920,000 |
| Middlesex County Improvement Authority - 2014A | Various | 30,170,000 | 26,870,000 | 1,555,000 | 25,315,000 |
| Middlesex County Improvement Authority - 2017 | Various | 13,170,000 | 12,305,000 | 755,000 | 11,550,000 |
| | | | <u>\$ 43,975,000</u> | <u>\$ 3,190,000</u> | <u>\$ 40,785,000</u> |

Educational Services Commission of New Jersey
Long-Term Debt

Schedule of Finance Purchases Payable

Year ended June 30, 2022

| Description | Interest Rate Payable | Amount of Issue | Balance July 1, 2021 | Retired | Balance June 30, 2022 |
|----------------------------------|-----------------------------|-----------------------|----------------------------|-------------------|-----------------------------|
| Notes payable – | | | | | |
| TD Equipment Finance, Inc. | | | | | |
| Financed Purchase (2.13%) - 2019 | Various | \$ 6,000,000 | \$ 5,008,050 | \$ 959,783 | \$ 4,048,267 |
| | | | <u>\$ 5,008,050</u> | <u>\$ 959,783</u> | <u>\$ 4,048,267</u> |

Educational Services Commission of New Jersey
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2022

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|---------------------|---------------------|---------------------|---------------------|--------------------------------|
| Revenues: | | | | | |
| Interest on Investments | | \$ 518 | \$ 518 | \$ 518 | |
| Total Revenues | | <u>518</u> | <u>518</u> | <u>518</u> | |
| Expenditures: | | | | | |
| Regular Debt Service: | | | | | |
| Interest | \$ 1,967,509 | 296,261 | 2,263,770 | 1,967,509 | \$ 296,261 |
| Principal | 4,149,783 | | 4,149,783 | 4,149,783 | |
| Total Expenditures | <u>6,117,292</u> | <u>296,261</u> | <u>6,413,553</u> | <u>6,117,292</u> | <u>296,261</u> |
| (Deficiency) excess of revenues (under) over expenditures | (6,117,292) | (295,743) | (6,413,035) | (6,116,774) | 296,261 |
| Other Financing Sources: | | | | | |
| Transfers In | 6,117,292 | 295,743 | 6,413,035 | 6,779,863 | 366,828 |
| Total Other Financing Sources | <u>6,117,292</u> | <u>295,743</u> | <u>6,413,035</u> | <u>6,779,863</u> | <u>366,828</u> |
| Excess of Revenues and Other Financing Sources Over Expenditures | - | - | - | 663,089 | 663,089 |
| Fund balance, July 1 | 5,997,382 | - | 5,997,382 | 5,997,382 | |
| Fund balance, June 30 | <u>\$ 5,997,382</u> | <u>\$ -</u> | <u>\$ 5,997,382</u> | <u>\$ 6,660,471</u> | <u>\$ 663,089</u> |

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

Debt Capacity

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, | | | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Governmental activities | | | | | | | | | | |
| Net Investment in capital assets | \$ 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 | \$ 35,998,482 |
| Restricted for: | | | | | | | | | | |
| Capital projects and capital reserve | 236,825 | 216,392 | 216,392 | 216,392 | 4,409,598 | 14,470,348 | 304,618 | 2,931,465 | 2,575,173 | 3,184,748 |
| Maintenance reserve | | | | | | 4,411,843 | 2,836,098 | 1,170,896 | 2,277,370 | 4,853,479 |
| Emergency reserve | | | | | | | | | | 500,000 |
| Unemployment compensation | | | | | | | | | 323,402 | 323,797 |
| Student activities | | | | | | | | | 10,484 | 11,221 |
| Debt service | 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 | 6,207,421 |
| Unrestricted | 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 | 35,242,085 |
| Total governmental activities net position | \$ 28,524,157 | \$ 32,675,683 | \$ 20,993,533 | \$ 26,939,827 | \$ 29,807,804 | \$ 37,058,714 | \$ 43,887,549 | \$ 54,506,425 | \$ 64,020,570 | \$ 86,321,233 |
| Business-type activities | | | | | | | | | | |
| Investment in capital assets | \$ 922,350 | \$ 878,927 | \$ 941,075 | \$ 943,506 | \$ 1,160,614 | \$ 1,145,123 | \$ 1,026,816 | \$ 975,583 | \$ 892,699 | \$ 90,686 |
| Restricted | | | | | | | | | 2,000,000 | |
| Unrestricted | 785,052 | 998,669 | (819,552) | (585,298) | 1,945,873 | 2,367,229 | 2,452,360 | 3,270,122 | 1,643,547 | 1,545,144 |
| Total business-type activities net position | \$ 1,707,402 | \$ 1,877,596 | \$ 121,523 | \$ 358,208 | \$ 3,106,487 | \$ 3,512,352 | \$ 3,479,176 | \$ 4,245,705 | \$ 4,536,246 | \$ 1,635,830 |
| Government-wide | | | | | | | | | | |
| Net Investment in capital assets | \$ 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 | \$ 36,089,168 |
| Restricted for: | | | | | | | | | | |
| Capital projects and reserve | 236,825 | 216,392 | 216,392 | 216,392 | 4,409,598 | 14,470,348 | 304,618 | 2,931,465 | 2,575,173 | 3,184,748 |
| Maintenance reserve | | | | | | 4,411,843 | 2,836,098 | 1,170,896 | 2,277,370 | 4,853,479 |
| Emergency reserve | | | | | | | | | | 500,000 |
| Unemployment compensation | | | | | | | | | 323,402 | 323,797 |
| Student activities | | | | | | | | | 10,484 | 11,221 |
| Debt service | 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 | 6,207,421 |
| Unrestricted | 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 | 36,787,229 |
| Total government net position | \$ 30,231,559 | \$ 34,553,279 | \$ 21,115,056 | \$ 27,298,035 | \$ 32,914,291 | \$ 40,571,066 | \$ 47,366,725 | \$ 58,752,130 | \$ 66,556,816 | \$ 87,957,063 |

Source: ACFR Schedule A-1

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

(Accrual basis of accounting)
Unaudited

| | June 30, | | | | | | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Instruction | \$ 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 | \$ 34,265,828 |
| Support Services: | | | | | | | | | | |
| Health services | 681,030 | 707,233 | 717,186 | 803,536 | 988,093 | 1,446,911 | 2,054,723 | 1,942,666 | 1,858,142 | 1,809,544 |
| Student & instruction related services | 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 | 26,759,482 |
| General administrative services | 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 | 1,490,560 |
| School administrative services | 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 | 2,979,571 |
| Central Services | 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 | 2,442,684 |
| Admin. Infor. Technology | 278,071 | 373,711 | 453,329 | 534,003 | 348,565 | 300,904 | 261,774 | 372,265 | 464,805 | 581,595 |
| Plant operations and maintenance | 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 | 4,290,632 |
| Pupil transportation | 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 | 50,948,526 |
| Employee benefits | 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 | 283,541 |
| Capital outlay | 646,338 | 113,441 | 119,906 | 67,977 | | | | | | |
| Special Schools | 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 | 3,305,893 |
| Interest on long-term debt | 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 | 1,789,968 |
| Total governmental activities expenses | \$ 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 | \$ 130,947,824 |
| Business-type activities: | | | | | | | | | | |
| Regional Day School | \$ 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 | \$ 5,324 |
| Pool service | 654,430 | 738,063 | 816,349 | 872,415 | 928,535 | 866,219 | 875,561 | 750,724 | 428,706 | 552,321 |
| Adult Community Services | | | | | | | | 354,469 | 475,351 | 523,967 |
| Food service | 312,229 | 311,148 | 323,522 | 314,364 | 318,777 | 342,333 | 424,865 | 314,098 | 217,471 | 597,764 |
| Total business-type activities expense | \$ 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 | \$ 1,679,376 |
| Total district expenses | \$ 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 | \$ 132,627,200 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Instruction | | | | | | | | \$ 34,418,279 | \$ 36,003,555 | \$ 35,461,205 |
| Student and Instruction Related Services | | | | | | | | | | \$ 46,914,452 |
| Pupil transportation | \$ 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 | \$ 41,876,829 |
| Operating and capital grants and contributions | 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 | 22,508,225 |
| Total governmental activities program revenues | \$ 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 | \$ 111,311,209 |
| Business-type activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Regional Day School | \$ 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 | |
| Bus service | 6,390 | | | | | | | | | |
| Adult Community Services | | | | | | | | | 142,274 | \$ 547,538 |
| Pool service | 656,928 | 554,933 | 633,974 | 900,343 | 988,296 | 1,023,269 | 1,015,417 | 917,694 | 272,986 | 328,637 |
| Food service | 73,992 | 68,837 | 62,077 | 63,500 | 69,722 | 66,350 | 75,852 | 71,350 | 1,630 | 9,244 |
| Operating grants and contributions | 229,042 | 241,718 | 263,220 | 272,112 | 265,478 | 283,497 | 299,168 | 291,524 | 197,071 | 661,935 |
| Total business type activities program revenues | \$ 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 | \$ 1,547,354 |
| Total district program revenues | \$ 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 | \$ 112,858,563 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (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) | \$ (19,636,615) |
| Business-type activities | 142,823 | (107,153) | 221,391 | 709,620 | 288,744 | 466,914 | 552,200 | 33,804 | (476,338) | (132,022) |
| Total government-wide net expense | \$ (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) | \$ (19,768,637) |
| General Revenues and Other Changes in Net Assets | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Federal and state aid not restricted | \$ 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 | \$ 9,148,119 |
| Tuition received | 27,809,066 | 30,247,995 | 32,136,205 | 32,716,393 | 32,765,239 | 34,258,120 | | | | |
| 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 | 21,562,394 | 29,568,739 |
| Interest income | 8,909 | 9,326 | 9,783 | 12,827 | 25,294 | 61,142 | 212,705 | 389,429 | 69,641 | 58,252 |
| Miscellaneous income | 222,586 | 443,414 | 133,836 | 484,794 | 237,419 | 205,792 | 116,616 | 97,179 | 111,387 | 393,774 |
| Transfers | 793 | (76,040) | 51,197 | 79,137 | 52,059 | (2,281,365) | 146,335 | 66,980 | (766,879) | 1,970,500 |
| Special items | | | | | | | | | | 797,894 |
| Total governmental activities | \$ 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 | \$ 41,937,278 |
| Business-type activities: | | | | | | | | | | |
| Transfers | (793) | 76,040 | (51,197) | (79,137) | (52,059) | 2,281,365 | (146,335) | (66,980) | 766,879 | (1,970,500) |
| Special item | | | | | | | | | | (797,894) |
| Total business-type activities | \$ (793) | \$ 76,040 | \$ (51,197) | \$ (79,137) | \$ (52,059) | \$ 2,281,365 | \$ (146,335) | \$ (66,980) | \$ 766,879 | \$ (2,768,394) |
| Total government-wide | \$ 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 | \$ 39,168,884 |
| Net (Expense) / Revenue | | | | | | | | | | |
| Governmental activities | \$ 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 | \$ 22,300,663 |
| Business-type activities | 142,030 | (31,113) | 170,194 | 630,483 | 236,685 | 2,748,279 | 405,865 | (33,176) | 290,541 | (2,900,416) |
| Total government-wide net expense | \$ 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 | \$ 19,400,247 |

Source: ACFR Schedule A-2

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

(Modified accrual basis of accounting)
Unaudited

| | June 30, | | | | | | | | | |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| General Fund | | | | | | | | | | |
| Restricted for: | | | | | | | | | | |
| Other Purposes | \$ 216,392 | \$ 216,392 | \$ 216,392 | \$ 216,392 | \$ 216,392 | \$ 4,628,235 | \$ 3,052,490 | \$ 1,387,288 | \$ 2,817,164 | \$ 7,893,668 |
| Assigned | 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 | 1,354,817 |
| Unassigned | 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 | 45,532,078 |
| Total general fund | <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> | <u>\$ 54,780,563</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Restricted for: | | | | | | | | | | |
| Special revenue fund* | | | | | | | | | \$ 10,484 | \$ 11,221 |
| Debt service fund | \$ 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 | 6,660,471 |
| Capital projects fund | 20,433 | | | | 4,193,206 | 14,253,956 | 88,226 | 7,791,244 | 3,799,467 | 968,356 |
| Total all other governmental funds | <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> | <u>\$ 7,640,048</u> |
| Total Governmental Funds | <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> | <u>\$ 62,420,611</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**

Exhibit J-4

(modified accrual basis of accounting)
Unaudited

| | June 30, | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| General Fund | | | | | | | | | | |
| Revenues | | | | | | | | | | |
| Local sources: | | | | | | | | | | |
| Tuition | \$ 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 | \$ 46,914,452 |
| Transportation fees | 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 | 41,876,629 |
| Services provided to districts | 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 | 29,568,739 |
| Interest on investments | 9,287 | 9,738 | 12,772 | 25,226 | 61,020 | 171,522 | 316,701 | 270,983 | 66,920 | 57,599 |
| Other Restricted Miscellaneous Revenue | - | - | - | - | - | - | - | - | 556 | 395 |
| Miscellaneous | 443,414 | 133,836 | 484,794 | 237,419 | 205,792 | 116,616 | 97,179 | 206,535 | 110,831 | 393,379 |
| Total - Local sources | 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 | 118,811,193 |
| State sources | | | | | | | | | | |
| School Security Grant (Alyssa's Law) | | | | | | | | | 31,637 | |
| Reimbursed TPAF S.S. Contributions | 946,962 | 969,128 | 981,118 | 998,222 | 1,015,224 | 1,046,264 | 1,109,292 | 1,068,595 | 1,179,473 | 1,143,355 |
| On-behalf TPAF pension Contributions | 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 | 7,161,340 |
| Total - State sources | 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 | 8,304,695 |
| Total revenue | 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 | 127,115,888 |
| Expenditures | | | | | | | | | | |
| Instruction | 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 | 15,365,755 |
| Support Services: | | | | | | | | | | |
| Health services | 589,017 | 610,528 | 605,879 | 676,405 | 852,975 | 1,136,340 | 1,762,481 | 1,593,839 | 1,368,721 | 1,499,681 |
| Student & instruction related services | 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 | 13,861,307 |
| General administrative services | 776,371 | 945,537 | 955,080 | 992,478 | 945,881 | 1,122,624 | 1,064,693 | 1,067,946 | 1,136,298 | 1,235,319 |
| School Administrative services | 1,651,473 | 1,650,008 | 1,495,293 | 1,813,667 | 1,862,777 | 1,997,164 | 1,916,902 | 2,145,751 | 2,211,954 | 2,469,355 |
| Central Services | 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 | 2,024,403 |
| Admin. Infor. Technology | 240,501 | 322,611 | 382,973 | 449,516 | 300,900 | 236,317 | 224,542 | 305,421 | 342,379 | 482,004 |
| Required maint for school facilities | 925,595 | 913,923 | 909,697 | 975,401 | 1,073,422 | 951,198 | 4,700,942 | 2,535,149 | 1,804,243 | 2,576,362 |
| Operation of plant | 722,227 | 784,842 | 767,654 | 773,358 | 795,520 | 789,227 | 708,475 | 620,017 | 587,673 | 979,550 |
| Pupil transportation | 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 | 42,224,194 |
| Unallocated employee benefits | 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 | 11,713,671 |
| Reimbursed S.S. contributions | 946,962 | 969,128 | 981,118 | 998,222 | 1,015,224 | 1,046,264 | 1,109,292 | 1,068,595 | 1,179,473 | 1,143,355 |
| On-behalf TPAF pension contributions | 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 | 7,161,340 |
| Capital outlay | 515,286 | 433,476 | 735,096 | 1,199,075 | 1,703,932 | 1,399,551 | 770,420 | 970,821 | 396,113 | 311,993 |
| Special Schools | 2,715,991 | 2,678,384 | 2,917,352 | 2,804,445 | 2,902,818 | 2,338,393 | 3,165,847 | 2,856,474 | 1,650,522 | 3,305,893 |
| Total expenditures | 65,131,768 | 69,842,355 | 72,936,176 | 79,752,222 | 83,148,009 | 87,511,955 | 94,776,609 | 86,223,421 | 74,786,248 | 106,354,182 |
| Excess of revenues over expenditures | 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 | 20,761,706 |
| Other Financing sources (uses) | | | | | | | | | | |
| Transfers in | | 20,433 | | | | | | 55,436 | 59,621 | 2,068,838 |
| Transfers out | (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) | (7,111,782) |
| Proceeds from Loan | 500,000 | | | | | | | | | |
| Total other financing sources (uses) | (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) | (5,042,944) |
| Net change in fund balances, General Fund | \$ 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 | \$ 15,718,762 |
| Special Revenue Fund | | | | | | | | | | |
| Revenues | | | | | | | | | | |
| Local sources | \$ 19,763 | | \$ 21,924 | | \$ 16,321 | | \$ 14,604 | \$ 20,691 | \$ 40,062 | \$ 57,509 |
| State sources | 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 | 8,330,316 |
| Federal sources | 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 | 14,132,303 |
| Total revenue | 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 | 22,520,128 |
| Expenditures | | | | | | | | | | |
| Instruction | 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 | 12,372,635 |
| Other support : special | 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 | 5,876,733 |
| Capital outlay | 122,624 | 31,219 | 123,917 | 153,281 | 194,824 | 374,866 | 496,522 | 579,768 | 568,128 | 4,262,723 |
| Total expenditures | 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 | 22,512,091 |
| Excess (Deficiency) of revenues over (under) expenditures | 68,336 | 66,584 | 50,939 | 42,700 | 52,100 | 50,797 | 49,200 | 107,776 | 8,047 | 8,037 |
| Other Financing (uses) | | | | | | | | | | |
| Transfers out | (68,336) | (66,584) | (50,939) | (42,700) | (52,100) | (50,797) | (49,200) | (107,776) | (7,358) | (7,300) |
| Total other financing (uses) | (68,336) | (66,584) | (50,939) | (42,700) | (52,100) | (50,797) | (49,200) | (107,776) | (7,358) | (7,300) |
| Net change in fund balances, Special Revenue fund | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 689 | \$ 737 |

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

(modified accrual basis of accounting)
Unaudited

| | June 30, | | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|---------------|-----------------|---------------|----------------|----------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Capital Projects Fund | | | | | | | | | | |
| Revenues | | | | | | | | | | |
| Interest Earned | \$ 1 | | | | | \$ 37,247 | \$ 55,112 | \$ 21,023 | \$ 901 | \$ 135 |
| Total revenue | 1 | | | | | 37,247 | 55,112 | 21,023 | 901 | 135 |
| Expenditures | | | | | | | | | | |
| Costs of Issuance | | | | | | 200,507 | | | | |
| Capital outlay | | | | | \$ 806,794 | 4,939,250 | 14,165,730 | 2,296,982 | 3,991,777 | 2,464,283 |
| Total expenditures | | | | | 806,794 | 5,139,757 | 14,165,730 | 2,296,982 | 3,991,777 | 2,464,283 |
| Excess (Deficiency) of revenues over (under) expenditures | 1 | | | | (806,794) | (5,102,510) | (14,110,618) | (2,275,959) | (3,990,876) | (2,464,148) |
| Other Financing sources (uses) | | | | | | | | | | |
| Transfers in | | | | | 5,000,000 | | | 4,000,000 | | |
| Transfers out | | \$ (20,433) | | | | (57,391) | (55,112) | (21,023) | (901) | (366,963) |
| Premium on loan issuance | | | | | | 2,050,651 | | | | |
| Proceeds - Loans/Bonds | | | | | | 13,170,000 | | 6,000,000 | | |
| Total other financing sources (uses) | | (20,433) | | | 5,000,000 | 15,163,260 | (55,112) | 9,978,977 | (901) | (366,963) |
| Net change in fund balances, Capital projects fund | \$ 1 | \$ (20,433) | \$ - | \$ - | \$ 4,193,206 | \$ 10,060,750 | \$ (14,165,730) | \$ 7,703,018 | \$ (3,991,777) | \$ (2,831,111) |
| Debt Service Fund | | | | | | | | | | |
| Revenues | | | | | | | | | | |
| Interest Earned | \$ 38 | \$ 45 | \$ 55 | \$ 68 | \$ 122 | \$ 3,936 | \$ 17,616 | \$ 12,224 | \$ 1,820 | \$ 518 |
| Total revenue | 38 | 45 | 55 | 68 | 122 | 3,936 | 17,616 | 12,224 | 1,820 | 518 |
| Expenditures | | | | | | | | | | |
| Principal | 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 | 4,149,783 |
| Interest | 2,473,034 | 2,395,439 | 1,958,584 | 1,961,464 | 1,867,875 | 1,780,437 | 2,483,713 | 2,138,087 | 2,082,567 | 1,967,509 |
| Total expenditures | 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 | 6,117,292 |
| Excess (Deficiency) of revenues over (under) expenditures | (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) | (6,116,774) |
| Other Financing sources (uses) | | | | | | | | | | |
| Transfers in | 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 | 6,779,863 |
| Transfers out | | | | | | | (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) | 4,957,050 | 4,569,328 | 5,910,756 | 3,893,565 | 4,635,865 | 4,569,647 | 6,078,043 | 5,624,556 | 6,240,376 | 6,779,863 |
| Net change in fund balances, Debt Svc Fund | \$ 169,216 | \$ (159,232) | \$ 2,222,568 | \$ (599,005) | \$ 121,949 | \$ 118,146 | \$ 726,946 | \$ 568,693 | \$ 122,679 | \$ 663,089 |
| Net change in fund balances, Governmental Funds | \$ 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 | \$ 13,551,477 |

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, | | | | | | | | | |
|-----------------------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|-------------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| 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 | \$ 138,941 |
| Refunds | 5,656 | 2,215 | 4,136 | 50,945 | 3,640 | 6,569 | 256 | 1,055 | 18,868 | |
| Cancellation of aging liabilities | 38,744 | (93,095) | 117,609 | (96,387) | | | (35,339) | 14,330 | | 137,300 |
| E-rate reimbursement | 88,702 | 104,688 | 227,969 | 131,899 | 117,710 | 47,016 | 38,021 | 15,034 | 12,401 | 88,778 |
| Other | 103,751 | 92,744 | 98,782 | 54,299 | 18,193 | 22,819 | 85,797 | 158,680 | 70,248 | 28,360 |
| Total Other Local Revenue | \$ 443,414 | \$ 133,836 | \$ 484,794 | \$ 237,419 | \$ 205,792 | \$ 116,616 | \$ 97,179 | \$ 206,535 | \$ 110,831 | \$ 393,379 |

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, | Bonds/Loans Payable | Finance Purchases Payable | Total District | Percentage of Personal Income ^a | Per Capita Personal Income ^a | |
| 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 | |
| 2022 | 40,785,000 | 4,048,267 | 44,833,267 | 0.15% | 66,640 | |

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 |
|------|-------------------------|---|---|-----------------------------------|
| 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% |
| 2022 | 860,807 | 57,364,178 | 66,640 | 5.7% |

Source:

- a Population based on annual Estimates of the Resident Population for Municipalities in New Jersey, by County April 1, 2013 to July 1, 2022
- 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 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Instruction | | | | | | | | | | |
| PL192/193 | 22.79 | 21.29 | 25.77 | 32.72 | 38.50 | 37.90 | 34.54 | 33.48 | 33.25 | 31.50 |
| RVA | 9.69 | 9.27 | 8.44 | | | | | | | |
| NuView Annex | | | | 8.32 | 10.52 | 8.60 | | | | |
| NuView | 13.52 | 14.30 | 15.35 | 18.30 | 18.30 | 17.70 | 19.55 | 21.00 | 20.00 | 20.00 |
| Piscataway Regional Day School | 44.00 | 47.35 | 48.75 | 52.35 | 54.05 | 62.65 | 63.65 | 63.15 | 58.20 | 57.20 |
| Academy Learning Center | 82.80 | 79.85 | 79.85 | 83.05 | 86.85 | 87.85 | 94.85 | 93.85 | 95.00 | 94.00 |
| Middlesex County Academy High School | 3.75 | 3.07 | 2.68 | 2.80 | | | | | | |
| Bright Beginnings Learning Center | 74.50 | 78.45 | 78.65 | 88.45 | 95.58 | 95.25 | 59.85 | 67.65 | 70.10 | 70.10 |
| Future Foundations Academy | | | | | | | 48.30 | 51.95 | 71.80 | 68.20 |
| IDEA B | 37.27 | 34.89 | 28.55 | 34.40 | 36.12 | 33.70 | 36.60 | 37.66 | 36.76 | 34.75 |
| New Brunswick preschool and other col svc | | | | | 5.40 | 4.40 | 6.81 | 9.22 | 13.00 | 12.00 |
| Carteret Collaborative Services | 12.00 | 12.45 | 20.15 | 15.83 | 23.00 | 21.29 | 26.71 | 37.62 | 49.50 | 25.74 |
| Center for Lifelong Learning | 106.80 | 115.40 | 120.90 | 128.00 | 133.10 | 139.10 | 140.30 | 136.30 | 134.00 | 121.00 |
| Pathways to Adult Living | | | | | | | 3.00 | 3.00 | 3.00 | 2.00 |
| Turning Point Academy | | | | | | | 9.45 | 9.45 | 9.45 | 10.45 |
| Adult Community Services | | | | | | | | 1.00 | 2.00 | 7.00 |
| Health Services: | | | | | | | | | | |
| RVA | 0.30 | 0.20 | 0.20 | | | | | | | |
| NuView Annex | | | | 0.20 | | | | | | |
| Piscataway Regional Day School | 1.20 | 1.50 | 2.00 | 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 | 45.00 | 48.00 | 66.00 | 77.00 | 71.00 | 77.00 | 77.00 | 77.00 | 75.00 | 68.00 |
| Middlesex County Academy High School | 0.10 | 0.10 | 0.05 | 0.10 | | | | | | |
| Bright Beginnings Learning Center | 2.40 | 2.20 | 2.25 | 2.25 | 2.25 | 3.00 | 3.00 | 2.00 | 2.00 | 2.00 |
| Future Foundations Academy | | | | | | | 1.00 | 1.00 | 2.00 | 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 | | | | | | | |
| NuView Annex | | | | 2.00 | | | | | | |
| Piscataway Regional Day School | 1.00 | 1.00 | 1.00 | 1.50 | 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 | 2.20 |
| Middlesex County Academy High School | 0.30 | | | | | | | | | |
| Bright Beginnings Learning Center | 1.50 | 2.00 | 2.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 2.00 | 2.00 |
| Future Foundations Academy | | | | | | | 1.00 | 1.00 | 2.00 | 2.00 |
| New Brunswick preschool and other col svc | | | | | | | 0.40 | 0.40 | | |
| Carteret Collaborative Services | 3.00 | 4.00 | | | | | | | | |
| PIC-C | | | | | | | | | | |
| Center for Lifelong Learning | 7.50 | 8.30 | 10.00 | 9.00 | 9.00 | 7.84 | 6.60 | 7.00 | 7.40 | 7.80 |
| Turning Point Academy | | | | | | | 0.40 | 0.60 | 0.40 | 1.00 |
| Adult Community Services | | | | | | | | 3.00 | 3.00 | 3.00 |

| Function/Program | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| General Administration | 5.00 | 4.75 | 4.75 | 5.00 | 5.00 | 5.57 | 5.95 | 5.95 | 5.95 | 5.95 |
| School Administration | | | | | | | | | | |
| PL192/193 | 3.85 | 4.55 | 3.19 | 3.35 | 4.05 | 5.78 | 5.78 | 5.09 | 4.84 | 4.58 |
| RVA | 1.62 | 1.52 | 1.52 | | | | | | | |
| NuView Annex | | | | 1.27 | 2.02 | 2.02 | | | | |
| NuView | 2.18 | 2.03 | 2.03 | 2.03 | 2.03 | 2.03 | 2.03 | 2.05 | 2.00 | 2.00 |
| Piscataway Regional Day School | 3.12 | 2.20 | 2.45 | 3.08 | 2.98 | 2.95 | 3.15 | 3.15 | 2.77 | 2.77 |
| Academy Learning Center | 4.19 | 4.02 | 4.02 | 4.02 | 4.02 | 4.02 | 4.22 | 4.22 | 3.80 | 3.80 |
| Title I | 0.10 | 0.08 | 0.15 | 0.10 | 0.10 | 0.04 | 0.07 | 0.08 | 0.08 | 0.08 |
| Non-Public Textbook | 0.23 | 0.27 | 0.27 | 0.27 | 0.21 | 0.14 | 0.14 | 0.19 | 0.18 | 0.18 |
| Non-Public Nursing | 0.40 | 0.40 | 0.62 | 0.65 | 0.70 | 0.70 | 0.70 | 0.48 | 0.51 | 0.41 |
| Professional Development Program | 0.40 | 0.15 | 0.40 | 0.10 | 0.15 | 0.15 | 0.05 | 0.05 | 0.05 | 0.05 |
| ESC-(CSH, CST, Charter) | 2.34 | 2.29 | 4.21 | 4.35 | 5.52 | 5.30 | 3.67 | 4.13 | 5.18 | 5.93 |
| Middlesex County Academy High School | 1.50 | 1.00 | 1.00 | 0.75 | | | | | | |
| Bright Beginnings Learning Center | 5.10 | 5.35 | 4.93 | 4.58 | 4.73 | 5.68 | 6.13 | 3.95 | 4.60 | 4.00 |
| Bright Beginnings Learning Center Annex | | | | | | | | | | |
| 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 | 0.76 |
| IDEA B | 1.42 | | | | | | | | | |
| New Brunswick preschool and other col svc | | | | | | 0.03 | 0.03 | 0.45 | 0.65 | 0.55 |
| Carteret Collaborative Services | 1.00 | 1.00 | | | | | | | | |
| Center for Lifelong Learning | 4.37 | 4.11 | 4.11 | 6.11 | 6.11 | 5.81 | 5.71 | 6.30 | 5.80 | 4.80 |
| Center for Lifelong Learning- Pool | 2.00 | 2.00 | 2.00 | 1.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Pathways to Adult Living | | | | | | | 0.20 | 0.20 | 0.40 | 0.20 |
| Turning Point Academy | | | | | | | 2.00 | 2.00 | 2.00 | 2.00 |
| Adult Community Servcies | | | | | | | | 1.00 | 1.00 | 1.00 |
| Central Services | 19.50 | 22.00 | 20.00 | 20.00 | 20.50 | 23.00 | 23.10 | 24.50 | 25.50 | 25.50 |
| Information technology Services | 3.00 | 3.00 | 4.00 | 4.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Operations & Maintenance | | | | | | | | | | |
| PL192/193 | 1.65 | 1.65 | 1.15 | 1.15 | 1.15 | 1.15 | 1.15 | 1.35 | 1.35 | 1.30 |
| RVA | 1.13 | 1.13 | 1.63 | | | | | | | |
| NuView Annex | | | | 1.63 | 1.63 | 1.13 | | | | |
| NuView | 1.00 | 1.13 | 1.13 | 1.13 | 1.13 | 1.13 | 1.13 | 1.13 | 1.13 | 1.25 |
| Piscataway Regional Day School | 2.15 | 2.15 | 2.15 | 2.15 | 2.15 | 2.15 | 2.15 | 2.15 | 2.15 | 2.30 |
| Academy Learning Center | 2.15 | 2.15 | 2.15 | 2.15 | 2.15 | 2.15 | 2.15 | 2.15 | 2.15 | 2.30 |
| Middlesex County Academy High School | 1.25 | 1.00 | 0.25 | 0.25 | | | | | | |
| ESC-General | 1.75 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Bright Beginnings Learning Center | 2.15 | 2.15 | 2.40 | 2.40 | 2.65 | 3.15 | 3.05 | 2.15 | 2.15 | 2.30 |
| Early Childhood Program | | | | | | | | | | |
| Center for Lifelong Learning | 4.15 | 4.15 | 4.15 | 4.15 | 4.15 | 4.15 | 4.15 | 4.15 | 4.15 | 4.30 |
| Adult Community Servcies | | | | | | | | 0.50 | 0.50 | 1.00 |
| Student Transportation | 6.50 | 6.50 | 6.50 | 6.50 | 6.00 | 6.00 | 7.00 | 7.00 | 6.00 | 6.00 |
| Business Services | | | | | | | | | | |
| Total | <u>563.62</u> | <u>577.51</u> | <u>604.90</u> | <u>651.70</u> | <u>683.15</u> | <u>700.88</u> | <u>743.14</u> | <u>768.31</u> | <u>798.43</u> | <u>2,772.00</u> |

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 |
|-------------|------------|-------------------------------------|----------------|-------------------|-----------------------------|--------------------------|---|---|--------------------------------------|-------------------------------|
| 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% |
| 2022 | 713 | 124,291,557 | 174,322 | 46.26% | 215 | 790 | 710.00 | 622.00 | 3.35% | 87.61% |

Sources: Commission records.

Note: Enrollment for 2013-2022 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.

c Other staff includes only full-time equivalents of other staffs- all 12 month.

(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).

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

| | | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| 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 | 38,379 | 38,379 | 38,379 | 38,379 | 20,379 | 20,379 | 20,379 | 20,379 | 20,379 | 20,379 |
| NVA/ACS | Capacity (students) | 72 | 72 | 72 | 72 | 72 | 72 | 72 | 72 | 72 | 72 |
| NVA/ACS | Enrollment | 41 | 40 | 25 | 28 | 26 | 27 | 15 | 8 | 8 | 27 |
| (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 | 0 |
| BB Secondary | Capacity (students) | 42 | 42 | 42 | 42 | 108 | 108 | 108 | 0 | 0 | 0 |
| BB Secondary | Enrollment | 23 | 32 | 41 | 41 | 53 | 60 | 0 | 0 | 0 | 0 |
| Nonpublic | Square Feet | 2360 | 2360 | 1415 | 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 | 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) | 73 | 73 | 73 | 73 | 73 | 73 | 73 | 73 | 73 | 73 |
| NV | Enrollment | 73 | 66 | 60 | 70 | 63 | 57 | 64 | 57 | 57 | 59 |
| 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 | 141 | 144 | 142 | 133 | 137 | 136 | 134 | 127 | 127 | 133 |
| 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 | 124 | 128 | 119 | 114 | 120 | 120 | 122 | 126 | 126 | 124 |
| Central Office | Square Feet | 7,583 | 7,583 | 8,503 | 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 | | | | | | | | |
| Center for Lifelong Learning, 333 Cheesecake Rd, Parlin | | | | | | | | | | | |
| (September 2009 CLL, AFC renovation 3500 sf completed in FY21 and 16070 completed on June 2022) | | | | | | | | | | | |
| CLL/AFC | Square Feet | 88,000 | 88,000 | 88,000 | 88,000 | 88,000 | 88,000 | 88,000 | 88,000 | 91,500 | 107,570 |
| CLL | Capacity (students) | 288 | 288 | 288 | 288 | 288 | 288 | 288 | 288 | 288 | 288 |
| CLL | Enrollment | 208 | 209 | 206 | 204 | 209 | 201 | 195 | 198 | 198 | 209 |
| 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 | 71,046 |
| FFA | Capacity (students) | | | | | | | 108 | 216 | 216 | 216 |
| FFA | Enrollment | | | | | | | 70 | 90 | 90 | 131 |
| Central Office | Square Feet | | | | | | | | | 3,550 | 3,550 |
| CONF CTR | Square Feet | | | | | | | 26,000 | 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 | 2013 | 2014 | 2015 | 2016 | Year ended June 30, | | 2019 | 2020 | 2021 | 2022 |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| | | | | | 2017 | 2018 | | | | |
| RVA | \$ 83,454 | \$ 134,629 | \$ 108,808 | \$ 492 | | | | | | |
| ALC | 145,269 | 130,937 | 165,516 | 161,624 | \$ 229,125 | \$ 161,899 | \$ 139,581 | \$ 145,153 | \$ 128,073 | \$ 134,196 |
| PRDS | | | | | | | | | | 648,953 |
| Transportation | 1,550 | 2,183 | 431 | 615 | 2,658 | 3,484 | 15,744 | 11,608 | 3,845 | 14,255 |
| ESC - General | 194,362 | 178,259 | 148,669 | 167,200 | 170,526 | 128,413 | 3,953,803 | 1,729,545 | 967,685 | 1,045,513 |
| ESC - MCA | 51,925 | 35,126 | 23,593 | 17,496 | | | | | | |
| BBLC | 141,799 | 138,914 | 182,484 | 154,216 | 212,145 | 195,459 | 125,137 | 146,370 | 184,888 | 166,204 |
| FFA | | | | | | | 94,733 | 139,534 | 140,980 | 180,965 |
| Nuview | 83,297 | 86,402 | 98,808 | 117,674 | 98,696 | 78,681 | 87,426 | 82,682 | 87,908 | 99,622 |
| Nuview Annex | | | | 146,129 | 116,423 | 82,535 | 35,098 | | | |
| Center for Lifelong Learning | 223,939 | 207,473 | 181,388 | 209,955 | 243,849 | 280,918 | 244,290 | 273,886 | 287,200 | 280,054 |
| Pathways to Adult Living | | | | | | 19,809 | 5,130 | 6,371 | 3,664 | 6,600 |
| Total School Facilities | \$ 925,595 | \$ 913,923 | \$ 909,697 | \$ 975,401 | \$ 1,073,422 | \$ 951,198 | \$ 4,700,942 | \$ 2,535,149 | \$ 1,804,243 | \$ 2,576,362 |

Source: Commission records

Educational Services Commission of New Jersey
Insurance Schedule
June 30, 2022
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 | |
| | Electronic Data processing | | |
| | Blanket Hardware/Software | Incl.in Blanket | |
| | Computer Virus (\$10 M NJSIG Agg) | 250,000 | 1,000 |
| | Equipment Breakdown | 100,000,000 | 25,000 |
| | 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 | |
| | Commercial Liability: | | |
| | Bodily Injury & Property Damage | | |
| | Each Occurrence | 31,000,000 | |
| | Products/Completed Operations | 31,000,000 | |
| | Sexual Abuse Occ/NJSIG Annual Agg. | 15,000,000/27,000,000 | |
| | Personal & Advertising Injuyr | 31,000,000 | |
| | Employee Benefits Liability | 31,000,000 | 1,000 |
| | Premises Medical expense Per Accident/Per Person | 10,000/5,000 | |
| | Communicable Disease Outbreak (per occurrence) | 1,000,000 | |
| | Communicable Disease Outbreak (NJSIG Annual Agg) | 9,000,000 | |
| | Automobile | | |
| | Bodily Injury/Property Damage | 31,000,000 | |
| | Personal Injury Protection | Statutory | |
| | Underinsured/uninsured | 1,000,000 | |
| | Medical Payments (Private passenger/all other vehicles) | 10,000/5,000 | |
| | Communicable Disease Outbreak (per occurrence) | 1,000,000 | |
| | Communicable Disease Outbreak (NJSIG Annual Agg) | 9,000,000 | |
| | Comprehensive deductible | | 1,000 |
| | Collision deductible | | 1,000 |
| Ironshore (NJSIG) | Environmental Impairment | | |
| | Each Incident | 1,000,000 | 50,000 |
| | Aggregate per Named Insured | 2,000,000 | |
| | Coverage Aggregate | 11,000,000 | |
| NJSIG | SCHOOL BOARD LEGAL | | |
| | Limit of Liability : Coverage A | 31,000,000 | 5,000 |
| | Limit of Liability : Coverage B (claim/policy period) | 100,000/300,000 | 5,000 |
| | Communicable Disease Outbreak (per claim) | 1,000,000 | |
| | Communicable Disease Outbreak (NJSIG Annual Agg) | 9,000,000 | |

Educational Services Commission of New Jersey
Insurance Schedule
June 30, 2022
Unaudited

| Company | Type of Coverage | Coverage | Deductible |
|---------------------------------------|--|--------------------------|-----------------------------|
| NJSIG | WORKERS COMPENSATION | | |
| | Section "A" | Statutory | |
| | Section "B" | \$ 3,000,000 | |
| Federal Ins. Co. (Chubb) | SUPPLEMENTARY WORKERS COMP | | |
| | Maximum Weely Benefit Aggregate Per Accident | 2,500 100,000 | (7 days elimination period) |
| Berkley (McCloskey) | STUDENT ACCIDENT | | |
| | Base Plan | | |
| | 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) | Catastrophioc Plan | | |
| | 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 Aggregate | 25,000,000 25,000,000 | |
| 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 | |
| Selective | BONDS | | |
| | Business Administrator - Anthony LaMarco | 500,000 | |
| Hoston Casualty (Tokio Marine HCC) | CYBER LIABILITY | | |
| | Third Party Liability | 2,000,000 | |
| | First Party Coverage Maximum Policy Agreegate Limit | 2,000,000 2,000,000 | 25,000 |
| Selective | BUILDER'S RISK | | |
| | Limit at Job Site | 7,000,000 | |
| | Property in Transit | 250,000 | |
| | Property at any Temp Location | 250,000 | |
| | All Coverd Property at All Locaitons | 7,000,000 | |
| | Deductible | | 5,000 |
| Flood Deductible | | 25,000 | |
| Earthquake Deductible | | 25,000 | |

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 ("*Government Auditing Standards*"), the financial statements of the governmental activities, the business-type activities and each major fund of the Educational Services Commission of New Jersey, in the County of Middlesex, New Jersey (the "Commission") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated March 13, 2023.

Report on 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.

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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 or significant deficiencies may exist that were not identified.

Report on 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.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP
Cranford, New Jersey
March 13, 2023

Scott A. Clelland

Scott A. Clelland, CPA
Licensed Public School Accountant No. 1049

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

Opinion on Each Major Federal and State Program

We have audited the Educational Services Commission of New Jersey's, in the County of Middlesex, New Jersey (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, 2022. 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.

In our opinion, the Commission complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Commission's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Cranford, New Jersey

March 13, 2023

Scott A. Clelland

Scott A. Clelland, CPA

Licensed Public School Accountant No. 1049

Educational Services Commission of New Jersey
Schedule of Expenditures of State Financial Assistance
Year ended June 30, 2022

| State Grantor/Program Title | Grant or State Project Number | Program or Award Amount | Grant Period From | Grant Period To | Balance at June 30, 2021 | | | Cash Received | Budgetary Expenditures | Adjustments | Repayment of Prior Years' Balances | Balance at June 30, 2022 | | | MEMO | | |
|---|-------------------------------|-------------------------|-------------------|-----------------|--------------------------|------------------|----------------|------------------|------------------------|--------------|------------------------------------|--------------------------|--------------------|----------------|----------------------|-------------------------------|-----------------|
| | | | | | (Accounts Receivable) | Due to Districts | Due to Grantor | | | | | (Accounts Receivable) | Due to Districts | Due to Grantor | Budgetary Receivable | Cumulative Total Expenditures | |
| State Department of Education | | | | | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | | | | | |
| Reimbursed TPAF Social Security Contributions | 21-495-034-5094-003 | \$ 1,179,473 | 7/1/2020 | 6/30/2021 | \$ (56,799) | | | \$ 56,799 | | | | | | | | | |
| Reimbursed TPAF Social Security Contributions | 21-495-034-5094-003 | 1,143,355 | 7/1/2021 | 6/30/2022 | | | | 1,088,314 | \$ (1,143,355) | | | \$ (55,557) | | \$ 516 | | \$ (1,143,355) | |
| On Behalf TPAF Pension Contribution | 21-495-034-5094-002 | 5,803,063 | 7/1/2021 | 6/30/2022 | | | | 5,803,063 | (5,803,063) | | | | | | | | |
| On Behalf TPAF Post-Retirement Medical | 21-495-034-5094-001 | 1,355,830 | 7/1/2021 | 6/30/2022 | | | | 1,355,830 | (1,355,830) | | | | | | | | |
| On Behalf TPAF Non-contributory Insurance | 21-495-034-5094-004 | 2,447 | 7/1/2021 | 6/30/2022 | | | | 2,447 | (2,447) | | | | | | | (2,447) | |
| Total State Department of Education | | | | | <u>(56,799)</u> | | | <u>8,306,453</u> | <u>(8,304,695)</u> | | | <u>(55,557)</u> | | <u>516</u> | | <u>(1,145,802)</u> | |
| NJ Schools Development Authority | | | | | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | | | | | |
| School Security Grant (Alyssa's Law) | 20E00395 | 31,637 | 4/1/2021 | 3/31/2023 | (31,637) | | | 24,437 | | | | (7,200) | | | | | |
| Total NJ Schools Development Authority | | | | | <u>(31,637)</u> | | | <u>24,437</u> | | | | <u>(7,200)</u> | | | | | |
| Total General Fund | | | | | <u>(88,436)</u> | | | <u>8,330,890</u> | <u>(8,304,695)</u> | | | <u>(62,757)</u> | | <u>516</u> | | <u>(1,145,802)</u> | |
| NJ Schools Development Authority | | | | | | | | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | | | | | | | | |
| Emergent and Capital Maintenance Grant | Not available | 13,545 | 7/1/2021 | 6/30/2022 | | | | 13,545 | (13,545) | | | | | | | | (13,545) |
| Total NJ Schools Development Authority | | | | | | | | <u>13,545</u> | <u>(13,545)</u> | | | | | | | | <u>(13,545)</u> |
| State Department of Education—Passed-Through New Jersey School Districts | | | | | | | | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | | | | | | | | |
| SDA Emergent Needs and Capital Maintenance | | 13,545 | 7/1/2021 | 6/30/2022 | | | | 13,545 | (13,545) | | | | | | | | (13,545) |
| N.J. Nonpublic Aid: | | | | | | | | | | | | | | | | | |
| Textbooks Aid | 100-034-5120-064 | 573,394 | 7/1/2020 | 6/30/2021 | (61,253) | \$ 43,443 | | 61,253 | | | \$ (43,443) | | | | | | |
| Textbooks Aid | 100-034-5120-064 | 576,792 | 7/1/2021 | 6/30/2022 | | | | 512,541 | (539,036) | | | (59,961) | \$ 33,466 | | | | (539,036) |
| Nursing Services Aid | 100-034-5120-070 | 1,941,350 | 7/1/2018 | 6/30/2019 | (255) | | | | | | | (255) | | | | | |
| Nursing Services Aid | 100-034-5120-070 | 1,685,903 | 7/1/2020 | 6/30/2021 | (404,655) | 172,258 | | 405,555 | | | (173,158) | | | | | (1,852,025) | |
| Nursing Services Aid | 100-034-5120-070 | 2,072,336 | 7/1/2021 | 6/30/2022 | | | | 1,355,447 | (1,852,025) | | | (572,047) | 75,469 | | | (407,032) | |
| Technology Initiative | 100-034-5120-373 | 463,302 | 7/1/2021 | 6/30/2022 | | | | 386,190 | (407,032) | | | (74,582) | 53,740 | | | | |
| Security Aid Program | 100-034-5120-509 | 1,626,302 | 7/1/2020 | 6/30/2021 | (218,643) | 218,703 | | 218,643 | | | (218,703) | | | | | | |
| Security Aid Program | 100-034-5120-509 | 1,797,600 | 7/1/2021 | 6/30/2022 | | | | 1,498,998 | (1,265,337) | | | (115,607) | 349,268 | | | (1,265,337) | |
| Auxiliary services (Chapter 192): | | | | | | | | | | | | | | | | | |
| Compensatory Education | 100-034-5120-067 | 1,525,637 | 7/1/2017 | 6/30/2018 | (92,128) | | | 886 | | | | (91,242) | | | | | |
| Compensatory Education | 100-034-5120-067 | 1,803,509 | 7/1/2018 | 6/30/2019 | (13,368) | | | | | \$ 13,368 | | | | | | | |
| Compensatory Education | 100-034-5120-067 | 1,552,009 | 7/1/2019 | 6/30/2020 | (51,573) | | | | | | | (13,368) | | | | | |
| Compensatory Education | 100-034-5120-067 | 1,310,747 | 7/1/2020 | 6/30/2021 | (40,236) | 8,430 | | 33,547 | | 1 | (1,742) | | | | | | |
| Compensatory Education | 100-034-5120-067 | 1,655,170 | 7/1/2021 | 6/30/2022 | | | | 1,612,348 | (1,655,170) | | | (220,290) | 177,468 | | | (1,655,170) | |
| English as a Second Language | 100-034-5120-067 | 156,820 | 7/1/2017 | 6/30/2018 | (23,487) | | | | | | | (23,487) | | | | | |
| English as a Second Language | 100-034-5120-067 | 136,748 | 7/1/2018 | 6/30/2019 | (10,487) | | | | | | | (10,487) | | | | | |
| English as a Second Language | 100-034-5120-067 | 121,272 | 7/1/2019 | 6/30/2020 | (24,817) | | | | | | (6,096) | (30,913) | | | | | |
| English as a Second Language | 100-034-5120-067 | 66,787 | 7/1/2020 | 6/30/2021 | (19,463) | | | 19,463 | | | | | | | | | |
| English as a Second Language | 100-034-5120-067 | 97,927 | 7/1/2021 | 6/30/2022 | | | | 91,076 | (97,927) | | | (6,851) | | | | (97,927) | |
| Transportation | 100-034-5120-067 | 200,015 | 7/1/2018 | 6/30/2019 | (2,085) | | | | | | | (1,290) | | | | | |
| Transportation | 100-034-5120-067 | 190,492 | 7/1/2019 | 6/30/2020 | (3,982) | | | 113 | | 3,869 | | | | | | | |
| Transportation | 100-034-5120-067 | 206,622 | 7/1/2020 | 6/30/2021 | (30,188) | | | 30,188 | | | | | | | | | |
| Transportation | 100-034-5120-067 | 209,766 | 7/1/2021 | 6/30/2022 | | | | 163,108 | (209,766) | | | (46,658) | | | | (209,766) | |
| Nonpublic Home Instruction | 100-034-5120-067 | 51,702 | 7/1/2017 | 6/30/2018 | (3,571) | | | | | | | (3,571) | | | | | |
| Nonpublic Home Instruction | 100-034-5120-067 | 49,560 | 7/1/2018 | 6/30/2019 | (6,564) | | | | | | | (6,564) | | | | | |
| Nonpublic Home Instruction | 100-034-5120-067 | 56,049 | 7/1/2019 | 6/30/2020 | (8,838) | | | 8,298 | | 540 | | | | | | | |
| Nonpublic Home Instruction | 100-034-5120-067 | 26,684 | 7/1/2020 | 6/30/2021 | (26,684) | 1,893 | | 23,934 | | | (1,893) | (2,750) | | | | | |
| Nonpublic Home Instruction | 100-034-5120-067 | 38,819 | 7/1/2021 | 6/30/2022 | | | | 5,962 | (38,819) | | | (32,857) | | | | (38,819) | |
| Handicapped services (Chapter 193): | | | | | | | | | | | | | | | | | |
| Supplemental Instruction | 100-034-5120-066 | 721,912 | 7/1/2017 | 6/30/2018 | (3,031) | | | 2,379 | | | | (652) | | | | | |
| Supplemental Instruction | 100-034-5120-066 | 764,096 | 7/1/2018 | 6/30/2019 | (29,181) | | | 18,080 | | | | (11,101) | | | | | |
| Supplemental Instruction | 100-034-5120-066 | 751,137 | 7/1/2019 | 6/30/2020 | (12,951) | | | | | | | (12,951) | | | | | |
| Supplemental Instruction | 100-034-5120-066 | 661,993 | 7/1/2020 | 6/30/2021 | (30,113) | 6,840 | | 25,701 | | | (2,428) | | | | | | |
| Supplemental Instruction | 100-034-5120-066 | 727,789 | 7/1/2021 | 6/30/2022 | | | | 602,401 | (727,789) | | | (127,039) | 1,651 | | | (727,789) | |
| Examination and Classification | 100-034-5120-066 | 798,886 | 7/1/2019 | 6/30/2020 | (1,117) | 7,074 | | | | | (2,034) | 3,923 | | | | | |
| Examination and Classification | 100-034-5120-066 | 1,083,626 | 7/1/2020 | 6/30/2021 | (341,700) | | | 334,626 | | 7,074 | | | | | | | |
| Examination and Classification | 100-034-5120-066 | 1,083,992 | 7/1/2021 | 6/30/2022 | | | | 627,587 | (1,083,992) | | | (456,405) | | | | (1,083,992) | |
| Corrective Speech | 100-034-5120-066 | 597,727 | 7/1/2017 | 6/30/2018 | (3,570) | | | | | | | (3,570) | | | | | |
| Corrective Speech | 100-034-5120-066 | 586,030 | 7/1/2018 | 6/30/2019 | (2,275) | | | | | | | (2,275) | | | | | |
| Corrective Speech | 100-034-5120-066 | 553,045 | 7/1/2019 | 6/30/2020 | (6,380) | | | | | 179 | | (6,201) | | | | | |
| Corrective Speech | 100-034-5120-066 | 500,267 | 7/1/2020 | 6/30/2021 | (21,053) | 1,775 | | 20,142 | | | (863) | | | | | | |
| Corrective Speech | 100-034-5120-066 | 549,723 | 7/1/2021 | 6/30/2022 | | | | 432,450 | (549,723) | | | (118,203) | 930 | | | (549,723) | |
| Total State Department of Education—passed-through New Jersey School Districts | | | | | <u>(1,493,648)</u> | <u>460,416</u> | | <u>8,490,916</u> | <u>(8,426,616)</u> | <u>4,327</u> | <u>(442,230)</u> | | <u>(2,102,750)</u> | <u>695,915</u> | | <u>(8,426,616)</u> | |
| Total Special Revenue Fund | | | | | <u>(1,493,648)</u> | <u>460,416</u> | | <u>8,504,461</u> | <u>(8,440,161)</u> | <u>4,327</u> | <u>(442,230)</u> | | <u>(2,102,750)</u> | <u>695,915</u> | | <u>(8,440,161)</u> | |

Educational Services Commission of New Jersey
 Schedule of Expenditures of State Financial Assistance
 Year ended June 30, 2022

| State Grantor/Program Title | Grant or State Project Number | Program or Award Amount | Grant Period From | Grant Period To | Balance at June 30, 2021 | | | Cash Received | Budgetary Expenditures | Adjustments | Repayment of Prior Years' Balances | Balance at June 30, 2022 | | | MEMO | | |
|--|-------------------------------|-------------------------|-------------------|-----------------|--------------------------|-------------------|----------------|----------------------|------------------------|-----------------|------------------------------------|--------------------------|-----------------------|-------------------|----------------|----------------------|-------------------------------|
| | | | | | (Accounts Receivable) | Due to Districts | Due to Grantor | | | | | Unearned Revenue | (Accounts Receivable) | Due to Districts | Due to Grantor | Budgetary Receivable | Cumulative Total Expenditures |
| State Department of Agriculture | | | | | | | | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | | | | | | | | |
| National School Lunch Program (State share) | 100-010-3350-023 | 6,812 | 7/1/2020 | 6/30/2021 | \$ (1,306) | | | \$ 1,306 | | | | | | | | | |
| National School Lunch Program (State share) | 100-010-3350-023 | 9,938 | 7/1/2021 | 6/30/2022 | | | | 9,047 | \$ (9,938) | | | | \$ (891) | | | | \$ (9,938) |
| Total Enterprise Fund | | | | | (1,306) | - | - | 10,353 | (9,938) | - | - | - | (891) | - | - | - | (9,938) |
| Total State Financial Assistance Expenditures | | | | | \$ (1,583,390) | \$ 460,416 | \$ - | \$ 16,845,704 | \$ (16,754,794) | \$ 4,327 | \$ (442,230) | \$ - | \$ (2,166,398) | \$ 695,915 | \$ 516 | \$ - | \$ (9,595,901) |
| State Financial Assistance Not Subject to Single Audit Determination | | | | | | | | | | | | | | | | | |
| On Behalf TPAF Pension Contribution | 22-495-034-5094-002 | 5,803,063 | 7/1/2021 | 6/30/2022 | | | | 5,803,063 | (5,803,063) | | | | | | | | |
| On Behalf TPAF Post-Retirement Medical | 22-495-034-5094-001 | 1,355,830 | 7/1/2021 | 6/30/2022 | | | | 1,355,830 | (1,355,830) | | | | | | | | |
| On Behalf TPAF Non-contributory Insurance | 22-495-034-5094-004 | 2,447 | 7/1/2021 | 6/30/2022 | | | | 2,447 | (2,447) | | | | | | | | (2,447) |
| Total for State Financial Assistance- Major Program Determination | | | | | \$ (1,583,390) | \$ 460,416 | \$ - | \$ 9,684,364 | \$ (9,593,454) | \$ 4,327 | \$ (442,230) | \$ - | \$ (2,166,398) | \$ 695,915 | \$ 516 | \$ - | \$ (9,593,454) |

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

Educational Services Commission of New Jersey

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

Year ended June 30, 2022

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, 2022. 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, 2022

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 \$1,032,066 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 | | \$ 8,304,695 | \$ 8,304,695 |
| Special Revenue Fund | \$ 14,132,303 | 8,330,316 | 22,462,619 |
| Food Service Enterprise Fund | 651,997 | 9,938 | 661,935 |
| Total financial award revenues | <u>\$ 14,784,300</u> | <u>\$ 16,644,949</u> | <u>\$ 31,429,249</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, 2022

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, 2022.

The post retirement pension, disability insurance and medical benefits received on-behalf of the Commission for the year ended June 30, 2022 amounted to \$7,161,340. 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, 2022

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 |
|---------|-------------|---|
| 84.425V | S425V210031 | (ESF) COVID-19 ARP-Emergency Assistance to Non-Public Schools |
| 84.425D | S425D210027 | (ESF) COVID-19 CRRSA Act - ESSER II |
| 84.425U | S425U210027 | (ESF) COVID-19 ARP - ESSER II |

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, 2022

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 |
|----------------------------|---|
| 495-034-5094-003 | Reimbursed TPAF Social Security Contributions |
| 100-034-5120-509 | Nonpublic Security Aid Program |

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, 2022

Part II - Schedule of Financial Statement Findings

No compliance or internal control over financial reporting findings 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, 2022

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

No federal award or state financial assistance program internal control over compliance or internal control findings or questioned costs noted

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

Year ended June 30, 2022

No prior year audit findings were identified.