

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

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

Prepared by:

**Essex Regional Educational Services Commission
Business Office**

Annual Comprehensive Financial Report

of the

**Essex Regional Educational Services Commission
Fairfield, New Jersey
For the Fiscal Year Ended June 30, 2023**

Prepared by

**Essex Regional Educational Services Commission
Business Office**

OUTLINE OF ACFR

	Page
INTRODUCTORY SECTION	
Letter of Transmittal.....	2
Organizational Chart.....	6
Roster of Officials	7
Consultants and Advisors.....	8
FINANCIAL SECTION	
Independent Auditor's Report.....	9
Required Supplementary Information - Part I	
Management's Discussion and Analysis.....	14
BASIC FINANCIAL STATEMENTS	
A. District-Wide Financial Statements:	
A-1 Statement of Net Position	24
A-2 Statement of Activities.....	25
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet.....	28
B-2 Statement of Revenues, Expenditures and Changes in Fund Balance.....	30
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	31
Proprietary Funds:	
B-4 Statement of Net Position	34
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position.....	36
B-6 Statement of Cash Flows	39
Fiduciary Funds (If Applicable):	
B-7 Statement of Fiduciary Net Position.....	N/A
B-8 Statement of Changes in Fiduciary Net Position	N/A
Notes to the Financial Statements.....	42
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule - General Fund.....	80
C-1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.....	N/A
C-1b Community Development Block Grant - Budget and Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund.....	87

**OUTLINE OF ACFR
(Continued)**

	Page
C. Budgetary Comparison Schedules: (Continued)	
Notes to Required Supplementary Information - Part II	
C-3 Budget-to-GAAP Reconciliation	90
Required Supplementary Information - Part III	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the Commission's Proportionate Share of the Net Pension Liability - PERS	93
L-2 Schedule of the Commission's Contributions - PERS	94
L-3 Schedule of the Commission's Proportionate Share of the Net Pension Liability - TPAF	95
Notes to the Required Supplementary Information - Part III	97
M. Schedules Related to Accounting and Reporting for Postemployment Benefits Other Than Pensions	
M-1 Schedule of Changes in the Total OPEB Liability Related Ratios	99
Notes to the Required Supplementary Information - Part III	101
Other Supplementary Information	
D. School Based Budget Schedules (if applicable):	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	105 - 106
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	108
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	109
F-2a Schedule(s) of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis - Various Capital Improvements	110

**OUTLINE OF ACFR
(Continued)**

Page

Other Supplementary Information (Continued)

G. Proprietary Funds:

Enterprise Fund:

G-1 Combining Schedule of Net Position	N/A
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position.....	N/A
G-3 Combining Schedule of Cash Flows	N/A

Internal Service Fund:

G-4 Combining Schedule of Net Position	N/A
G-5 Combining Schedule of Revenues, Expenses and Changes in Fund Net Position.....	N/A
G-6 Combining Schedule of Cash Flows	N/A

H. Fiduciary Fund (If Applicable):

H-1 Combining Statement of Fiduciary Net Position	N/A
H-2 Combining Statement of Changes in Fiduciary Net Position.....	N/A

I. Long-Term Debt:

I-1 Schedule of Serial Bonds	N/A
I-2 Schedule of Obligations Under Capital Leases	114
I-3 Debt Service Fund Budgetary Comparison Schedule	N/A
I-4 Schedule of Obligations Subscription-Based Information Technology Arrangements	N/A

STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

Financial Trends

J-1 Net Assets by Component.....	120
J-2 Changes in Net Assets/Net Position	121
J-3 Fund Balances - Governmental Funds.....	123
J-4 Changes in Fund Balances - Governmental Funds	124
J-5 General Fund Other Local Revenue by Source	125

Revenue Capacity

J-6 Assessed Value and Estimated Actual Value of Taxable Property	N/A
J-7 Direct and Overlapping Property Tax Rates	N/A
J-8 Principal Property Taxpayers	N/A
J-9 Property Tax Levies and Collections	N/A

**OUTLINE OF ACFR
(Continued)**

**STATISTICAL SECTION (Unaudited)
(Continued)**

Page

Introduction to the Statistical Section (Continued)

Debt Capacity

J-10 Ratios of Outstanding Debt by Type	128
J-11 Ratios of General Bonded Debt Outstanding.....	N/A
J-12 Direct and Overlapping Governmental Activities Debt.....	N/A
J-13 Legal Debt Margin Information.....	N/A

Demographic and Economic Information

J-14 Demographic and Economic Statistics	130
J-15 Principal Employers	N/A

Operating Information

J-16 Full-Time Equivalent Commission Employees by Function/Program	132
J-17 Operating Statistics	133
J-18 School Building Information	134
J-19 Schedule of Required Maintenance Expenditures by School Facility.....	N/A
J-20 Insurance Schedule	N/A

SINGLE AUDIT SECTION

K-1 Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	136
K-2 Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and and New Jersey OMB Circular 15-08	138
K-3 Schedule of Expenditures of Federal Awards, Schedule A	141
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	142
K-5 Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	143
K-6 Schedule of Findings and Questioned Costs:	
• Section I - Summary of Auditor's Results	145
• Section II - Financial Statement Findings	146
• Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs	146
K-7 Summary Schedule of Prior Year Audit Findings.....	147

INTRODUCTORY SECTION



ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
Essex High School/Essex Campus Academy
369 Passaic Avenue
Fairfield, NJ 07004
Tel: (973) 815-1389 / Fax: (973) 815-1635

LATEE WALTON-MCCLEOD, Ed.D.
Superintendent

MICHAEL D. STEINMETZ
School Business Administrator

February 9, 2024

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

The comprehensive annual financial report (CAFR) of the Essex Regional Educational Services Commission for the fiscal year ended June 30, 2023, is hereby submitted. This CAFR includes the Commission's Financial Statements prepared in accordance with Governmental Accounting Standards Board. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Directors. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Commission. All disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Commission's organizational chart and a list of principal officials. The financial section begins with the Independent Auditor's Report and includes the Management's Discussion and Analysis, the Financial Statements and Notes providing an overview of the detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The Commission is required to undergo an annual single audit in conformity with the requirements of 2 CFR 200-Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the independent auditor's report on the internal control structure and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs is included in the single audit section of this report.

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

The Commission provides a broad range of quality educational and administrative services in a cost effective manner. These services include coordinated transportation, special education for learning disabled students, nonpublic chapter 192/193 services, nonpublic nursing, Title I services, English as a second language, public school home instruction, public school child study evaluations, educational programs for drug rehabilitation centers and juvenile detention centers, cooperative purchasing, paraprofessional, migrant education, homeless education, alternative education, physical and occupational therapy, and extended school day/year.

<u>FISCAL</u> <u>YEAR</u>	<u>Average Daily Enrollment (Essex Junior Academy)</u>	
	<u>STUDENT</u> <u>ENROLLMENT</u>	<u>PERCENT</u> <u>CHANGE</u>
2022-23	31.3	45
2021-22	21.6	-6.3
2020-21	27.9	-0.20
2019-20	34.8	64
2018-19	21.2	-33
2017-18	31.5	-30
2016-17	45.0	10
2015-16	40.8	-3
2014-15	42.0	3
2013-14	40.8	-8
2012-13	44.2	-3
2011-12	45.8	31
2010-11	34.9	11
2009-10	31.4	-1
2008-09	31.8	-40

<u>FISCAL</u> <u>YEAR</u>	<u>Average Daily Enrollment (Essex High School)</u>	
	<u>STUDENT</u> <u>ENROLLMENT</u>	<u>PERCENT</u> <u>CHANGE</u>
2022-23	3.00	-64
2021-22	8.34	-12.16
2020-21	20.5	-0.02
2019-20	21.0	-32
2018-19	30.7	10
2017-18	34.1	-29
2016-17	48.1	33
2015-16	36.2	-10
2014-15	40.0	3

2013-14	39.0	-16
2012-13	46.2	5
2011-12	44.0	2
2010-11	39.3	16
2009-10	33.8	-20
2008-09	42.5	6

Average Daily Enrollment (Essex Campus Academy)

<u>FISCAL</u> <u>YEAR</u>	<u>STUDENT</u> <u>ENROLLMENT</u>	<u>PERCENT</u> <u>CHANGE</u>
2022-23	50.38	180
2021-22	17.98	11.3
2020-21	6.68	-61.4
2019-20	17.3	-40
2018-19	28.6	-16
2017-18	34.1	-25
2016-17	45.6	11
2015-16	41.1	3
2014-15	40.0	0
2013-14	40.0	10
2012-13	36.4	-21
2011-12	46.3	-14
2010-11	53.8	-36
2009-10	84.7	2
2008-09	82.8	-25

2) ECONOMIC CONDITION AND OUTLOOK. The Essex Regional Educational Services Commission is experiencing a period of development and expansion, which is expected to continue. The continued reduction of financial resources for local school districts will force them to maximize their assets while they cut costs by cooperatively financing educational expenses. Educational Services Commissions are an effective solution for the financial crisis facing local educators.

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

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

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

4) BUDGETARY CONTROLS: In addition to internal accounting controls, the Commission maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general and special revenue funds. The final budget amounts as amended for the fiscal year are reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments of a line item basis. Open encumbrance at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. The Commission did not have any open encumbrances at June 30, 2018.

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

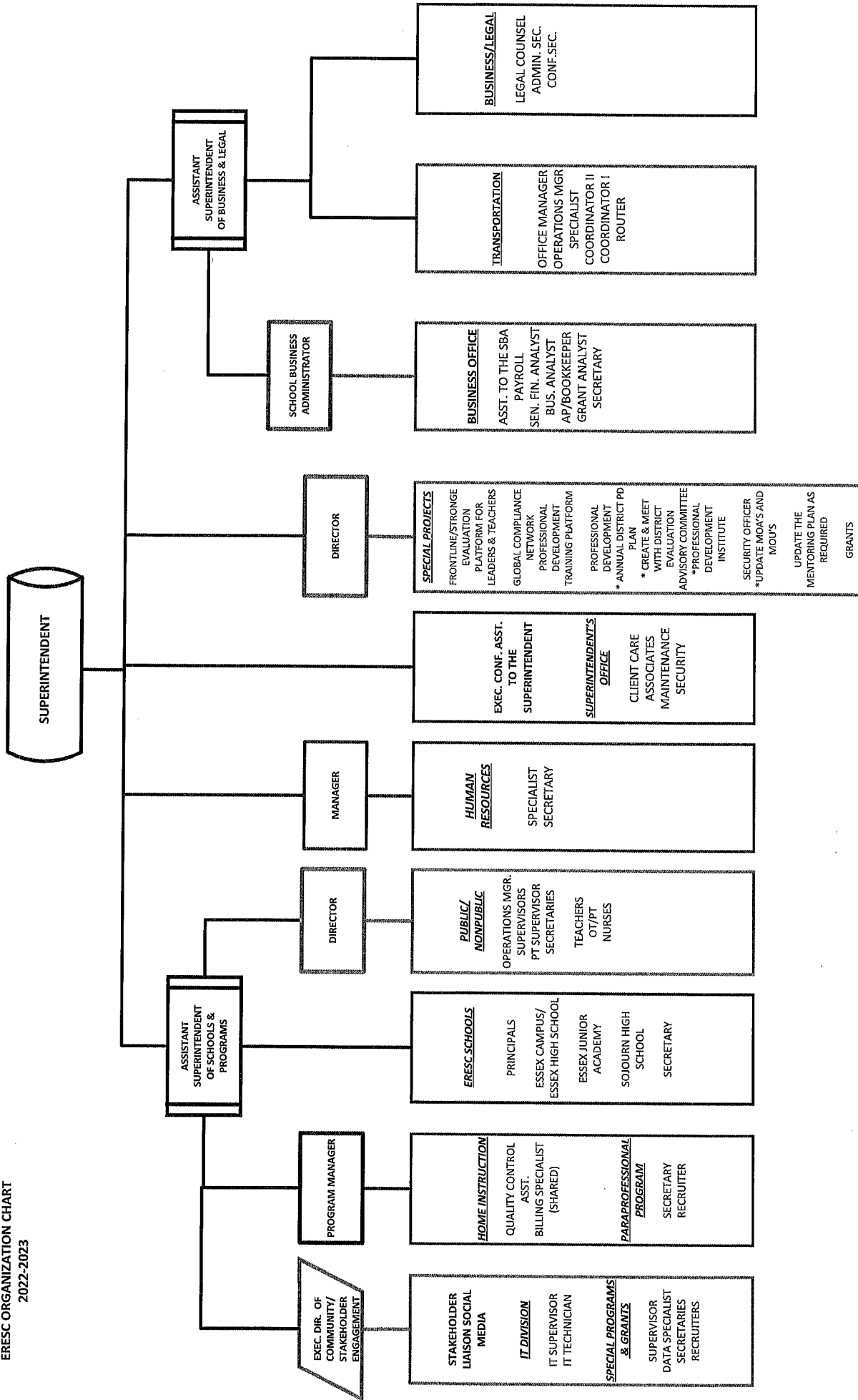
6) CASH MANAGEMENT: The investment policy of the Commission is guided in large part by state statutes as detailed in "Notes to the Financial Statements". The Commission has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions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

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

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

9) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Board of Directors for their concern in providing fiscal accountability to the citizens and taxpayers of the State and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated service of the Business Office staff.

ERESC ORGANIZATION CHART
2022-2023



ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION

ROSTER OF OFFICIALS

MEMBERS OF THE BOARD OF DIRECTORS

Shane Berger, President
Josephine Garcia, Vice President
Salvatore Carnovale, Executive Committee Member
Annette Beasley
Phaedera Dunn
Shawneque Johnson
Andrea McPhatter
Gabrielle Bennett-Meany

SCHOOL DISTRICT

Bloomfield Board of Education
Newark Board of Education
Essex County Vocational
Irvington Board of Education
Montclair Board of Education
Orange Board of Education
East Orange Board of Education
Bellville Board of Education

OTHER OFFICIALS

Dr. Laurie W. Newell, Superintendent of Schools
Anthony Vauss, Assistant Superintendent of Business
Kevin Guyton, Assistant Superintendent (July 2022 to December 2022)
Dr. Latee Walton-McCleod, Assistant Superintendent (May 2023 to June 2023)
Michael Steinmetz, School Business Administrator
John H. Watson, Esq., Board Attorney

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION

CONSULTANTS AND ADVISORS

AUDIT FIRM

Samuel Klein and Company, LLP
Certified Public Accountants
550 Broad Street, 11th Floor
Newark, New Jersey 07102

ATTORNEY

John Watson, Jr., Esq.
63 Washington Street, Suite 200
East Orange, New Jersey 07017

Sciarrillo, Cornell, Merlino, McKeever & Osborne, LLC
238 St. Paul Street
Westfield, New Jersey 07090

OFFICIAL DEPOSITORY

PNC Bank
49 Little Falls Road
Fairfield, New Jersey 07004

FINANCIAL SECTION

SAMUEL KLEIN AND COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

550 BROAD STREET, 11TH FLOOR
NEWARK, N.J. 07102-9969
PHONE (973) 624-6100
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303
FREEHOLD, N.J. 07728-2291
PHONE (732) 780-2600
FAX (732) 780-1030

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Essex Regional Educational Services Commission, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Essex Regional Educational Services 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, each major fund, and the aggregate remaining fund information of the Essex Regional Educational Services Commission as of June 30, 2023, 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), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*. Our responsibilities under those standards 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 Essex Regional Educational Services 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.

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 Essex Regional Educational Services 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.

Auditor's 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 auditor's 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America 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 Essex Regional Educational Services 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Essex Regional Educational Services Commission'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 the management's discussion and analysis, the schedules of the District's proportionate share of the net pension liability, the schedules of the District's contributions, the budgetary comparison information, the schedule of changes in the District's total OPEB liability, related ratios and notes, and the notes to the required supplementary information 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Essex Regional Educational Services Commission's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and is also not a required part of the basic financial statements. 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, the schedule of expenditures of federal awards and schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

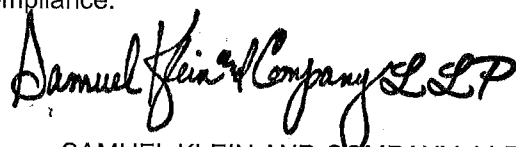
Other Information

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

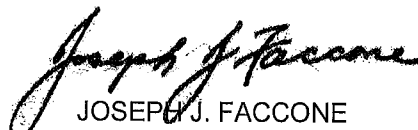
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. 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 February 5, 2024, on our consideration of the Essex Regional Educational Services Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Essex Regional Educational Services Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Essex Regional Educational Services Commission's internal control over financial reporting and compliance.



SAMUEL KLEIN AND COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS



JOSEPH J. FACCONI
Licensed Public School Accountant #194

REQUIRED SUPPLEMENTARY INFORMATION - PART I

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

The discussion and analysis of the Borough of Essex Regional Educational Services Commission's financial performance provides an overall review of the Commission's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the Commission's financial performance as a whole. Readers should also review the notes to the basic financial statements and other financial statements to enhance their understanding of the Commission's financial performance.

Using this Annual Comprehensive Financial Report (ACFR)

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

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

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)

Reporting the Commission as a Whole

Statement of Net Assets and the Statement of Activities

This document contains all funds used by the Commission to provide programs and activities, viewing the Commission as a whole and reports the culmination of all financial transactions. The report answers the question "How We Did Financially during Fiscal Year 2023". The Statement of Net Assets and the Statement of Activities provides the summary. The statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

Reporting the Commission's Most Significant Funds

Fund Financial Statement

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

Governmental Funds

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

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)

Enterprise Fund

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

The Commission as a Whole

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

Table 1 provides a comparative summary of the Commission's net assets for 2023 and 2022.

Table 1 - Net Assets

Assets	<u>2023</u>	<u>2022</u>
Current and Other Assets	\$ 52,632,019	\$ 28,470,832
Capital Assets	<u>18,097,148</u>	<u>18,766,836</u>
Total Assets	<u>\$ 70,729,167</u>	<u>\$ 47,237,668</u>
Liabilities		
Long-Term Liabilities	\$ 20,217,470	\$ 11,642,543
Other Liabilities	<u>29,600,939</u>	<u>27,584,897</u>
Total Liabilities	<u>\$ 49,818,409</u>	<u>\$ 39,227,440</u>
Net Assets		
Invested in Capital Assets, Net of Debt	\$ 18,097,148	\$ 18,766,836
Restricted	372,837	4,105
Unrestricted	<u>2,440,773</u>	<u>(10,760,712)</u>
Total Net Position	<u>\$ 20,910,758</u>	<u>\$ 8,010,229</u>

The Commission's combined net assets were \$70,729,167 and \$47,237,668 on June 30, 2023 and June 30, 2022, respectively.

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)

Table 2 shows the comparative changes in net assets from fiscal year 2023 and 2022.

Table 2 - Comparative Changes in Net Assets

	<u>2023</u>	<u>2022</u>	<u>Total % Change</u>
Revenues:			
Program Revenues:			
Charges for Services and Operating Grants and Contributions	\$ 5,079,641	\$ 10,156,482	-49.99%
General Revenues:			
Transportation Fees		51,551,347	
Federal and State Aid-Restricted	129,131		
Federal and State Aid-Unrestricted	2,349,952		
Tuition	3,341,390	2,416,040	38.30%
Other	4,441,036	7,698,628	-42.31%
Business-Type Activities	98,170,689		
Total Revenues	<u>113,511,839</u>	<u>71,822,498</u>	<u>58.04%</u>
Program Expenses:			
Instruction	4,177,968	13,264,381	-68.50%
Support Services:			
Tuition/Pupils and Instructional Staff	1,460,041	4,448,692	-67.18%
General Administration, School Administration, Business Operations and Maintenance of Facilities	3,908,676	5,086,200	-23.15%
Pupil Transportation	4,883	47,974,164	-99.99%
Interest on Debt	246,862	491,258	-49.75%
Food Service and Community School	75,603	49,662	52.23%
Other Business-Type Activities	89,071,483		
Capital Outlay-Non Capitalized	1,015,127		
Unallocated Depreciation	669,688	646,927	3.52%
Total Expenses	<u>100,630,330</u>	<u>71,961,285</u>	<u>39.84%</u>
Increase (Decrease) in Net Assets	12,881,509	(138,787)	
Opening Balance Adjustment	19,020		
Beginning Net Assets	<u>8,010,229</u>	<u>8,152,763</u>	
Ending Net Assets	<u>\$ 20,910,758</u>	<u>\$ 8,013,975</u>	

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)

Government Activities

The Commission's total revenues were \$113,511,839 for the year ended June 30, 2023. Federal, state and local grants accounted for another 2 %.

The total cost of all programs and services was \$100,630,330. Instruction comprises 4 % of the Commission's expenses.

Business-Type Activities

Revenues for the Commission's business-type activities (Food Service Program and other Business-Type Activities) were comprised of charges for services.

Food service expenses exceeded revenues by \$10,727. Other Business-Type Activities revenues exceeded expenses by \$9,099,205.99. Charges for services represent \$98,170,689 of revenue. This represents the amount paid by patrons for various services.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

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

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

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)

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

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

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

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

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

The Commission's Funds

Information about the Commission's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$10,943,959 and expenditures of \$11,001,499.

As demonstrated by the various statements and schedules included in the financial section of this report, the Commission continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal years ended June 30, 2023 and June 30, 2022, and the amount and percentage of increases and decreases in relation to prior year revenues.

Comparative Summary of Revenues

Revenue	<u>June 30, 2023</u>	<u>Percent of Total</u>	<u>June 30, 2022</u>	<u>Increase (Decrease) from 2022</u>	<u>Percent of Increase (Decrease)</u>
Local Sources					
Tuition Charges	\$ 3,341,390	30.53%	\$ 2,416,040	\$ 925,350	38.30%
Other Restricted	121,295	1.11%	51,551,347	(51,430,052)	-99.76%
Miscellaneous	4,319,741	39.47%	7,696,427	(3,376,686)	-43.87%
State Sources	<u>3,161,533</u>	<u>28.89%</u>	<u>2,655,994</u>	<u>505,539</u>	<u>19.03%</u>
	<u>\$10,943,959</u>	<u>100.00%</u>	<u>\$64,319,808</u>	<u>\$(53,375,849)</u>	<u>-82.99%</u>

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)

The following schedule presents a summary of the General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2023 and the amount and percentage of increases (decreases) in relation to prior year amounts.

Comparative Summary of Expenditures

<u>Expenditures</u>	<u>June 30, 2023</u>	<u>Percent of Total</u>	<u>June 30, 2022</u>	<u>Increase/ (Decrease) from 2022</u>	<u>Percent of Increase (Decrease)</u>
Current Expenditures					
Instruction	\$ 2,290,103	20.82%	\$ 6,724,300	\$ (4,434,197)	-65.94%
Support Services	8,711,396	79.18%	58,504,604	(49,793,208)	-85.11%
Debt Service	<u> </u>	<u>0.00%</u>	<u>1,480,114</u>	<u>(1,480,114)</u>	<u>-100.00%</u>
	<u>\$11,001,499</u>	<u>100.00%</u>	<u>\$66,709,018</u>	<u>\$(55,707,519)</u>	<u>-83.51%</u>

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED (CONTINUED)

General Fund Budgeting Highlights

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

During the course of the fiscal year 2023, the Commission amended its General Fund budget as needed. The Commission uses program based budgeting and the budgeting systems are designed to tightly control program budgets, but provide flexibility for program management. Transfers from one program to another must be approved by the Board of Education.

For the Future

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

Contacting the Commission's Financial Management

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

BASIC FINANCIAL STATEMENTS

A. DISTRICT-WIDE FINANCIAL STATEMENTS

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2023

A-1

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 15,806,530.22	\$ 69,318.39	\$ 15,875,848.61
Receivables, Net	4,699,345.12	30,022,422.46	34,721,767.58
Interfunds Receivable	67,048.79	15,650.00	82,698.79
Restricted Assets:			
Capital Reserve Account - Cash	<u>356,179.19</u>		<u>356,179.19</u>
Total Current Assets	<u>20,929,103.32</u>	<u>30,107,390.85</u>	<u>51,036,494.17</u>
Noncurrent Assets:			
Capital Assets, Net	<u>18,097,147.86</u>		<u>18,097,147.86</u>
Total Assets	<u>39,026,251.18</u>	<u>30,107,390.85</u>	<u>69,133,642.03</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount Related to Pension	<u>1,595,525.00</u>		<u>1,595,525.00</u>
LIABILITIES			
Current Liabilities:			
Cash Overdrafts		14,068,679.36	14,068,679.36
Accounts Payable	969,872.40	6,932,146.68	7,902,019.08
Interfunds Payable		15,901.33	15,901.33
Unearned Revenue	<u>3,825,381.14</u>		<u>3,825,381.14</u>
Total Current Liabilities	<u>4,795,253.54</u>	<u>21,016,727.37</u>	<u>25,811,980.91</u>
Long-Term Liabilities:			
Lease Liability - Financing Lease	12,844,780.10		12,844,780.10
Due Beyond One Year (Note 7)	502,797.13		502,797.13
Net Pension Liability (Note 9)	<u>6,869,893.00</u>		<u>6,869,893.00</u>
Total Long-Term Liabilities	<u>20,217,470.23</u>		<u>20,217,470.23</u>
Total Liabilities	<u>25,012,723.77</u>	<u>21,016,727.37</u>	<u>46,029,451.14</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount Related to Pension	<u>3,788,958.00</u>		<u>3,788,958.00</u>
NET POSITION			
Investment in Capital Assets, Net of Related Debt			
	18,097,147.86		18,097,147.86
Restricted for:			
Capital Projects	352,691.93		352,691.93
Student Activities	20,145.46		20,145.46
Unrestricted	<u>(6,649,890.84)</u>	<u>9,090,663.48</u>	<u>2,440,772.64</u>
Total Net Position	<u>\$ 11,820,094.41</u>	<u>\$ 9,090,663.48</u>	<u>\$ 20,910,757.89</u>

See accompanying notes to financial statements.

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

A2

	Program Revenues		Net (Expense) Revenue and Change in Net Assets			
Function/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:						
Instruction:						
Regular Instruction	\$ 3,054,430.44	\$	\$ 2,031,591.56	\$ (1,022,838.88)	\$	\$ (1,022,838.88)
Special Education Instruction	1,123,537.68		357,624.10	(765,913.57)		(765,913.57)
Support Services:						
Tuition	97,680.00			(97,680.00)		(97,680.00)
Student and Instruction Related Services	1,362,360.74		1,251,849.46	(110,511.28)		(110,511.28)
General Administration Services	690,143.82		461,606.14	(228,537.68)		(228,537.68)
School Administration Services	969,265.31		370,932.07	(598,333.24)		(598,333.24)
Central Services	1,569,251.56		410,530.35	(1,158,721.21)		(1,158,721.21)
Plant Operations and Maintenance	205,016.44		130,331.82	(74,684.62)		(74,684.62)
Care and Upkeep of Grounds	308,611.99			(308,611.99)		(308,611.99)
Pupil Transportation	4,882.63			(4,882.63)		(4,882.63)
Administration of Information Services	166,386.50			(166,386.50)		(166,386.50)
Debt Service:						
Interest	246,862.25			(246,862.25)		(246,862.25)
Capital Outlay - Non-Capitalized	1,015,126.94			(1,015,126.94)		(1,015,126.94)
Unallocated Depreciation	669,688.14			(669,688.14)		(669,688.14)
Total Governmental Activities	\$ 11,483,244.44	\$ -	\$ 5,014,465.50	\$ (6,468,778.94)	\$ -	\$ (6,468,778.94)
Business-Type Activities:						
Food Services	\$ 75,602.90		\$ 65,175.10		\$ (10,427.80)	\$ (10,427.80)
Other	89,071,482.98	98,170,688.97			9,099,205.99	9,099,205.99
Total Business-Type Activities	89,147,085.88	98,170,688.97	65,175.10	9,088,778.19	9,088,778.19	9,088,778.19
Total Primary Government	\$ 100,630,330.32	\$ 98,170,688.97	\$ 5,079,640.60	\$ (6,468,778.94)	\$ 9,088,778.19	\$ 2,619,999.25
General Revenues:						
Federal and State Aid Restricted				\$ 129,131.00		\$ 129,131.00
Federal and State Aid Not Restricted				2,349,952.44		2,349,952.44
Tuition Received				3,341,390.00		3,341,390.00
Miscellaneous				4,441,036.09		4,441,036.09
Total General Revenues				10,261,509.53		10,261,509.53
Change in Net Position				3,792,730.59	9,088,778.19	12,881,508.78
Opening Balance Adjustment				19,020.35		19,020.35
Net Position, Beginning				8,008,343.47	1,885.29	8,010,228.76
Net Position, Ending	\$ 11,820,094.41			\$ 9,090,663.48	\$ 20,910,757.89	\$ 20,910,757.89

See accompanying notes to financial statements.

B. FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**ESSEX REGIONAL EDUCATION SERVICE COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

B-1
Sheet 1

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 14,950,231.50	\$ 859,785.98	\$	\$ 15,810,017.48
Accounts Receivable:				
Tuition	1,195,335.00			1,195,335.00
Other	2,569,660.59	934,349.53		3,504,010.12
Interfunds	67,048.79			67,048.79
Restricted Cash and Cash Equivalents			356,179.19	356,179.19
Total Assets	\$ 18,782,275.88	\$ 1,794,135.51	\$ 356,179.19	\$ 20,932,590.58
<u>LIABILITIES</u>				
Cash Overdraft	\$	\$	\$ 3,487.26	\$ 3,487.26
Accounts Payable:				
Payroll Deductions and Withholdings Payable	191,918.54			191,918.54
Other	152,928.04	625,025.82		777,953.86
Unearned Revenue	2,876,416.91	1,148,964.23		3,825,381.14
Total Liabilities	3,021,263.49	1,773,990.05	3,487.26	4,798,740.80
<u>FUND BALANCES</u>				
Restricted Fund Balance:				
Student Activities		20,145.46		20,145.46
Assigned to:				
Capital Projects			352,691.93	352,691.93
Unassigned Fund Balance	15,761,012.39			15,761,012.39
Total Fund Balances	15,761,012.39	20,145.46	352,691.93	16,133,849.78
Total Liabilities and Fund Balances	\$ 18,782,275.88	\$ 1,794,135.51	\$ 356,179.19	\$ 20,932,590.58

Total Fund Balance above: \$ 16,133,849.78

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 capital assets is \$318,657,073.64 and the accumulated depreciation is \$44,975,306.12 (See Note 4). 18,097,147.86

Lease assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets are \$1,709,270.16 and the accumulated amortization is \$466,164.59.

Deferred outflows related to pension contributions subsequent to the net position liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. 1,595,525.00

Deferred inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (3,788,958.00)

ESSEX REGIONAL EDUCATION SERVICE COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

B-1
Sheet 2

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<p>Long-term liabilities, including bonds, loans and leases payable are not payable in the current period and therefore are not reported as liabilities in the funds (See Note 6).</p>			
		\$ (12,844,780.10)	
		(502,797.13)	
		(8,869,893.00)	
			\$ (20,217,470.23)
<p>Net Position of Governmental Activities (A-1)</p>			<p>\$ 11,820,094.41</p>

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

ESSEX REGIONAL EDUCATION SERVICE COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<u>REVENUES</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Local Sources:				
Tuition from Other LEA's	\$ 3,341,390.00	\$	\$	\$ 3,341,390.00
Other Restricted Miscellaneous Revenue	121,294.90 *			121,294.90
Unrestricted Miscellaneous Revenue	4,319,741.19			4,319,741.19
Total Revenues - Local Sources	<u>7,782,426.09</u>			<u>7,782,426.09</u>
State Sources	3,161,533.37			3,161,533.37
Federal Sources		1,979,083.44		1,979,083.44
Private (Local) Sources			**	-
Total Revenues	<u>10,943,959.46</u>	<u>1,979,083.44</u>	<u>-</u>	<u>12,923,042.90</u>
 <u>EXPENDITURES</u>				
Current:				
Regular Instruction	1,390,595.49	1,003,387.65		2,393,983.14
Other Special Instruction	899,507.59			899,507.59
Support Services and Undistributed Costs:				
Tuition	97,680.00			
Student and Instruction Related	431,190.72	673,232.83 ***		1,104,423.55
General and Business Administrative	1,271,276.89			1,271,276.89
School Administration Services	736,898.58			736,898.58
Central Services	1,312,078.88			1,312,078.88
Administration of Information Technology	166,386.50			166,386.50
Plant Operations and Maintenance	123,371.36			123,371.36
Care and Upkeep of Grounds	308,611.99			308,611.99
Pupil Transportation	4,882.63			4,882.63
Employee Benefits	3,235,184.17	305,442.65		3,540,626.82
Capital Outlay	1,023,833.80			1,023,833.80
Total Expenditures	<u>11,001,498.60</u>	<u>1,982,063.13</u>	<u>-</u>	<u>12,885,881.73</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(57,539.14)</u>	<u>(2,979.69)</u>	<u>-</u>	<u>(60,518.83)</u>
Net Change in Fund Balance	(57,539.14)	(2,979.69)	-	(60,518.83)
Fund Balances, July 1,	<u>15,818,551.53</u>	<u>23,125.15</u>	<u>352,691.93</u>	<u>16,194,368.61</u>
Fund Balances, June 30	<u>\$ 15,761,012.39</u>	<u>\$ 20,145.46</u>	<u>\$ 352,691.93</u>	<u>\$ 16,133,849.78</u>

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

* Includes interest earnings on unemployment compensation bank account.

** Special revenue fund now includes revenues from student activities.

*** Special revenue fund now includes expenditures from student activities.

**ESSEX REGIONAL EDUCATION SERVICE COMMISSION
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Ref.</u>	
Total Net Change in Balances - Governmental Funds	B-2	\$ (60,518.83)
Amount Reported for Governmental Activities in the Statement of Activities (A-2) are different because:		
<p>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.</p>		
Depreciation Expense		\$ (669,688.14)
Capital Outlays		<u>8,706.86</u>
		(660,981.28)
<p>Governmental funds report lease principal payments as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as amortization expense. This is the amount by which amortization expense exceeded lease principal payments in the period.</p>		
Leases Retired		1,816,432.89
Lease Principal Payment		<u>932,782.75</u>
		2,749,215.64
<p>Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because Interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>		
Accrued Interest Payable:		
Balance June 30, 2022		246,862.25
Balance June 30, 2023		<u> </u>
Decrease In Accrued Interest		(246,862.25)
<p>Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest cost, administrative costs, investment returns and experience/assumptions. This is the amount by which net position liability and deferred inflows/outflows relate to pension changes during the period.</p>		
		1,861,266.00

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 (+).

		<u>150,611.31</u>
Change in Net Position of Governmental Activities	A-2	<u>\$ 3,792,730.59</u>

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

PROPRIETARY FUNDS

**ESSEX REGIONAL EDUCATION SERVICE COMMISSION
ENTERPRISE FUND
STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30 2023**

	<u>Food Service Fund 50</u>	<u>Total Brought Forward Exhibit B-4A</u>	<u>Total Enterprise Fund</u>
<u>ASSETS</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 3,102.99	\$ 66,215.40	\$ 69,318.39
Accounts Receivable		30,018,166.63	30,018,166.63
Intergovernmental Accounts Receivable			
State	101.43		101.43
Federal	4,154.40		4,154.40
Interfunds		15,650.00	15,650.00
Total Current Assets	<u>7,358.82</u>	<u>30,100,032.03</u>	<u>30,107,390.85</u>
Noncurrent Assets:			
Furniture, Machinery and Equipment	21,224.39		21,224.39
Less Accumulated Depreciation	<u>(21,224.39)</u>		<u>(21,224.39)</u>
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 7,358.82</u>	<u>\$ 30,100,032.03</u>	<u>\$ 30,107,390.85</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Cash Overdrafts		14,068,679.36	14,068,679.36
Accounts Payable		6,932,146.68	6,932,146.68
Interfunds Payable	15,901.33	-	15,901.33
Total Current Liabilities	<u>15,901.33</u>	<u>21,000,826.04</u>	<u>21,016,727.37</u>
Total Liabilities	<u>\$ 15,901.33</u>	<u>\$ 21,000,826.04</u>	<u>\$ 21,016,727.37</u>
<u>NET POSITION</u>			
Unrestricted (Deficit)	<u>(8,542.51)</u>	<u>9,099,205.99</u>	<u>9,090,663.48</u>
Total Net Position	<u>\$ (8,542.51)</u>	<u>\$ 9,099,205.99</u>	<u>\$ 9,090,663.48</u>
Total Liabilities and Net Position	<u>\$ 7,358.82</u>	<u>\$ 30,100,032.03</u>	<u>\$ 30,107,390.85</u>

ESSEX REGIONAL EDUCATION SERVICE COMMISSION
 ENTERPRISE FUND
 STATEMENT OF NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30 2023

	Transportation Fund 60	Paraprofessional Fund 61	Nonpublic Fund 62	Nonpublic IDEA Fund 63	Nonpublic Title I Fund 64	Nonpublic Nursing Fund 65	Nonpublic Technology Fund 66	Nonpublic Security Fund 67	Home Instruction Fund 68	Business Coop Fund 69	CST Services Fund 70	GED Testing Services Fund 71	Public OT/PT Fund 72	Total Carried Forward
ASSETS														
Current Assets														
Cash and Cash Equivalents	\$ 24,529,748.40	\$ 2,391,894.64	\$ 806,366.54	\$ 150,024.29	\$ 62,444.51	\$ 627,826.93	\$ 32,683.28	\$ 120,498.49	\$ 754,090.18	\$ 144,656.20	\$ 1,911.78	\$ -	\$ 1,859.11	\$ 66,215.40
Accounts Receivable					132,618.43					15,650.00			257,584.65	30,018,166.69
Interfunds					195,062.94	627,826.93	32,683.28	120,498.49	754,090.18	150,506.20	61,894.38		269,443.76	15,650.00
Total Current Assets	\$ 24,529,748.40	\$ 2,391,894.64	\$ 806,366.54	\$ 150,024.29	\$ 195,062.94	\$ 627,826.93	\$ 32,683.28	\$ 120,498.49	\$ 754,090.18	\$ 160,506.20	\$ 61,894.38	\$ -	\$ 269,443.76	\$ 30,100,032.03
Total Assets	\$ 24,529,748.40	\$ 2,391,894.64	\$ 806,366.54	\$ 150,024.29	\$ 195,062.94	\$ 627,826.93	\$ 32,683.28	\$ 120,498.49	\$ 754,090.18	\$ 160,506.20	\$ 61,894.38	\$ -	\$ 269,443.76	\$ 30,100,032.03
LIABILITIES														
Current Liabilities:														
Cash Overdrafts	\$ 10,843,472.60	\$ 2,033,726.14	\$ 537,717.57	\$ 34,902.24	\$ -	\$ 230,263.02	\$ 37,214.37	\$ 84,492.31	\$ 263,265.11	\$ 3,438.00	\$ -	\$ 188.00	\$ -	\$ 14,068,679.36
Accounts Payable	6,456,660.10	171,890.30	43,455.07		66,787.34	68,159.52	1,811.84	4,307.06	51,906.79	15,650.00			12,285.55	6,932,146.69
Total Current Liabilities	\$ 17,339,862.70	\$ 2,205,616.44	\$ 581,172.64	\$ 34,902.24	\$ 66,787.34	\$ 298,422.54	\$ 39,026.21	\$ 88,799.37	\$ 315,171.90	\$ 19,088.00	\$ -	\$ 188.00	\$ 12,285.55	\$ 21,000,826.04
Total Liabilities	\$ 17,339,862.70	\$ 2,205,616.44	\$ 581,172.64	\$ 34,902.24	\$ 66,787.34	\$ 298,422.54	\$ 39,026.21	\$ 88,799.37	\$ 315,171.90	\$ 19,088.00	\$ -	\$ 188.00	\$ 12,285.55	\$ 21,000,826.04
NET POSITION														
Unrestricted (Deficit)	\$ 7,190,385.70	\$ 186,278.20	\$ 225,193.90	\$ 115,122.05	\$ 128,275.60	\$ 329,404.39	\$ (6,343.03)	\$ 31,699.12	\$ 438,908.28	\$ 141,417.20	\$ -	\$ (188.00)	\$ 257,158.20	\$ 9,099,205.99
Total Net Position	\$ 7,190,385.70	\$ 186,278.20	\$ 225,193.90	\$ 115,122.05	\$ 128,275.60	\$ 329,404.39	\$ (6,343.03)	\$ 31,699.12	\$ 438,908.28	\$ 141,417.20	\$ -	\$ (188.00)	\$ 257,158.20	\$ 9,099,205.99
Total Liabilities and Net Position	\$ 24,529,748.40	\$ 2,391,894.64	\$ 806,366.54	\$ 150,024.29	\$ 195,062.94	\$ 627,826.93	\$ 32,683.28	\$ 120,498.49	\$ 754,090.18	\$ 160,506.20	\$ 61,894.38	\$ -	\$ 269,443.76	\$ 30,100,032.03

ESSEX REGIONAL EDUCATION SERVICE COMMISSION
ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30 2023

	Food Service Fund 50	Total Brought Forward Exhibit B-5A	Total Enterprise Fund
REVENUES			
Operating Revenue	\$ -	\$ 98,170,688.97	\$ 98,170,688.97
Total Revenues	<u>\$ -</u>	<u>\$ 98,170,688.97</u>	<u>\$ 98,170,688.97</u>
EXPENDITURES			
Instruction: (100)			
Salaries of Teachers (101)	\$ -	\$ 2,067,773.54	\$ 2,067,773.54
Other Salaries for Instruction (106)		6,461,222.94	6,461,222.94
Purchased Professional - Educational Services		20,955.66	20,955.66
Supplies and Materials (600a)		61,688.96	61,688.96
General Supplies (610a)		411,507.41	411,507.41
Total Instruction	<u>-</u>	<u>9,023,148.51</u>	<u>9,023,148.51</u>
Support Services: (200)			
Cost of Sales - Reimbursable Programs	75,602.90		75,602.90
Other Salaries		1,062,641.25	1,062,641.25
Salaries of Supervisor of Instruction		427,635.86	427,635.86
Salaries of Principals/Assistant Principals/Program Directors		288,075.67	288,075.67
Salaries of Secretarial and Clerical Assistants		277,769.23	277,769.23
Salaries for Pupil Transportation (Between Home and School) - Special Education		1,096,003.14	1,096,003.14
Purchased Professional - Educational Services		999,043.95	999,043.95
Professional Technical Services		171,726.84	171,726.84
Other Purchased Services (400-500 Series)		21,027.80	21,027.80
Miscellaneous Purchased Services (400-500) [Other than 594]		7,277.27	7,277.27
Other Purchased Property Services		8,976.40	8,976.40
Management Fee - ESC and CTSA Transportation Program		8,800.00	8,800.00
Contract Services - Aid in Lieu Payments - Nonpublic School		56,179.72	56,179.72
Contract Services (Special Ed Students) - Vendors		72,624,899.59	72,624,899.59
Communications/Telephone		73,981.34	73,981.34
Insurance		5,152.53	5,152.53
Travel - All Other		6,389.97	6,389.97
Energy (Electricity)		3,400.00	3,400.00
General Supplies		278,727.79	278,727.79
Miscellaneous Expenditures		18,340.28	18,340.28
Other Objects		455.00	455.00
BOE Membership Dues and Fees		200.00	200.00
Social Security Contributions		781,798.33	781,798.33
Other Retirement Contributions - PERS		611,719.02	611,719.02
Unemployment Compensation		71,676.50	71,676.50
Workmen's Compensation		191,328.16	191,328.16
Health Benefits		912,121.07	912,121.07
Other Employee Benefits		23,935.44	23,935.44
Rentals		2,970.96	2,970.96
Cleaning, Repair, and Maintenance Services		1,387.00	1,387.00
Total Support Services	<u>75,602.90</u>	<u>80,033,640.11</u>	<u>80,033,640.11</u>
Facilities Acquisition and Construction:			
Buildings		4,728.00	4,728.00
Instructional Equipment		9,966.36	9,966.36
Total Facilities Acquisition and Construction	<u>-</u>	<u>14,694.36</u>	<u>14,694.36</u>
Total Operating Expenditures	<u>75,602.90</u>	<u>89,071,482.98</u>	<u>89,147,085.88</u>
Operating Income (Loss)	(75,602.90)	9,099,205.99	9,023,603.09

ESSEX REGIONAL EDUCATION SERVICE COMMISSION
ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30 2023

	Food Service Fund 50	Total Brought Forward Exhibit B-5A	Total Enterprise Fund
Nonoperating Revenue			
State Sources:			
School Lunch Program	\$ 1,542.86	\$	\$ 1,542.86
Federal Sources:			
National School Breakfast Program	23,768.34		23,768.34
National School Lunch Program	<u>39,863.90</u>		<u>39,863.90</u>
Total Nonoperating Revenues	<u>65,175.10</u>	-	<u>65,175.10</u>
Income (Loss) before Contributions	<u>(10,427.80)</u>	9,099,205.99	<u>9,088,778.19</u>
Change in Net Position	(10,427.80)	9,099,205.99	9,088,778.19
Fund Balance, July 1	<u>1,885.29</u>	-	<u>1,885.29</u>
Fund Balance, June 30	<u>\$ (8,542.51)</u>	<u>\$ 9,099,205.99</u>	<u>\$ 9,090,663.48</u>

ESSEX REGIONAL EDUCATION SERVICE COMMISSION
ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30 2023

	Transportation Fund 80	Paraprofessional Fund 61	Non Public Fund 62	Nonpublic IDEA Fund 63	Nonpublic Title I Fund 64	Nonpublic Nuclear Fund 65	Nonpublic Technology Fund 66	Nonpublic Energy Fund 67	Home Instruction Fund 68	Business Coop Fund 69	CST Services Fund 70	GED Teaching Services Fund 71	Public OT/PT Fund 72	Total Charged Forward
REVENUES														
Operating Revenue	\$ 82,152,136.38	\$ 7,766,518.89	\$ 3,052,966.39	\$ 532,282.53	\$ 382,067.36	\$ 1,549,431.85	\$ 131,026.38	\$ 287,476.93	\$ 1,283,240.19	\$ 287,656.20	\$ 120,469.38	\$ 1,362.00	\$ 619,022.49	\$ 98,170,688.97
Total Revenues	82,152,136.38	7,766,518.89	3,052,966.39	532,282.53	382,067.36	1,549,431.85	131,026.38	287,476.93	1,283,240.19	287,656.20	120,469.38	1,362.00	619,022.49	98,170,688.97
EXPENDITURES														
Instruction: (100)														
Salaries of Teachers (101)														\$ 2,067,773.54
Salaries of Principals / Assistant Principals/Program Directors														6,461,222.94
Salaries of Secretarial and Clerical Assistants														9,688.66
Salaries for Public Transportation (Between Home and School) - Special Education														61,342.99
Purchased Professional - Educational Services														411,597.29
Supplies and Materials (600a)														1,096,003.14
General Supplies (610a)														999,043.95
Total Instruction														171,726.84
Support Services: (200)														21,027.80
Other Salaries														7,277.27
Salaries of Supervisor of Instruction														8,976.40
Salaries of Principals / Assistant Principals/Program Directors														8,800.00
Salaries of Secretarial and Clerical Assistants														56,179.72
Salaries for Public Transportation (Between Home and School) - Special Education														73,961.34
Purchased Professional - Educational Services														5,152.53
Professional Technical Services														6,389.97
Other Purchased Services (400-500 Series)														3,400.00
Miscellaneous Purchased Services (400-500) [Other than 694]														278,727.79
Other Purchased Property Services														18,340.28
Management Fee - ESC and CRSA Transportation Program														200.00
Contract Services - All In-Kind Payments - Nonpublic School														455.00
Contract Services - Special Ed Students - Vendors														65,275.90
Communications Telephone														8,889.05
Insurance														4,360.57
Travel - All Other														71,676.60
Energy (Electricity)														1,428.16
General Supplies														913,326.16
Miscellaneous Expenditures														23,035.44
Other Objects														2,870.86
BOE Membership Dues and Fees														1,387.00
Social Security Contributions														80,033,640.11
Other Retirement Contributions - PERS														4,728.00
Workmen's Compensation														9,866.36
Health Benefits														14,694.36
Other Employee Benefits														89,071,482.98
Rentals														9,099,205.99
Cleaning, Repair, and Maintenance Services														9,099,205.99
Total Support Services														257,158.20
Facilities Acquisition and Construction:														
Construction Services														
Instructional Equipment														
Total Facilities Acquisition and Construction														
Total Expenditures	74,967,750.68	7,582,239.69	2,837,775.49	417,160.48	253,791.76	1,220,027.46	137,369.41	255,779.81	844,331.91	146,239.00	58,605.00	1,550.00	354,864.29	89,071,482.98
Excess (Deficiency) of Revenue Over(Under) Expenditures	7,190,385.70	186,279.20	225,192.90	115,122.05	128,275.60	329,404.39	(6,343.03)	31,699.12	438,908.28	141,417.20	61,894.38	(188.00)	257,158.20	9,099,205.99
Excess (Deficiency) of Revenue Over(Under) Expenditures														
Fund Balance, July 1														
Fund Balance, June 30	\$ 7,160,385.70	\$ 186,279.20	\$ 225,192.90	\$ 115,122.05	\$ 128,275.60	\$ 329,404.39	\$ (6,343.03)	\$ 31,699.12	\$ 438,908.28	\$ 141,417.20	\$ 61,894.38	\$ (188.00)	\$ 257,158.20	\$ 9,099,205.99

**ESSEX REGIONAL EDUCATION SERVICE COMMISSION
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30 2023**

B-6

	<u>Food Service Fund 50</u>	<u>Total Brought Forward Exhibit B-5A</u>	<u>Total Enterprise Fund</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from Customers	\$	\$ 68,152,522.34	\$ 68,152,522.34
Payments to Suppliers	<u>(75,602.90)</u>	<u>(82,154,986.30)</u>	<u>(82,230,589.20)</u>
Net Cash (Used) for Operating Activities	<u>(75,602.90)</u>	<u>(14,002,463.96)</u>	<u>(14,078,066.86)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING SOURCES</u>			
Cash Received from State and Federal Subsidy Reimbursements	\$ 64,940.97	-	64,940.97
Net Cash Provided by Noncapital Financing Activities	<u>64,940.97</u>	<u>-</u>	<u>64,940.97</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(10,661.93)	(14,002,463.96)	(14,013,125.89)
Balances - Beginning of Year	<u>13,764.92</u>	<u>-</u>	<u>13,764.92</u>
Balances - End of Year	<u><u>3,102.99</u></u>	<u><u>(14,002,463.96)</u></u>	<u><u>(13,999,360.97)</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used) for Operating Activities:			
Operating Income (Loss)	\$ (75,602.90)	\$ 9,099,205.99	\$ 9,023,603.09
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
(Increase)/Decrease in Other Accounts Receivable		(30,018,166.63)	(30,018,166.63)
Increase/(Decrease) in Accounts Payable		<u>6,916,496.68</u>	<u>6,916,496.68</u>
Total Adjustments	<u>-</u>	<u>(23,101,669.95)</u>	<u>(23,101,669.95)</u>
Net Cash (Used) for Operating Activities	<u><u>\$ (75,602.90)</u></u>	<u><u>\$ (14,002,463.96)</u></u>	<u><u>\$ (14,078,066.86)</u></u>

ESSEX REGIONAL EDUCATION SERVICE COMMISSION
 OPERATING FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Transportation Fund 60	Paraprofessional Fund 61	Nonpublic Fund 62	Nonpublic IDEA Fund 63	Nonpublic Title I Fund 64	Nonpublic Nursing Fund 65	Nonpublic Technology Fund 66	Nonpublic Security Fund 67	Home Instruction Fund 68	Business Coop Fund 69	CST Services Fund 70	GED Testing Services Fund 71	Public OT/PT Fund 72	Total Carried Forward
Receipts from Customers	\$ 57,622,387.86	\$ 5,376,624.25	\$ 2,256,697.85	\$ 382,258.24	\$ 249,448.63	\$ 921,604.92	\$ 88,343.10	\$ 166,980.44	\$ 529,150.01	\$ 142,800.00	\$ 60,516.78	\$ 1,362.00	\$ 244,437.84	\$ 69,152,629.04
Payments to Suppliers	(69,465,960.69)	(7,410,949.39)	(2,784,315.42)	(417,150.48)	(187,004.42)	(1,151,867.94)	(135,567.47)	(251,472.75)	(732,425.12)	(146,238.00)	(59,605.00)	(1,550.00)	(342,576.73)	(69,154,985.30)
Net Cash (Used) for Operating Activities	(10,843,472.80)	(2,033,725.14)	(537,717.57)	(34,902.24)	62,444.51	(230,263.02)	(37,214.37)	(84,492.31)	(203,265.11)	(3,438.00)	1,911.78	(188.00)	1,859.11	(14,002,463.96)
Net Increase/(Decrease) in Cash and Cash Equivalents														
Balances - Beginning of Year	\$ 110,843,472.60	\$ 2,033,725.14	\$ 537,717.57	\$ 34,902.24	\$ 62,444.51	\$ 230,263.02	\$ 37,214.37	\$ 84,492.31	\$ 203,265.11	\$ 3,438.00	\$ 1,911.78	\$ 188.00	\$ 1,859.11	\$ 14,002,463.96
Balances - End of Year	\$ 7,190,385.70	\$ 186,279.20	\$ 225,192.90	\$ 115,122.05	\$ 128,275.60	\$ 329,404.39	\$ 5,943.03	\$ 31,699.12	\$ 438,808.28	\$ 441,417.20	\$ 67,894.38	\$ 188.00	\$ 257,152.20	\$ 9,099,205.69
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used) for Operating Activities:														
Operating Income (Loss)	(24,529,748.40)	(2,391,894.64)	(906,866.54)	(150,024.29)	(132,618.43)	(627,826.83)	(32,683.28)	(120,498.49)	(754,080.18)	(144,856.20)	(59,982.60)		(267,584.65)	(30,018,166.63)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used) for Operating Activities:	6,459,898.10	171,890.30	43,455.07	68,159.52	65,797.34	68,159.52	1,811.64	4,307.05	51,505.79				12,285.56	6,916,496.68
Net Increase/(Decrease) in Other Accounts Receivable	(18,052,855.20)	(2,220,004.39)	(792,570.47)	(150,024.29)	(68,831.09)	(93,667.41)	(30,871.34)	(115,191.43)	(792,173.39)	(144,856.20)	(59,982.60)		(255,299.09)	(23,101,659.58)
Total Adjustments	\$ 110,843,472.60	\$ 2,033,725.14	\$ 537,717.57	\$ 34,902.24	\$ 62,444.51	\$ 230,263.02	\$ 37,214.37	\$ 84,492.31	\$ 203,265.11	\$ 3,438.00	\$ 1,911.78	\$ 188.00	\$ 1,859.11	\$ 14,002,463.96
Net Cash (Used) for Operating Activities														

FIDUCIARY FUNDS (IF APPLICABLE)

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

1. DESCRIPTION OF THE COMMISSION AND REPORTING ENTITY

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Commission have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the Commission's accounting policies are described below.

A. Basis of Presentation

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

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

A. **Basis of Presentation (Continued)**

1. **Government-Wide Financial Statements**

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

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

2. **Fund Financial Statements**

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

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

B. **Fund Accounting**

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

1. **Governmental Funds**

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

1. Governmental Funds (Continued)

General Fund (Continued)

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

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

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

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

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

2. Proprietary Fund Type

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

2. Proprietary Fund Type (Continued)

Enterprise Fund (Continued)

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

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

Food Service Fund:	
Machinery and Equipment	5 - 12 Years

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

3. Long-Term Debt

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

C. Measurement Focus

1. Government-Wide Financial Statements

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

2. Fund Financial Statements

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus (Continued)

2. Fund Financial Statements (Continued)

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

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

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

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

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

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

E. Budgets/Budgetary Control

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets/Budgetary Control (Continued)

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

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

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

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

F. Encumbrances

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

Open encumbrances in the Special Revenue Fund, for which the Commission has received advances, are reflected in the balance sheet as deferred inflows at fiscal year end. There were no open encumbrances recorded in the Special Revenue Fund as of June 30, 2023.

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

G. Cash, Cash Equivalents and Investments

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Cash, Cash Equivalents and Investments (Continued)

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

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

H. Inventories and Prepaid Expenses

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

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2023.

I. Allowance for Uncollectible Accounts

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

J. Tuition Receivable

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

K. Tuition Payable

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

L. Short-Term Interfund Receivables/Payables

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

M. Capital Assets

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Capital Assets (Continued)

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

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

N. Deferred Outflows/Inflows of Resources

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

O. Compensated Absences

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

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

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

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

P. Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the governmental funds. However, the noncurrent portion of capital leases, compensated absences and loans payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Net Position

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

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

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

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

R. Deferred Inflows

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

S. Fund Equity

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

T. Fund Balance

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

- a. Nonspendable - includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, noncurrent receivables and corpus of any permanent funds.
- b. Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.
- c. Committed - includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The Commission's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revised or changes the specified use by taking the same action (resolution) taken to originally commit these funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Fund Balance (Continued)

- d. Assigned - amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Interest is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
- e. Unassigned - includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a position unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the Commission first spends committed funds, then assigned funds, and finally, unassigned funds.

U. Proprietary Funds Revenues and Expenses

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

V. Rebatable Arbitrage

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

W. Allocation of Expenses

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

X. On-Behalf Payments

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Y. Extraordinary and Special Items

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

Z. Accounting and Financial Reporting for Pensions

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

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

Z. Accounting and Financial Reporting for Pensions

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Z. Accounting and Financial Reporting for Pensions (Continued)

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

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

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

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

AB. GASB Statement No. 84 Fiduciary Activities

The Commission implemented GASB Statement No. 84 Fiduciary Activities on July 1, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The Commission reclassified the payroll agency, payroll net and unemployment reserve accounts to the General Fund. The Special Revenue Fund was adjusted to include student activities and scholarship accounts. There was no adverse impact on the financial statements of the Commission.

AC. Other Accounting Standards

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

- *GASB Statement No. 99. Summaries/Status.* 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.

Effective Date: The requirements of this Statement that are effective are as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging government as, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

AC. Other Accounting Standards (Continued)

- . The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The Commission does not expect this Statement to impact its financial statements.

- *GASB Statement No. 101. Compensated Absences.* 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.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. The Commission is currently reviewing what effect, if any, this Statement might have on future financial statements.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

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

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

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

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

As of June 30, 2023, cash and cash equivalents of the Commission consisted of the following:

Checking and Money Market Accounts	<u>\$2,167,348.44</u>
------------------------------------	-----------------------

The carrying amount of the Board's cash and cash equivalents at June 30, 2023 was \$11,206,383.54. Of the bank balance, \$579,237.67 was covered by Federal Depository Insurance and \$10,627,145.87 was covered by the Governmental Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:9-41, et seq., for all New Jersey governmental unit's deposits in excess of the Federal deposit maximums. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 40.

The Commission had no securities as of June 30, 2023 that would be considered investments as defined by GASB No. 3 as amended by GASB No. 40.

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

4. CAPITAL ASSETS

Capital Asset Activity for the year ended June 30, 2023 was as follows:

	Ending Balance June 30, 2022	Additions	Retirements	Ending Balance June 30, 2023
<u>Governmental Activities</u>				
Nondepreciable:				
Land	\$ 2,924,000.00	\$	\$	\$ 2,924,000.00
	<u>2,924,000.00</u>			<u>2,924,000.00</u>
Depreciable:				
Land Improvements	39,850.00			39,850.00
Buildings and Improvements	22,197,864.00			22,197,864.00
Machinery and Equipment	1,616,154.00	8,706.86		1,624,860.86
Totals at Historical Costs	<u>23,853,868.00</u>	<u>8,706.86</u>	-	<u>23,862,574.86</u>
Less Accumulated Depreciation:				
Improvements Other than Buildings	(12,512.00)	(1,993.00)		(14,505.00)
Buildings and Improvements	(6,737,008.00)	(578,654.00)		(7,315,662.00)
Machinery and Equipment	(1,261,512.00)	(97,748.00)		(1,359,260.00)
Total Accumulated Depreciation	<u>(8,011,032.00)</u>	<u>(678,395.00)</u>	-	<u>(8,689,427.00)</u>
Assets Net of Depreciation	15,842,836.00	(669,688.14)	-	15,173,147.86
Governmental Activities Capital Assets, Net	<u>\$ 18,766,836.00</u>	<u>\$ (669,688.14)</u>	-	<u>\$ 18,097,147.86</u>
Business-Type Activities:				
Machinery and Equipment	\$ 21,225.00			\$ 21,225.00
Less Accumulated Depreciation	<u>(21,225.00)</u>			<u>(21,225.00)</u>
Business-Type Activities Capital Assets, Net	\$ -	-	-	\$ -

5. LONG-TERM DEBT

Long-Term Liability Conversion Schedule - June 30, 2023

	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Reduction</u>	<u>Balance June 30, 2023</u>	<u>Amounts Due Within One Year</u>	<u>Long-Term Portion</u>
Governmental Activities:						
Capital Leases	\$15,108,978.10		\$ 2,264,198.00	\$12,844,780.10	\$	\$12,844,780.10
Net Pension Liability	4,966,023.00	1,903,870.00		6,869,893.00		6,869,893.00
Compensated Absences	653,408.44		150,611.31	502,797.13		502,797.13
	<u>\$20,728,409.54</u>	<u>\$ 1,903,870.00</u>	<u>\$ 2,414,809.31</u>	<u>\$20,217,470.23</u>	\$ -	<u>\$20,217,470.23</u>

5. LONG-TERM DEBT (Continued)

A. Capital Leases

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023 were as follows.

Fiscal Year Ending June 30,	
2024	\$ 1,437,359.00
2025	1,438,074.00
2026-2030	6,255,604.00
2031-2035	4,391,712.00
2036-2038	1,265,152.00
	<u>14,787,901.00</u>
Less Minimum Lease Payments	<u>(1,943,120.90)</u>
	<u>\$12,844,780.10</u>

6. SUBSCRIPTION LEASES

In June 2022, GASB Statement No. 96, Subscription-Based Information Technology Arrangements was implemented providing School Districts guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. Under this new guidance, the District must disclose and report any SBITAs in excess of one year with the following information. A general description of its SBITAs, including the basis, terms, and conditions on which variable payments not included in the measurement of the subscription liability are determined; the total amount of subscription assets, and the related accumulated amortization, disclosed separately from other capital assets; the amount of outflows of resources recognized in the reporting period for variable payments not previously included in the measurement of the subscription liability; the amount of outflows of resources recognized in the reporting period for other payments, such as termination penalties, not previously included in the measurement of the subscription liability; principal and interest requirements to maturity, presented separately, for the subscription liability for each of the five subsequent fiscal years and in five-year increments thereafter and commitments under SBITAs before the commencement of the subscription term; the components of any loss associated with an impairment. The Essex Regional Educational Services Commission has reviewed all their SBITAs and determined that they are all considered short-term and require no disclosure under GASB Statement No. 96.

7. PENSION PLANS

Description of Plans

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

7. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF)

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

Public Employees' Retirement System (PERS)

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

Vesting and Benefit Provisions

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

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation

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

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

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.

7. PENSION PLANS (Continued)

Significant Legislation (Continued)

- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

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

Contribution Requirements

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

In accordance with the provisions of Chapter 78, P.L. 2011, employee pension contribution rates for TPAF and PERS is currently 7.50% of employees' annual compensation, as defined.

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

Three Year Trend Information for PERS

<u>Year</u> <u>Ending</u>	<u>PERS</u>
June 30, 2023	\$ 574,054.00
June 30, 2022	490,929.00
June 30, 2021	606,453.00

Three-Year Trend Information for TPAF
(Paid On-Behalf of the District)

<u>Year</u> <u>Funding</u>	<u>Pension</u> <u>Contributions</u>	<u>Post-</u> <u>Retirement</u> <u>Medical</u> <u>Contributions</u>	<u>NCGI</u> <u>Premium</u>	<u>LTD</u> <u>Liability</u>
June 30, 2023	\$ 1,899,004.00	\$ 574,054.00	\$	\$ 597.00
June 30, 2022	1,894,233.00	442,570.00		597.00
June 30, 2021	1,481,507.00	464,282.00		641.00

During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$1,899,004.00 to the TPAF for normal pension, \$574,054.00 for post-retirement medical benefits and \$597.00 for long-term disability insurance On-Behalf of the Commission. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Commission \$318,594.24 during the year ended June 30, 2023 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements and the individual fund statements and schedules as a revenue and expenditure in accordance with GASB 27.

7. **PENSION PLANS (Continued)**

Teachers' Pension and Annuity Fund (TPAF)

Summary of Significant Accounting Policies

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

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

The employer contributions for the Commission are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, the Commission (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the Commission (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the Commission. However, the State's portion of the net pension liability that was associated with the Commission was \$23,410,307 as measured on June 30, 2022 and \$24,044,312, as measured on June 30, 2021.

For the year ended June 30, 2023, the Commission recognized pension expense of \$1,252,481 and revenue of \$1,539,644 for support provided by the State. The measurement period for the pension expense and revenue reported in the Commission's financial statements (A-2) at June 30, 2023 is based upon changes in the collective net pension liability with a measurement period of June 30, 2020 through June 30, 2022. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2021 and June 30, 2022.

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Collective Deferred Outflows of Resources	\$ 5,004,259,312	\$ 6,230,825,389
Collective Deferred Inflows of Resources	19,682,774,794	27,221,092,460
Collective Net Pension Liability (Nonemployer - State of New Jersey)	51,676,587,303	48,075,188,642
State's Portion of the Net Pension Liability that was Associated with the Commission	23,410,307	24,044,312
State's Portion of the Net Pension Liability that was Associated with the Commission as a Percentage of the Collective Net Pension Liability	0.0453737162	.0500139750%

7. **PENSION PLANS (Continued)**

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

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

Preretirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 100.3% 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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

7. PENSION PLANS (Continued)

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

Long-Term Expected Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 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 to determine the total pension liability.

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

Since the Commission has no proportionate share of the net pension liability because of the special funding situation, the Commission would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/documents/financial/gasb/gasb68-tpaf22.pdf>.

Pension Plan Fiduciary Net Position

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

Public Employees' Retirement System (PERS)

Summary of Significant Accounting Policies

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

7. **PENSION PLANS (Continued)**

Public Employees' Retirement System (PERS)

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

At June 30, 2023, the Commission reported a liability of \$6,869,893 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2021. The Commission's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2022 and 2021. At June 30, 2022, the Commission's proportion was .0455219778%, which was an increase of .0036022272% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Commission recognized pension expense of \$(1,778,142). At June 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 49,584	\$ 43,726
Changes of Assumptions	21,285	1,028,695
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	284,339	
Changes in Proportion	666,263	2,716,537
Commission Contributions Subsequent to the Measurement Date	<u>570,054</u>	
Total	<u>\$ 1,591,525</u>	<u>\$ 3,788,958</u>

The \$570,054 reported as deferred outflows of resources related to pensions resulting from the Commission's contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2023 the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability as of 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:

<u>Year Ended June 30</u>	<u>Amount</u>
2023	\$ (589,293.00)
2024	(298,859.00)
2025	(146,414.00)
2026	319,419.00
2027	<u>(702.00)</u>
	<u>\$ (715,849.00)</u>

7. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

Additional Information:

Collective balances at June 30, 2022 and 21 are as follows:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Collective Deferred Outflows of Resources	\$ 1,715,543,211	\$ 1,164,738,169
Collective Deferred Inflows of Resources	4,112,583,758	8,339,123,762
Collective Net Pension Liability (Non-State - Local Group)	15,219,184,920	11,972,782,878
District's Portion of Net Pension Liability	9,869,893	4,966,023
District's Proportion Percentage	.0455219778	.041919750%

Actuarial Assumptions

The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75% - 6.55%
	Based on Years of Service
Investment Rate of Return	7.00%

Preretirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries.

7. **PENSION PLANS (Continued)**

Public Employees' Retirement System (PERS) (Continued)

Long-Term Rate of Return (Continued)

The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the Commission's proportionate share of the collective net pension liability of the participating employers as of June 30, 2022, calculated using the discount rate of 7.00%, as well as what the Commission's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<u>At 1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
Commission's Proportionate Share of the Collective Net Pension Liability	\$ 8,900,546	\$ 6,928,074	\$ 5,249,421

7. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

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

8. POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

The State of New Jersey 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 75. The State Retired OPEB Plan covers the 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. 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 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 year 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.

8. POST-RETIREMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

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 nonemployer contributing entity. The State, as a nonemployer contributing entity, reported a Fiscal Year 2022 total OPEB liability of \$67,809,962,608 for this special funding situation.

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

Total OPEB Liability

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

Actuarial assumptions and other imputes. The total OPEB liability in the June 30, 2022 actuarial valuation reported by the State in the State's most recently issued ACFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Total Nonemployer OPEB Liability	\$50,646,462,966		
		<u>TPAF/ABP</u>	<u>PERS</u>
Salary Increases:		2.75% - 4.25%	2.75% - 6.55%
		Based on	Based on
		Service Years	Service Years

Preretirement mortality rates were based on the Pub-2010 Health "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-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 the Scale MP-2021.

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

General Information about the OPEB Plan (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 to June 30, 2021.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate for June 30, 2021 was 3.54%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total OPEB Liability Reported by the State of New Jersey

	<u>Increase/(Decrease)</u>
	<u>Total OPEB Liability</u>
Balance as of June 30, 2021 Measurement Date	<u>\$ 60,007,650,970</u>
Changes Recognized for the Fiscal Year:	
Service Cost	2,770,618,025
Interest on the Total OPEB Liability	1,342,187,139
Changes of Benefit Terms	N/A
Differences Between Expected and Actual Experience	1,399,200,736
Changes of Assumptions	(13,586,368,097)
Gross Benefit Payments ¹	(1,329,476,059)
Contributions from the Non-Employer	N/A
Contributions from the Member ¹	42,650,252
Net Investment Income ¹	N/A
Administrative Expense ¹	N/A
Net Changes	<u>(9,361,188,004)</u>
Balance as of June 30, 2022 Measurement Date	<u>\$ 50,646,462,966</u>

¹Data for Measurement Periods Ending June 30, 2022 were provided by the State.

At June 30, 2022, the State's proportionate share of the OPEB liability attributable to the Commission is \$69,478,942. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the Commission at June 30, 2022 to the total OPEB liability of the State Health Benefit Program Fund - Local Education Retired Employees Plan at June 30, 2022. At June 30, 2022, the State's share of the OPEB liability attributable to the Commission was .06808 percent, which was a decrease of .06919 percent from its proportionate share measured as of June 30, 2021 of .13727 percent.

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

Changes in the Total OPEB Liability Reported by the State of New Jersey (Continued)

There were no changes of benefit term.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16 percent in 2021 to 3.54 percent in 2022.

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

The following presents the total nonemployer OPEB liability as of June 30, 2022 and 2021, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

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

	June 30, 2022		
	At 1% Decrease <u>(2.54%)</u>	At Discount Rate <u>(3.54%)</u>	At 1% Increase <u>(4.54%)</u>
Total OPEB Liability (School Retirees)	\$ 40,528,202	\$ 34,480,501	\$ 29,633,571

	June 30, 2021		
	At 1% Decrease <u>(1.16%)</u>	At Discount Rate <u>(2.16%)</u>	At 1% Increase <u>(3.16%)</u>
Total OPEB Liability (School Retirees)	\$ 48,785,978	\$ 40,728,190	\$ 34,383,166

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

The following presents the total nonemployer OPEB liability as of June 30, 2022 and 2021, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate:

	June 30, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability (School Retirees)	\$28,500,242	\$34,480,501	\$42,335,935

	June 30, 2021		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability (School Retirees)	\$30,933,452	\$40,728,190	\$51,147,400

8. POST-RETIREMENT BENEFITS (Continued)

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

For the year ended June 30, 2023, the Commission recognized OPEB expense of \$1,886,258 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB's No. 75 and in which there is a special funding situation. This amount has been included in the Commission-Wide Statement of Activities (accrual basis) as a Revenue and Expense in accordance with GASB No. 85.

In accordance with GASB's No. 75, the Commission's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
(1) Difference Between Actual and Expected Experience	\$ 9,042,402,619	\$ 15,462,950,679
(2) Net Difference Between Expected and Actual Earnings on OPEB Plan Investments	-	-
(3) Assumption Changes	<u>8,765,620,577</u>	<u>17,237,289,230</u>
(4) Sub-Total	<u>17,808,023,196</u>	<u>32,700,239,909</u>
(5) Contributions Made in Fiscal Year Ending 2022 After June 30, 2023 Measurement Date ¹	<u>TBD</u>	<u>N/A</u>
(6) Total	<u>\$ TBD</u>	<u>\$ 32,700,239,909</u>

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

<u>Measurement Period Ending June 30,</u>	
2023	\$ (1,713,696)
2024	(1,713,696)
2025	(1,713,696)
2026	(1,481,063)
2027	(846,891)
Total Thereafter	<u>(2,669,693)</u>
	<u>\$ (10,138,736)</u>

9. DEFINED CONTRIBUTION RETIREMENT PROGRAM

Description of System

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

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

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

9. DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)

Description of System (Continued)

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

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

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

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

Contributions Required and Made

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

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

10. COMPENSATED ABSENCES

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

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

10. COMPENSATED ABSENCES (Continued)

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to Employees as of June 30, 2022. No liability existed for compensated absences in the Proprietary Fund Types.

11. DEFERRED COMPENSATION

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

12. RISK MANAGEMENT

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

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

13. INTERFUND RECEIVABLES AND PAYABLES

The following are reflected as interfund receivables and payables on the various balance sheets at June 30, 2023:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 67,048.79	\$
Special Revenue Fund	<hr/>	67,048.79
	<u>\$ 67,048.79</u>	<u>\$ 67,048.79</u>

14. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE

Intergovernmental Accounts Receivable at June 30, 2023 consisted of Federal Source, State Sources and transportation. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables are as follows:

	<u>Governmental Fund Financial Statements</u>
State Aid:	
General Fund:	
TPAF FICA Reimbursement	<u>\$ 32,038.01</u>

15. FUND BALANCE APPROPRIATED

General Fund [Exhibit B-1] - Of the \$15,761,012.39 General Fund fund balance at June 30, 2023, \$15,761,012.39 is unreserved and undesignated.

Special Revenue Fund - Of the \$20,145.46 Special Revenue Fund fund balance at June 30, 2023, \$20,145.46 is restricted for student activities.

16. CALCULATION OF EXCESS SURPLUS

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

There was no excess surplus as of June 30, 2023.

17. SECONDARY MARKET DISCLOSURE

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

18. CONTINGENT LIABILITIES

A. Litigation

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

B. Federal and State Awards

The Commission participates in several federal and state grant and aid programs which are governed by various rules and regulations of the grantor agencies, therefore, to the extent that the Commission has not complied with the rules and regulations governing the grants or aid, refunds of any money received may be required and the collectability of any related receivable at June 30, 2022 may be impaired. In the opinion of the management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants, therefore, no provisions have been recorded in the accompanying general purpose financial statements for such contingencies.

19. TAX ABATEMENTS

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

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

20. PRIOR PERIOD ADJUSTMENT - GASB NO. 84

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

21. SUBSEQUENT EVENT

The Essex Regional Educational Services Commission has evaluated subsequent events that occurred after the balance sheet date, but before February 5, 2024. Based upon this evaluation, the Commission has determined that there were no subsequent events that needed to be disclosed.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

C. BUDGETARY COMPARISON SCHEDULES

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES					
Local Sources:					
Tuition from LEA's	\$ 1,700,000.00	\$ -	\$ 1,700,000.00	\$ 3,341,390.00	\$ 1,641,390.00
Other Restricted Miscellaneous Revenue	13,210.00		13,210.00	121,294.90	108,084.90
Unrestricted Miscellaneous Revenues	1,900,000.00		1,900,000.00	4,319,741.19	2,419,741.19
Total - Local Sources	3,613,210.00	-	3,613,210.00	7,782,426.09	4,169,216.09
State Sources:					
Extraordinary Aid				500,000.00	500,000.00
On-Behalf TPAF Pension Contributions (Nonbudgeted)				1,833,095.00	1,833,095.00
On-Behalf TPAF OPEB (Post-Retirement Medical) Contribution (Nonbudgeted)				481,549.00	481,549.00
On-Behalf TPAF Long-Term Disability Contribution (Nonbudgeted)				519.00	519.00
TPAF Social Security (Reimbursed - Nonbudgeted)				346,370.37	346,370.37
Total State Sources	-	-	-	3,161,533.37	3,161,533.37
Total Revenues	3,613,210.00	-	3,613,210.00	10,943,959.46	7,330,749.46
EXPENDITURES					
Current Expense:					
Regular Programs - Grade 9-12 - Instruction:					
Salaries of Teachers	1,209,186.00	218,573.00	1,427,759.00	1,327,032.76	100,726.24
Purchased Professional-Educational Services	15,400.00	(8,758.00)	6,642.00	4,759.91	1,882.09
Purchased Technical Services	2,500.00		2,500.00	2,410.17	89.83
General Supplies	3,500.00	1,000.00	4,500.00	4,377.80	122.20
Other Objects	2,000.00	(2,000.00)			
Regular Programs - Home Instruction:					
General Supplies	45,000.00	7,015.00	52,015.00	52,014.85	0.15
TOTAL REGULAR PROGRAMS - INSTRUCTION	1,277,586.00	215,830.00	1,493,416.00	1,390,595.49	102,820.51
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of Teachers	536,724.00	(4,522.80)	532,201.20	513,776.71	18,424.49
Other Purchased Services (400-500 Series)	1,000.00		1,000.00	931.18	68.82
General Supplies	3,000.00	9,900.00	12,900.00	12,378.52	521.48
Total Learning and/or Language Disabilities	540,724.00	5,377.20	546,101.20	527,086.41	19,014.79
Salaries of Teachers	189,558.00	(18,197.20)	171,360.80	171,359.02	1.78
Other Salaries for Instruction	154,867.00	68,800.00	223,667.00	185,435.33	38,231.67
General Supplies	8,500.00	6,266.99	14,766.99	13,397.75	1,369.24
Other Objects	9,000.00	1,000.00	10,000.00	2,229.08	7,770.92
TOTAL SPECIAL EDUCATION - INSTRUCTION	361,925.00	57,869.79	419,794.79	372,421.18	47,373.61
TOTAL SPECIAL EDUCATION - INSTRUCTION	902,649.00	63,246.99	965,895.99	899,507.59	66,388.40

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
TOTAL INSTRUCTION	\$ 2,180,235.00	\$ 279,076.99	\$ 2,459,311.99	\$ 2,290,103.08	\$ 169,208.91
Undistributed Expenditures - Instruction:					
Tuition to County Voc. School Dist. - Special	116,000.00	116,000.00	116,000.00	97,680.00	18,320.00
Total Undistributed Expenditures - Instruction	-	116,000.00	116,000.00	97,680.00	18,320.00

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undistributed Expenditures - Health Services:					
Salaries	\$ 76,200.00	\$ -	\$ 76,200.00	\$ 64,320.00	\$ 11,880.00
Purchased Professional and Technical Services		630.00	630.00	630.00	
Supplies and Materials	5,000.00	(530.00)	4,470.00	4,400.17	69.83
General Supplies	3,500.00	1,000.00	4,500.00	4,333.38	166.62
Total Undistributed Expenditures - Health Services	84,700.00	1,100.00	85,800.00	73,683.55	12,116.45
Undist. Expend. - Speech/Occupational Therapy/Physical Therapy and Related Services:					
Salaries	54,000.00		54,000.00	10,586.17	43,413.83
Total Undist. Expend. -Speech/Occupational Therapy/Physical Therapy and Related Services	54,000.00	-	54,000.00	10,586.17	43,413.83
EXPENDITURES					
Current Expense:					
Undistributed Expenditures - Child Study Team:					
Salaries of Other Professional Staff	346,134.00	(1,000.00)	345,134.00	334,492.97	10,641.03
Other Purchased Professional and Technical Services	52,000.00	(20,000.00)	32,000.00	11,928.03	20,071.97
Total Undistributed Expenditures - Child Study Team	398,134.00	(21,000.00)	377,134.00	346,421.00	30,713.00
Undistributed Expenditures - Improvement of Instructional Services:					
Other Purch Prof. and Tech. Services	7,000.00	(6,500.00)	500.00	500.00	
Total Undistributed Expenditures - Improvement of Instructional Services	7,000.00	(6,500.00)	500.00	500.00	-
Undistributed Expenditures - Instructional Staff Training Services:					
Purchased Professional - Educational Services	3,500.00	(3,500.00)	-	-	
Total Undistributed Expenditures - Instructional Staff Training Services	3,500.00	(3,500.00)	-	-	-

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undistributed Expenditures - Support Services - General Administration:					
Salaries	\$ 678,951.00	\$ (96,992.23)	\$ 581,958.77	\$ 413,994.20	\$ 167,964.57
Salaries of Secretarial and Clerical Assistants	327,820.00	143,532.13	471,352.13	470,350.17	1,001.96
Legal Services	55,000.00	(12,414.46)	42,585.54	29,540.95	13,044.59
Audit Services	50,000.00	(8,100.00)	41,900.00	41,900.00	
Other Purchased Professional Services	120,000.00	83,695.67	203,695.67	187,192.82	16,502.85
Communications/Telephone	40,920.00	86,217.24	127,137.24	72,890.03	54,247.21
Travel		852.00	852.00	852.00	
Miscellaneous Purchased Services	13,000.00	(2,170.28)	10,829.72	10,823.80	5.92
General Supplies	2,800.00	12,214.00	15,014.00	12,205.79	2,808.21
Miscellaneous Expenditures	9,900.00	10,722.13	20,622.13	20,122.13	500.00
BOE Membership Dues and Fees	12,945.00	(1,540.00)	11,405.00	11,405.00	
Total Undistributed Expenditures - Support Services - General Administration	1,311,336.00	216,016.20	1,527,352.20	1,271,276.89	256,075.31
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals/Assistant Principals	523,410.00	107,100.00	630,510.00	535,998.16	94,511.84
Salaries of Secretarial and Clerical Assistants	228,118.00	5,507.56	233,625.56	174,632.96	58,992.60
Purchased Professional and Technical Services	19,600.00	(10,686.00)	8,914.00	8,913.55	0.45
Other Purchased Services (400-500 Series)	36,944.00	(33,457.15)	3,486.85	486.85	3,000.00
Travel	600.00	(600.00)			
Supplies and Materials	2,000.00	3,454.98	5,454.98	5,454.09	0.89
Other Objects	10,900.00	571.39	11,471.39	11,412.97	58.42
Total Undistributed Expenditures - Support Services - School Administration	821,572.00	71,890.78	893,462.78	736,898.58	156,564.20
EXPENDITURES					
Undistributed Expenditures - Central Services:					
Salaries	361,595.00	(65,334.00)	296,261.00	295,303.00	958.00
Salaries of Other Professional Staff	289,795.00	201,395.44	491,190.44	491,190.44	
Other Purchased Professional Services	60,538.00	(2,384.93)	58,153.07	58,151.38	1.69
Other Purchased Services (400-500 Series)	55,667.00	(36,281.92)	19,385.08	17,585.08	1,800.00
Travel	1,000.00		2,246.47	1,723.62	522.85
Supplies and Materials	3,500.00	16,451.00	19,951.00	19,872.22	78.78
Interest on Lease Purchase Agreements	406,992.00	(27.00)	406,965.00	406,965.00	
Miscellaneous Expenditures	10,250.00	15,077.85	25,327.85	21,288.14	4,039.71
Total Undistributed Expenditures - Central Services	1,189,337.00	128,896.44	1,318,233.44	1,312,078.88	6,154.56
Undistributed Expenditures - Administration of Information Technology:					
Salaries	266,955.00	(101,977.00)	164,978.00	164,977.25	0.75
Purchased Professional Services	300.00	1,110.00	1,410.00	1,409.25	0.75
Purchased Professional and Technical Services	250.00	(250.00)			
Total Undistributed Expenditures - Administration of Information Technology	267,505.00	(101,117.00)	166,388.00	166,386.50	1.50

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undistributed Expenditures - Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	\$ 75,000.00	\$ 56,035.00	\$ 131,035.00	\$ 103,699.96	\$ 27,335.04
General Supplies	7,850.00	1,500.00	9,350.00	8,972.99	377.01
Other Objects	15,900.00	(3,309.95)	12,590.05	10,698.41	1,891.64
Total Undistributed Expenditures - Required Maintenance for School Facilities	98,750.00	54,225.05	152,975.05	123,371.36	29,603.69
Undistributed Expenditures - Custodial Services:					
Salaries	203,854.00	(50,371.86)	153,482.14	145,989.55	7,492.59
Purchased Professional and Technical Services	40,000.00		40,000.00	37,170.00	2,830.00
Rental of Land, Building and Other than Lease Purchases	445,231.00	(445,231.00)			
Insurance	72,500.00	(19,106.00)	53,394.00	53,116.86	277.14
Other Purchased Services (400-500 Series)	42,500.00	9,806.00	52,306.00	43,451.58	8,854.42
Miscellaneous Purchased Services	4,700.00		4,700.00	3,136.14	1,563.86
General Supplies	6,900.00	2,800.00	9,700.00	9,476.67	223.33
Total Undistributed Expenditures - Custodial Services	870,689.00	(524,527.91)	346,161.09	308,611.99	37,549.10
Total Undistributed Expenditures - Operation and Maintenance of Plant	969,439.00	(470,302.86)	499,136.14	431,983.35	67,152.79
Undistributed Expenditures - Student Transportation Services:					
Misc. Purchased Serv. - Transportation		5,000.00	5,000.00	4,882.63	117.37
Total Undistributed Expenditures - Student Transportation Services	-	5,000.00	5,000.00	4,882.63	117.37

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
EXPENDITURES					
Current Expense:					
UNALLOCATED BENEFITS:					
Social Security Contributions	\$ 305,685.00	\$ (69,071.30)	\$ 236,613.70	\$ 175,288.59	\$ 61,325.11
Other Retirement Contributions - PERS	232,248.00	86,394.14	318,642.14	244,187.28	74,454.86
Unemployment Compensation	29,200.00	7,121.00	36,321.00	24,721.34	11,599.66
Workmen's Compensation	36,930.00	(9,503.48)	27,426.52	21,272.54	6,153.98
Health Benefits	1,235,118.00	(929,971.20)	305,146.80	(29,473.96)	334,620.76
Tuition Reimbursement	30,000.00		30,000.00		30,000.00
Other Employee Benefits	158,444.10		158,444.10	137,655.01	20,789.09
TOTAL UNALLOCATED BENEFITS	<u>1,869,181.00</u>	<u>(756,586.74)</u>	<u>1,112,594.26</u>	<u>573,650.80</u>	<u>538,943.46</u>
On-Behalf TPAF Pension Contributions (Nonbudgeted)				1,833,095.00	(1,833,095.00)
On-Behalf TPAF OPEB (Post-Retirement Medical) Contribution (Nonbudgeted)				481,549.00	(481,549.00)
On-Behalf TPAF Long-Term Disability Contribution (Nonbudgeted)				519.00	(519.00)
Reimbursed TPAF Social Security Contributions (Nonbudgeted)				346,370.37	(346,370.37)
TOTAL ON-BEHALF CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,661,533.37</u>	<u>(2,661,533.37)</u>
TOTAL PERSONNEL SERVICES - EMPLOYEE BENEFITS	<u>1,869,181.00</u>	<u>(756,586.74)</u>	<u>1,112,594.26</u>	<u>3,235,184.17</u>	<u>(2,122,589.91)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>6,975,704.00</u>	<u>(820,103.18)</u>	<u>6,156,847.29</u>	<u>7,687,561.72</u>	<u>(1,531,237.28)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>9,155,939.00</u>	<u>(541,026.19)</u>	<u>8,616,159.28</u>	<u>9,977,664.80</u>	<u>(1,362,028.37)</u>
CAPITAL OUTLAY					
Equipment					
Facilities Acquisition and Construction Services:					
Lease Purchase Agreement - Principal	493,312.00	531,072.72	1,024,384.72	1,015,126.94	9,257.78
Other Objects	493,312.00	8,707.00	8,707.00	8,706.86	0.14
Total Facilities Acquisition and Construction Services	<u>493,312.00</u>	<u>539,779.72</u>	<u>1,033,091.72</u>	<u>1,023,833.80</u>	<u>9,257.92</u>
TOTAL CAPITAL OUTLAY	<u>493,312.00</u>	<u>539,779.72</u>	<u>1,033,091.72</u>	<u>1,023,833.80</u>	<u>9,257.92</u>

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
TOTAL EXPENDITURES	\$ 9,649,251.00	\$ (1,246.47)	\$ 9,649,251.00	\$ 11,001,498.60	\$ (1,352,770.45)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(6,036,041.00)</u>	<u>1,246.47</u>	<u>(6,036,041.00)</u>	<u>(57,539.14)</u>	<u>5,977,979.01</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(6,036,041.00)	1,246.47	(6,036,041.00)	(57,539.14)	5,977,979.01
Fund Balance, July 1	15,818,551.53	-	15,818,551.53	15,818,551.53	
Fund Balance, June 30	<u>\$ 9,782,510.53</u>	<u>\$ 1,246.47</u>	<u>\$ 9,782,510.53</u>	<u>\$ 15,761,012.39</u>	<u>\$ 5,977,979.01</u>
Recapitulation					
Restricted Fund Balance:					
Capital Reserve					
Excess Surplus - Designated for Subsequent Year's Expenditures					
Excess Surplus					
Unemployment Compensation Claims Reserve					
Assigned for:					
Year End Encumbrances					
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures					
Unassigned:					
General Fund				15,761,012.39	
				<u>15,761,012.39</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis					
Pension expense recognized for GAAP basis					
Fund Balance per Governmental Funds (GAAP)				<u>\$ 15,761,012.39</u>	

ESSEX REGIONAL EDUCATIONAL COMMISSION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources					
Title I, Part A	\$ 578,308.00	-	\$ 578,308.00	\$ 398,530.56	\$ (179,777.44)
Other	1,337,959.00	-	1,337,959.00	1,580,552.88	242,593.88
Total - Federal Sources	<u>1,916,267.00</u>	<u>-</u>	<u>1,916,267.00</u>	<u>1,979,083.44</u>	<u>62,816.44</u>
Total Revenues	<u>\$ 1,916,267.00</u>	<u>\$ -</u>	<u>\$ 1,916,267.00</u>	<u>\$ 1,979,083.44</u>	<u>\$ 62,816.44</u>
EXPENDITURES					
Instruction:					
Salaries of Teachers	\$ 242,973.00	\$ 430,989.34	\$ 673,962.34	\$ 298,170.60	\$ 375,791.74
Other Salaries for Instruction	103,869.00	146,551.00	250,420.00	79,143.00	171,277.00
Purchased Professional and Educational Services	-	95,721.00	95,721.00	53,670.40	42,050.60
Other Purchased Services (400-500 Series)	-	263,440.00	263,440.00	76,596.33	186,843.67
Supplies and Materials	-	844,681.00	844,681.00	490,322.63	354,358.37
Other Objects	-	32,964.60	32,964.60	2,505.00	30,459.60
Total Instruction	<u>346,842.00</u>	<u>1,814,346.94</u>	<u>2,161,188.94</u>	<u>1,003,387.65</u>	<u>1,157,801.29</u>

ESSEX REGIONAL EDUCATIONAL COMMISSION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services:					
Personnel Services - Salaries	\$ -	\$ 70,000.00	\$ 70,000.00	\$ 77,653.85	\$ (7,653.85)
Salaries of Program Directors	25,424.00	125,270.00	150,694.00	129,673.00	21,021.00
Salaries of Other Professional Staff	-	153,469.84	153,469.84	188,758.34	(35,288.50)
Salaries of Personal Services	-	74,388.16	74,388.16	58,253.32	16,134.84
Other Salaries	81,704.00	290,514.29	372,218.29	305,442.65	372,218.29
Personal Services - Employee Benefits	-	602,128.68	602,128.68	296,686.03	296,686.03
Purchased Professional and Technical Services	-	116,964.00	116,964.00	116,964.00	116,964.00
Purchased Professional - Educational Services	-	142,235.00	142,235.00	25,730.00	116,505.00
Purchased Property Services	-	-	-	3,472.39	(3,472.39)
Other Purchased Services (400-500 Series)	-	-	-	62,694.76	(30,797.76)
Rentals	16,200.00	31,897.00	31,897.00	196,769.96	196,769.96
Contractual Transportation Services	-	180,569.96	196,769.96	177,689.00	177,689.00
Travel	-	177,689.00	177,689.00	3,822.22	18,934.63
Supplies and Materials	-	22,756.85	22,756.85	123,174.95	543,895.31
Miscellaneous Expenditures	3,250.00	667,070.26	667,070.26	978,675.48	3,250.00
Total Support Services	<u>126,578.00</u>	<u>2,654,953.04</u>	<u>2,781,531.04</u>	<u>978,675.48</u>	<u>1,802,855.56</u>
Facilities Acquisition and Construction Services:					
Noninstructional Equipment	-	7,000.00	7,000.00	-	7,000.00
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>7,000.00</u>	<u>7,000.00</u>	<u>-</u>	<u>7,000.00</u>
Total Expenditures	<u>\$ 473,420.00</u>	<u>\$ 4,476,299.98</u>	<u>\$ 4,949,719.98</u>	<u>\$ 1,982,063.13</u>	<u>\$ 2,967,656.85</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources (Uses)	<u>\$ 1,442,847.00</u>	<u>\$ (4,476,299.98)</u>	<u>\$ (3,033,452.98)</u>	<u>\$ (2,979.69)</u>	<u>\$ 3,030,473.29</u>
Fund Balance, July 1				\$ 23,125.15	
Fund Balance June 30				\$ 20,145.46	
Recapitulation:					
Restricted:					
Student Activities				\$ 20,145.46	
Total Fund Balance				\$ 20,145.46	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGET-TO-GAAP RECONCILIATION
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 11,001,498.60	[C-2] \$ 1,979,083.44
Difference - Budget-to-GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in the current year previously recognized for budgetary statements.		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		

Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] <u>\$ 11,001,498.60</u>	[B-2] <u>\$ 1,979,083.44</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 11,001,498.60	[C-2] \$ 1,982,063.13
Differences - Budget-to-GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting for <i>financial reporting</i> purposes.		

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds including transfers.	[B-2] <u>\$ 11,001,498.60</u>	[B-2] <u>\$ 1,982,063.13</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

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

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.4552%	0.4192%	0.5440%	0.0539%	0.0569%	0.0573%	0.0576%	0.0563%	0.602%	0.640%
District's proportionate share of the net pension liability (asset)	\$6,869,893	\$4,966,023	\$8,877,038	\$9,706,568	\$11,194,950	\$13,343,768	\$17,057,562	\$12,640,102	\$11,277,307	\$12,224,394
State's proportionate share of the net pension liability (asset) associated with the District										
Total	<u>\$6,869,893</u>	<u>\$4,966,023</u>	<u>\$8,877,038</u>	<u>\$9,706,568</u>	<u>\$11,194,950</u>	<u>\$13,343,768</u>	<u>\$17,057,562</u>	<u>\$12,640,102</u>	<u>\$11,277,307</u>	<u>\$12,224,394</u>
District's covered-employee payroll	\$4,390,109	\$4,186,826	\$4,099,444	\$4,171,001	\$4,546,675	\$4,151,769	\$4,074,250	\$4,080,778	\$4,036,385	\$4,098,734
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	63.90%	84.31%	46.18%	42.97%	40.61%	31.11%	23.89%	32.28%	35.79%	33.53%
Plan fiduciary net position as a percentage of the total pension liability	32.29%	51.51%	42.05%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	49%

ESSEX REGIONAL EDUCATION SERVICES COMMISSION
 SCHEDULE OF THE DISTRICT CONTRIBUTIONS
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS
 (Unaudited)

	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 574,054	\$ 490,929	\$ 606,453	\$ 633,813	\$ 648,412	\$ 560,941	\$ 551,022	\$ 528,378	\$ 419,787	\$ 481,940
Contributions in relation to the contractually required contribution	(574,054)	(490,929)	(606,453)	(633,813)	(648,412)	(560,941)	(551,022)	(528,378)	(419,787)	(491,940)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$4,390,109	\$4,186,826	\$4,099,444	\$3,801,238	\$3,974,424	\$3,759,518	\$4,006,848	\$3,935,493	*	\$ 99
Contributions as a percentage of covered-employee payroll	13.08%	11.73%	14.79%	16.67%	16.31%	14.92%	13.75%	13.43%	*	48.72%

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

	For the Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's proportionate share of the net pension liability (asset)	23,410,307	24,044,312	41,193,013	38,350,505	38,186,687	43,115,001	56,683,140	51,495,835	42,303,700	42,289,363
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$23,410,307</u>	<u>\$24,044,312</u>	<u>\$41,193,013</u>	<u>\$38,350,505</u>	<u>\$38,186,687</u>	<u>\$43,115,001</u>	<u>\$56,683,140</u>	<u>\$51,495,835</u>	<u>\$42,303,700</u>	<u>\$42,289,363</u>
Total	\$ 7,705,990	\$ 7,355,503	\$ 6,692,070	\$ 5,975,010	\$ 6,118,584	\$ 6,868,336	\$ 5,761,496	\$ -	\$ -	\$ -
District's covered-employee payroll										
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	47.68%	55.08%	32.62%	33.76%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%
Plan fiduciary net position as a percentage of the total pension liability										

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
COUNTY OF ESSEX

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Changes of Benefit Terms and Changes of Assumptions

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

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

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

**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
SCHEDULE OF THE DISTRICT'S CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND TEACHERS' PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS
(Unaudited)**

	Measurement Date						
	2022	2021	2020	2019	2018	2017	2016
District's proportionate share of the net OPEB liability (asset)	*	*	*	*	*	*	*
State's proportionate share of the net OPEB liability (asset) associated with the District:							
Total	\$ 34,480,501	\$ 40,728,190	\$ 50,592,233	\$ -	\$ -	\$ -	\$ -
Total	\$ 34,480,501	\$ 40,728,190	\$ 50,592,233	\$ -	\$ -	\$ -	\$ -
Districts covered-employee payroll							
Total OPEB Liability							
Service Cost	\$ 1,886,258	\$ 1,902,743	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Cost	913,771	1,056,532	-	-	-	-	-
Change in Benefit Term Experiences	(8,133,351)	(43,350)	-	-	-	-	-
Difference Between Expected and Actual Experiences	(9,250)	(12,014,908)	-	-	-	-	-
Change in Assumptions	-	40,181	-	-	-	-	-
Contributions: Members*	-	27,010	-	-	-	-	-
Gross Benefit Payments*	(905,118)	(832,251)	-	-	-	-	-
Net Change in Total OPEB Liability	\$ (6,247,689)	\$ (9,864,043)	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability (asset) associated with the District:							
Beginning Balance	\$ 40,728,190	\$ 50,592,233	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 34,480,501	\$ 40,728,190	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability (asset) associated with the District as a percentage of its covered-employee payroll	-	-	-	-	-	-	-

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
COUNTY OF ESSEX

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Changes of Benefit Terms and Changes of Assumptions

Refer to Note 8 in the Notes to Financial Statements for benefits and assumptions.

OTHER SUPPLEMENTARY INFORMATION

D. SCHOOL-BASED BUDGET SCHEDULES (IF APPLICABLE)

E. SPECIAL REVENUE FUND

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30 2023

Total Brought Forward E-1, Sheet #2	NCLB										Total
	Title I	January-June	Migrant July-December	Migrant Supplemental Cont. Grant	McKinney Grant	School Safety Grant	ESSER II	ARP I Homeless	ARP Non Title I	ARP II Homeless	
\$ 279,009.80	\$ 398,530.56	\$ 207,158.44	\$ 391,629.03	\$ 173,615.34	\$ 343,487.42	\$ 19,580.00	\$ 4,056.85	\$ 92,008.00	\$ 42,013.00	\$ 27,995.00	\$ 1,979,083.44
\$ 279,009.80	\$ 398,530.56	\$ 207,158.44	\$ 391,629.03	\$ 173,615.34	\$ 343,487.42	\$ 19,580.00	\$ 4,056.85	\$ 92,008.00	\$ 42,013.00	\$ 27,995.00	\$ 1,979,083.44
\$ 35,591.76	\$ 202,680.00	\$ 5,456.60	\$ 8,044.87	\$ 27,317.65	\$ 19,079.72	\$ 288,170.60					\$ 79,143.00
29,265.00	49,038.00	840.00				53,670.40					76,596.33
206,097.35	2,905.38	21,727.00	14,725.00	33,245.40	5,576.95	21,797.00		2,265.72	32,013.00	21,797.00	480,322.63
	5,033.97	79,019.04	83,114.41	82,779.14	330.00						2,905.00
2,979.69		2,175.00									2,979.69
270,954.11	299,657.35	2,175.00	112,742.64	130,474.28	149,249.14			21,345.44	32,013.00	21,797.00	1,003,387.65
	19,865.00	38,040.00	32,400.00	39,564.00	17,500.00						129,673.00
	60,153.85	27,330.16	64,115.14	18,523.23	57,421.05			32,188.56			77,653.85
	73,891.41	80,130.12	32,482.93	9,806.74	1,000.00			3,730.91			58,253.32
8,055.69	113,815.21	8,250.00			3,472.39			16,480.00			188,758.34
		4,995.00	26,096.75	11,000.00						3,198.00	305,442.65
		115.53	2,566.69		1,140.00						25,730.00
		4,777.38									3,472.39
	5,989.00	2,994.00	25,480.87	22,334.32	24,694.45	19,580.00	4,056.85	5,635.46	10,000.00	3,000.00	3,822.22
	138,873.21	204,893.44	278,886.39	43,141.06	194,238.28	19,580.00	4,056.85	70,662.56	10,000.00	6,198.00	4,777.38
\$ 279,009.80	\$ 398,530.56	\$ 207,158.44	\$ 391,629.03	\$ 173,615.34	\$ 343,487.42	\$ 19,580.00	\$ 4,056.85	\$ 92,008.00	\$ 42,013.00	\$ 27,995.00	\$ 1,982,063.13
\$ (2,979.69)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,979.69)
23,125.15											23,125.15
\$ 20,145.46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,145.46

Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources (Uses)

Fund Balance, July 1

Fund Balance, June 30

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Emergency Assistance to Nonpublic Schools	Student Activities	Total Page #2
REVENUES			
Federal Sources	\$ 279,009.80	\$ -	\$ 279,009.80
Total Revenues	<u>\$ 279,009.80</u>	<u>\$ -</u>	<u>\$ 279,009.80</u>
EXPENDITURES			
Instruction:			
Salaries of Teachers	\$ 35,591.76	\$ -	\$ 35,591.76
Other Salaries for Instruction	29,265.00		29,265.00
General Supplies	206,097.35		206,097.35
Student Activities		2,979.69	2,979.69
Total Instruction	<u>270,954.11</u>	<u>2,979.69</u>	<u>270,954.11</u>
Support Services:			
Personnel Services - Employee Benefits	8,055.69		8,055.69
Total Support Services	<u>8,055.69</u>	<u>-</u>	<u>8,055.69</u>
Total Expenditures	<u>\$ 279,009.80</u>	<u>\$ 2,979.69</u>	<u>\$ 279,009.80</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (2,979.69)</u>	<u>\$ (2,979.69)</u>
Fund Balance, July 1		23,125.15	23,125.15
Fund Balance June 30	<u>\$ -</u>	<u>\$ 20,145.46</u>	<u>\$ 20,145.46</u>

F. CAPITAL PROJECTS FUND

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Original Budgetary Appropriation</u>	<u>Adjustments</u>	<u>Modified Budgetary Authorization</u>	<u>GAAP Expenditures to Date</u>		<u>Balance June 30, 2023</u>
					<u>Prior Years</u>	<u>Current Year</u>	
Various Capital Improvements		\$ 1,500,000.00	\$	\$ 1,500,000.00	\$ 1,197,385.18	\$	\$ 302,614.82
Various Capital Improvements		300,000.00	4,735.00	304,735.00	291,860.00		12,875.00
		<u>\$ 1,800,000.00</u>	<u>\$ 4,735.00</u>	<u>\$ 1,804,735.00</u>	<u>\$ 1,489,245.18</u>	<u>\$</u>	<u>\$ 315,489.82</u>

**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Fund Balance, July 1, 2022	<u>\$315,534.69</u>
Fund Balance, June 30, 2023	<u><u>\$315,534.69</u></u>
Reconciliation to Governmental Funds Statements (GAAP Basis)	
Fund Balance (Budgetary Basis)	<u>\$315,534.69</u>
Fund Balance Per Governmental Funds (GAAP Basis)	<u><u>\$315,534.69</u></u>

**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
VARIOUS IMPROVEMENTS TO SCHOOLS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Proceeds from Lease Purchase Agreements	\$ 1,500,000.00	\$	\$ 1,500,000.00	\$ 1,500,000.00
Interest Earned	44.87		44.87	
Total Revenues	<u>1,500,044.87</u>	<u>-</u>	<u>1,500,044.87</u>	<u>1,500,000.00</u>
Expenditures and Other Financing Uses:				
Facilities Acquisition and Construction Services	1,038,452.00		1,038,452.00	
Purchased Professional and Technical Services	158,933.18		158,933.18	
Total Expenditures	<u>1,197,385.18</u>	<u>-</u>	<u>1,197,385.18</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 302,659.69</u>	<u>\$ -</u>	<u>\$ 302,659.69</u>	<u>\$ 1,500,000.00</u>
Additional Project Information:				
Original Authorized Cost	\$ 1,500,000.00			
Revised Authorized Cost	\$ 1,500,000.00			
Percentage Completion	79.83%			
Original Target Completion Date	6/30/2018			
Revised Target Completion Date	6/30/2021			

G. PROPRIETARY FUNDS

ENTERPRISE FUND

INTERNAL SERVICE FUND

H. FIDUCIARY FUNDS (IF APPLICABLE)

I. LONG-TERM DEBT

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
YEAR ENDED JUNE 30, 2023

<u>Purpose</u>	<u>Date of Original Issue</u>	<u>Term of Lease</u>	<u>Amount of Original Lease</u>		<u>Interest Rate</u>	<u>Balance June 30, 2022</u>	<u>Retired</u>	<u>Balance June 30, 2023</u>
			<u>Principal</u>	<u>Interest</u>				
369 Passaic Avenue			\$12,500,000.00		3.00%	\$ 7,541,743.85	\$ 587,962.75	\$ 6,953,781.10
333 Fairfield Road			7,465,499.00		3.15%	6,185,999.00	295,000.00	5,890,999.00
22 Fairfield Place			1,620,000.00			1,381,235.25	1,381,235.25	-
						<u>\$ 15,108,978.10</u>	<u>\$ 2,264,198.00</u>	<u>\$ 12,844,780.10</u>

STATISTICAL SECTION (UNAUDITED)

INTRODUCTION TO THE STATISTICAL SECTION

FINANCIAL TRENDS

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities:										
Invested in Capital Assets, Net of Related Debt Restricted	\$ 2,831,476	\$ 2,756,573	\$ 2,591,880	\$ 2,541,005	\$ 3,083,300	\$ 3,125,354	\$ 3,359,146	\$ 3,281,515	\$ 18,766,836	\$ 18,097,148
Unrestricted	86,212	36,052	57,960	115,417	153,063	115,417	50,032	354,460	4,105	372,837
	17,995,299	18,809,424	23,060,890	19,714,712	17,195,870	12,240,845	7,042,609	4,508,955	(10,762,597)	(6,649,891)
Total Governmental Activities Net Position	\$20,914,987	\$21,602,049	\$ 25,652,770	\$ 22,313,677	\$ 20,432,233	\$ 15,481,616	\$ 10,451,787	\$ 8,144,930	\$ 8,008,344	\$ 11,820,094
Business-Type Activities:										
Invested in Capital Assets, Net of Related Debt Unrestricted	\$ 1,434	\$ 40,253	\$ 22,631	\$ 5,992	\$ 14,055.00	\$ 11,244.00	\$ 8,433.00	\$ 5,622	\$ 1,885	\$ 9,090,663
	25,163				(27,049)	(43,123)	(151)	2,210		
Total Business-Type Activities Net Position	\$ 26,597	\$ 40,253	\$ 22,631	\$ 5,992	\$ (12,994)	\$ (31,879)	\$ 8,282	\$ 7,832	\$ 1,885	\$ 9,090,663
District-Wide:										
Invested in Capital Assets, Net of Related Debt Restricted	\$ 2,832,910	\$ 2,756,573	\$ 2,591,880	\$ 2,541,005	\$ 3,097,355	\$ 3,136,598	\$ 3,367,579	\$ 3,287,137	\$ 18,766,836	\$ 18,097,148
Unrestricted	86,212	36,052	57,960	115,417	153,063	115,417	50,032	354,460	4,105	372,837
	18,020,462	18,849,677	23,083,521	19,720,704	17,168,821	12,197,722	7,042,458	4,511,165	(10,760,712)	2,440,773
Total District Net Position	\$20,941,584	\$21,642,302	\$ 25,675,401	\$ 22,319,669	\$ 20,419,239	\$ 15,449,737	\$ 10,460,069	\$ 8,152,762	\$ 8,010,229	\$ 20,910,758

Note: 2014 Unrestricted balance was restated to conform with the requirements of GASB 68 Reporting.

Source: ACFR Schedule A-1.

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities:										
Instruction:										
Regular	\$ 3,480,682	\$ 4,470,116	\$ 3,871,547	\$ 5,012,806	\$ 4,188,444	\$ 4,054,676	\$ 2,905,673	\$ 5,956,647	\$ 5,485,781	\$ 3,054,430
Special Education	9,773,594	10,245,503	10,717,912	14,128,685	16,308,664	11,997,948	8,014,396	2,102,024	7,776,600	1,123,538
Other Instruction	5,099,113	5,331,868	5,739,014	4,033,579	3,920,277	3,418,164	2,934,250			
Nonpublic School Programs				71,700	152,942	219,076				
Support Services:										
Tuition									5,720	97,680
Student and Instruction Related Services	6,234,603	6,322,752	6,144,644	5,063,109	4,774,875	4,316,450	3,536,236	4,833,319	4,442,972	1,362,361
General Administrative Services	2,276,788	1,784,255	1,683,334	3,935,822	4,412,369	4,517,319	2,230,622	1,707,597	1,519,217	690,144
School Administrative Services	1,207,762	1,171,115	1,361,735	2,599,427	3,053,361	3,014,382	2,881,470	942,044	875,511	969,265
Central Services	725,075	727,272	712,869	961,956	1,481,206	1,542,509	1,235,548	1,363,299	1,321,295	1,569,252
Administration of Information Technology	151,218	132,698	137,436	248,240	336,974	322,472	296,899	264,175	302,662	166,387
Plant Operations and Maintenance	1,487,824	1,488,500	1,530,426	1,574,760	1,686,201	2,023,005	2,106,950	1,158,357	1,042,596	513,628
Pupil Transportation	43,201,600	55,971,127	71,711,850	41,370,389	47,538,897	33,493,611	35,360,572	12,073,798	47,974,164	4,883
Personal Services - Employee Benefits								2,542,842		
Capital Outlay - Non-depreciable	436,410	422,747	407,624	390,852	889,536	499,619	474,664	490,001	22,718	1,015,127
Interest on Long-Term Debt								686,068	491,258	246,862
Unallocated Depreciation								646,927	646,927	669,888
Total Governmental Activities Expenses	\$ 74,074,659	\$ 88,067,953	\$ 104,018,391	\$ 79,391,325	\$ 88,744,346	\$ 69,419,231	\$ 61,977,280	\$ 34,120,171	\$ 71,909,421	\$ 11,483,244
Business-Type Activities:										
Food Service	94,109	87,471	68,942	86,674	101,422	84,867	45,509	19,251	49,662	75,603
Cooperative Purchasing				20,750						89,071,483
Total Business-Type Activities Expenses	\$ 94,109	\$ 87,471	\$ 68,942	\$ 107,424	\$ 101,422	\$ 84,867	\$ 45,509	\$ 19,251	\$ 49,662	\$ 89,147,086
Total District Expenses	\$ 74,168,768	\$ 88,155,424	\$ 104,087,333	\$ 79,498,749	\$ 88,845,768	\$ 69,504,098	\$ 62,022,789	\$ 34,139,422	\$ 71,959,083	\$ 100,630,330
Program Revenues										
Governmental Activities:										
Charges for Services:										
Regular	\$ 2,201,921	\$ 2,493,540	\$ 2,449,612	\$ 2,787,678	\$ 2,230,013	\$ 2,391,345	\$ 1,101,759	\$ 34,139,422	\$ 71,959,083	\$ 100,630,330
Special Education	5,656,240	5,009,749	4,906,330	4,812,603	4,143,574	3,134,266	3,105,016			
Other Instruction	4,846,085	4,299,240	3,501,992	3,543,957	3,662,178	2,910,442	2,076,336			
Support Services										
Student and Instruction Related Services	12,465,347	13,243,687	13,062,651	12,601,468	14,610,704	11,510,853	9,580,767			
General Administration Services	1,764,771	1,110,950	636,931	1,024,340	794,872	778,489	372,571			
School Administration Services				580,602	1,074,012	1,165,486	632,669			
Administration of Information Technology										
Plant Operations and Maintenance										
Pupil Transportation	45,293,817	13,866	37,458	34,810	111,957	104,372	87,920			
Central and Other Support Services										
Operating Grants and Contributions	2,299,589	4,654,659	5,809,409	6,789,033	7,305,308	6,007,648	5,409,616	10,342,326	10,109,021	5,014,466
Total Governmental Activities and Program Revenues	\$ 74,527,770	\$ 87,817,639	\$ 107,514,173	\$ 74,018,339	\$ 84,100,133	\$ 62,508,264	\$ 56,365,490	\$ 10,342,326	\$ 10,109,021	\$ 5,014,466
Business-Type Activities:										
Charges for Services:										
Food Service									5,141	65,175
Cooperative Purchasing				4,200	78,236	900		130		
Operating Grants and Contributions	98,996	101,127	51,320	90,785	78,236	65,082	39,861			98,170,689
Total Business-Type-Activities Program Revenues	\$ 98,996	\$ 101,127	\$ 51,320	\$ 90,785	\$ 82,436	\$ 65,982	\$ 39,861	\$ 130	\$ 5,141	\$ 98,235,864
TOTAL COMMISSION PROGRAM REVENUES	\$ 74,626,766	\$ 87,918,766	\$ 107,565,493	\$ 74,109,124	\$ 84,182,569	\$ 62,574,246	\$ 56,405,351	\$ 10,342,456	\$ 10,114,162	\$ 103,250,330

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expense)/Revenue										
Governmental Activities	\$ 453,111	\$ (250,314)	\$ 3,495,782	\$ (5,372,986)	\$ (4,644,213)	\$ (6,910,967)	\$ (5,611,790)	\$ (23,777,845)	\$ (61,800,400)	\$ (6,468,779)
Business-Type Activities	4,887	13,656	(17,622)	(16,639)	(18,986)	(18,885)	(5,648)	(19,121)	(44,521)	9,088,778
Total Commission-Wide Net Expense	\$ 457,998	\$ (236,658)	\$ 3,478,160	\$ (5,389,625)	\$ (4,663,199)	\$ (6,929,852)	\$ (5,617,438)	\$ (23,796,966)	\$ (61,844,921)	\$ 2,619,999
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$	\$	\$	\$	\$	\$	\$	\$	\$ 51,551,347	\$ 2,479,083
Grants and Contributions									2,416,040	3,341,390
Tuition Received	1,615,851	937,376	554,939	2,033,893	2,102,804	2,406,823	627,770	3,833,350	7,696,427	4,441,036
Miscellaneous Income							(45,809)	17,635,033		
Transfers	1,615,851	937,376	554,939	2,033,893	2,102,804	2,406,823	581,961	21,488,383	61,663,814	10,261,510
Total Governmental Activities										
Business-Type Activities:										
Transfers							45,809			
Total Business-Type Activities							45,809			
Total District-Wide	\$ 1,615,851	\$ 937,376	\$ 554,939	\$ 2,033,893	\$ 2,102,804	\$ 2,406,823	\$ 627,770	\$ 21,488,383	\$ 61,663,814	\$ 10,261,510
Change in Net Position										
Governmental Activities	\$ 2,068,962	\$ 687,062	\$ 4,060,721	\$ (3,339,093)	\$ (2,541,409)	\$ (4,504,144)	\$ (4,984,020)	\$ (2,309,462)	\$ (136,586)	\$ 3,792,731
Business-Type Activities	4,887	13,656	(17,622)	(16,639)	(18,986)	(18,885)	40,161	(19,121)	(44,521)	9,088,778
Total District	\$ 2,073,849	\$ 700,718	\$ 4,033,099	\$ (3,355,732)	\$ (2,560,395)	\$ (4,523,029)	\$ (4,943,859)	\$ (2,328,583)	\$ (181,107)	\$ 12,881,509

Source: ACFR Schedule A-2.

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Reserved	\$ 17,134,018	\$ 16,385,038	\$ 15,671,090	\$ 14,811,090	\$ 24,795,602	\$ 21,036,844	\$ 17,105,284	\$ 18,207,761	\$ 15,818,552	\$ 15,761,012
Unreserved	7,610,158	8,282,043	13,089,192	15,828,831	1,209,493	1,400,300	1,295,794	18,207,761	15,818,552	15,761,012
Total General Fund	\$ 24,744,176	\$ 24,667,081	\$ 28,760,282	\$ 30,639,921	\$ 26,005,095	\$ 22,437,144	\$ 18,401,078	\$ 18,207,761	\$ 15,818,552	\$ 15,761,012
All Other Governmental Funds:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 618,066	\$ 329,564	\$ 313,378	\$ 354,460	\$ 4,105	\$ 20,145
Unreserved, Reported in:										
Capital Projects Fund	88,212	36,052		57,960	153,063	115,417	50,032		352,692	352,692
Debt Service Fund										
Total All Other Governmental Funds	\$ 88,212	\$ 36,052	\$ -	\$ 57,960	\$ 771,129	\$ 444,981	\$ 363,410	\$ 354,460	\$ 356,797	\$ 372,837

Source: ACFR Schedule B-1.

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tuition Charges	\$ 3,867,628	\$ 4,679,444	\$ 3,848,879	\$ 4,137,786	\$ 3,604,340	\$ 2,778,270	\$ 2,939,807	\$ 3,833,350	\$ 2,416,040	\$ 3,341,390
Transportation Fees	43,808,107	54,508,463	77,827,845	44,805,695	47,628,824	35,373,105	34,300,797	17,235,884	51,551,347	
Unrestricted Miscellaneous Revenues	23,266,126	24,109,079	20,142,315	24,325,451	25,153,444	21,944,202	15,657,863	399,149	7,696,427	4,441,036
State Sources	1,592,682	1,811,978	1,891,895	2,031,729	2,111,594	2,353,962	2,400,888	2,311,079	2,655,994	3,161,533
Federal Sources	706,907	1,006,830	1,321,631	1,217,627	1,213,240	1,360,043	1,476,881	1,142,696	1,292,426	1,979,083
Private Sources								6,203,582	6,328,277	
Total Revenue	73,241,450	86,115,794	105,022,565	76,518,288	79,711,442	63,809,582	56,776,236	31,125,740	71,940,511	12,923,043
Expenditures										
Instruction:										
Regular Instruction	3,456,189	3,259,296	3,223,866	3,741,810	3,478,654	3,559,060	2,586,245	3,796,824	4,217,540	2,393,983
Special Education Instruction	9,713,583	10,136,081	10,264,996	12,376,851	14,192,142	10,888,821	7,569,923	1,304,526	5,816,346	899,508
Other Instruction	5,099,113	5,331,868	4,824,129	4,033,579	3,911,863	3,411,893	2,933,142			
Community Services				71,700	152,942	200,691				
Support Services										
Tuition									5,720	97,680
Student and Instruction Related Services	6,226,591	6,003,875	5,696,875	4,588,859	4,472,001	4,181,008	3,411,373	3,492,891	3,724,669	1,104,424
General Administration	2,268,945	1,743,482	1,472,773	3,455,369	3,952,551	4,243,940	2,027,395	1,161,834	1,223,529	1,271,277
School Administrative Services	1,189,158	1,050,228	1,159,525	1,987,351	2,575,900	2,741,680	2,634,777	756,892	768,039	736,899
Central Services	722,882	727,501	700,842	912,902	1,309,634	1,426,432	1,166,795	938,961	1,074,289	1,312,079
Administration of Information Technology	150,829	133,282	134,202	231,984	303,897	295,954	285,957	163,436	226,336	166,387
Plant Operations and Maintenance	1,049,769	1,057,239	1,080,251	1,119,946	1,207,507	1,405,334	1,500,021	1,050,959	996,652	123,371
Care and Upkeep of Grounds										308,612
Pupil Transportation	43,199,016	55,975,710	71,681,291	41,258,298	47,366,120	33,376,985	35,308,726	12,073,798	49,094,734	4,883
Employee Benefits									5,648,947	3,540,627
Capital Outlay	79,635	96,487		32,040	10,234,161	643,613	86,281	13,713	31,468	8,707
Debt Service:										
Principal	277,160	300,286	334,613	370,551	607,053	818,208	851,903	994,146	1,002,160	1,015,127
Interest and Other Charges	442,840	429,714	415,387	399,449	860,578	510,062	485,546	457,327	477,955	
Total Expenditures	73,875,710	86,245,049	100,988,750	74,580,689	94,625,003	67,703,681	60,848,064	31,330,612	74,308,364	12,983,562
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(634,260)	(129,255)	4,033,815	1,937,599	(14,913,561)	(3,894,099)	(4,071,828)	(204,872)	(2,367,853)	(60,519)
Other Financing Sources (Uses):										
Insurance Recovery			23,334							
Lease Purchase Proceeds				9,085,499	10,034,501					
Refunding Lease Purchase Proceeds				(8,128,096)						
Payments for Refunding Lease Purchase				300,000	300,000	230,000				
Transfers In	1,562,898	18,980	36,052	90,000						
Transfers Out	(1,562,898)	(18,980)	(36,052)	(90,000)	(300,000)	(230,000)	(45,809)			
Total Other Financing Sources (Uses)	-	-	23,334	-	10,991,904	-	(45,809)	-	-	-
Net Change in Fund Balances	\$ (634,260)	\$ (129,255)	\$ 4,057,149	\$ 1,937,599	\$ (3,921,657)	\$ (3,894,099)	\$ (4,117,637)	\$ (204,872)	\$ (2,367,853)	\$ (60,519)

Source: District Financial Statements.

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Indirect Cost Fees	\$ 1,597,052	\$ 937,376	\$ 469,212	\$ 1,865,118	\$ 1,989,508	\$ 2,158,128	\$ 207,997	\$	\$	\$
Interest Earned on Deposits/Investments	7,012		2,757		23,347	148,692	132,584			121,295
Local Education Agency Fees	9,655,402	11,688,846	9,766,625	12,177,461	12,754,041	10,184,262	8,709,244		7,618,158	
Miscellaneous	11,788		82,970	162,979	61,209	90,798	282,500	399,149	78,269	4,319,741
Annual Totals	\$ 11,271,254	\$ 12,626,222	\$ 10,321,564	\$ 14,205,558	\$ 14,828,105	\$ 12,581,880	\$ 9,332,325	\$ 399,149	\$ 7,696,427	\$ 4,441,036

Source: Commission's financial statements

REVENUE CAPACITY

DEBT CAPACITY

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

Governmental Activities

Fiscal Year Ended June 30,	Leases	Total Commission	Percentage of Personal Income	Per Capita
2014	\$ 9,335,294	\$ 9,335,294	0.02%	12
2015	9,035,008	9,035,008	0.02%	11
2016	8,700,395	8,700,395	0.02%	11
2017	8,329,844	8,329,844	0.02%	11
2018	18,796,505	18,796,505	0.04%	24
2019	17,978,297	17,978,297	0.04%	23
2020	17,126,394	17,126,394	0.03%	21
2021				
2022				
2023				

Note:

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

a

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

<u>Year</u>	^a <u>Population</u>	^b <u>Personal Income</u>	^c <u>Per Capita Personal Income</u>	^d <u>Unemployment Rate</u>
2014	788,726	\$45,062,282,558	\$57,133	9.50%
2015	790,439	46,948,124,405	59,395	7.90%
2016	792,689	48,143,966,415	60,735	6.70%
2017	796,349	49,898,431,991	62,659	6.00%
2018	798,570	50,725,964,970	63,521	5.70%
2019	800,162	52,752,280,174	65,927	5.20%
2020	800,501	56,432,918,997	70,497	4.50%
2021	854,917	*	*	8.00%
2022	*	*	*	*
2023	*	*	*	*

Source:

- (a) Population information provided by the New Jersey Department of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (c) Per capita personal income by municipality estimated based upon the 2000 Census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the New Jersey Department of Labor and Workforce Development.

*Not Available

OPERATING INFORMATION

**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
LAST NINE FISCAL YEARS
(Unaudited)**

Function/Program	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction:										
Regular	145	142	393	482	482	206	183			
Support Services:										
Student and Instruction Related Services	292	298	10	38	38	16	37			
General Administration	5	5	8	11	11	11	13			
School Administrative Services	10	9	12	10	10	14	20			
Central Services	18	18	6	39	39	36	13			
Plant Operations and Maintenance	6	6	4	3	3	3	3			
Pupil Transportation	15	17	17	15	15	16	14			
Special Schools										
Total	<u>491</u>	<u>495</u>	<u>450</u>	<u>598</u>	<u>598</u>	<u>302</u>	<u>283</u>	<u>-</u>	<u>-</u>	<u>-</u>

Source: Commission's Personnel Records

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

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>a</u> <u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>b</u> <u>Teaching Staff</u>	<u>c</u> <u>Average Daily Enrollment (ADE)</u>	<u>c</u> <u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2013	127	\$72,629,225	\$571,884	20	126.8	96.9	-6.07%	76.42%
2014	120	73,076,075	608,967	20	120.0	106.5	-5.36%	88.75%
2015	122	85,418,562	700,152	20	122.0	105	1.67%	86.07%
2016	118	100,238,750	849,481	n/a	118.0	93.3	-3.28%	79.07%
2017	139	73,778,649	530,782	n/a	138.7	99.5	17.54%	71.74%
2018	103	82,923,211	805,080	n/a	98.5	70.4	-28.98%	71.47%
2019	75	65,731,798	876,424	n/a	75.0	58.7	-23.86%	78.27%
2020	73	59,424,354	814,032	n/a	73.1	52.4	-2.53%	71.64%
2021		29,865,426					-100.00%*	*
2022		72,796,780					*	*
2023							*	*

Sources: Commission's Records

Note:

- a. Commission's operating expenditures represent cost for services rendered to other local education agencies as well as Commission students.
- b. Teaching staff includes only full-time equivalents of certified staff.
- c. Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

* Information was not provided by School District

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Commission Building										
<u>Elementary/Middle School</u>										
Square Feet	38,000	38,000	38,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000
Capacity (Students)	220	220	220	110	110	110	110	110	110	110
Enrollment	41	42	41	48	33	15	15	15	15	15
<u>High School</u>										
<u>Essex Campus Academy:</u>										
Square Feet	30,000	30,000	30,000	3,000	25,000	17,000	17,000	17,000	17,000	17,000
Capacity (Students)	125	125	125	125	125	125	125	125	125	125
Enrollment	40	40	41	45	34	26	26	26	26	26
<u>Essex High School:</u>										
Square Feet	7,850	7,580	7,580	19,000	19,000	17,000	17,000	17,000	17,000	17,000
Capacity (Students)	48	48	48	110	110	110	110	110	110	110
Enrollment	39	40	36	45	36	34	34	34	34	34
<u>Other</u>										
<u>Central Office/Administration</u>										
Square Feet						25,000	25,000	25,000	25,000	25,000
23 Fairfield Place										
Square Feet						15,500	15,500	15,500	15,500	15,500
Dr. Jacqueline A. Young Education Center										
Square Feet	9,000	9,000	9,000	9,000	9,000					
Total Enrollment - All Schools	120	122	118	138	103	75	75	75	75	75

Source: District Facilities Office

SINGLE AUDIT SECTION

550 BROAD STREET, 11TH FLOOR
NEWARK, N.J. 07102-9969
PHONE (973) 624-6100
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303
FREEHOLD, N.J. 07728-2291
PHONE (732) 780-2600
FAX (732) 780-1030

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Essex Regional Educational Services Commission as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Essex Regional Educational Services Commission's basic financial statements, and have issued our report thereon dated February 5, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Essex Regional Educational Services Commission's internal control over financial reporting (internal control) 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 Essex Regional Educational Services Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Essex Regional Educational Services Commission's internal control.

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

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

Report on Compliance and Other Matters

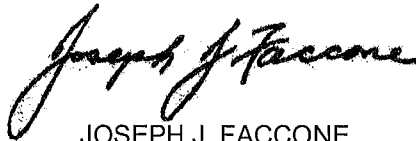
As part of obtaining reasonable assurance about whether the Essex Regional Educational Services Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



SAMUEL KLEIN AND COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS



JOSEPH J. FACCONI
Licensed Public School Accountant #194

Newark, New Jersey
February 5, 2024

550 BROAD STREET, 11TH FLOOR
NEWARK, N.J. 07102-9969
PHONE (973) 624-6100
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303
FREEHOLD, N.J. 07728-2291
PHONE (732) 780-2600
FAX (732) 780-1030

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Essex Regional Educational Services Commission's compliance with the types of compliance requirements identified as subject to audit in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Essex Regional Educational Services Commission's major federal and state programs for the year ended June 30, 2023. The Essex Regional Educational Services Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Essex Regional Educational Services Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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 *Single Audit Policy for Recipients of Federal Grants*. Our responsibilities under those standards, the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Essex Regional Educational Services 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 Essex Regional Educational Services 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 Essex Regional Educational Services Commission's federal programs.

Auditor's 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 Essex Regional Educational Services 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 generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting 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. Noncompliance 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 Essex Regional Educational Services Commission's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Essex Regional Educational Services 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 Essex Regional Educational Services 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, but not for the purpose of expressing an opinion on the effectiveness of the Essex Regional Educational Services 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.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.

Government Auditing Standards requires the auditor to perform limited procedures on the Essex Regional Educational Services Commission's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Essex Regional Educational Services Commission's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 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 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 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 Auditor's 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



SAMUEL KLEIN AND COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS



JOSEPH J. FACCONI
Licensed Public School Accountant #194

Newark, New Jersey
February 5, 2024

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Program or Award Amount	Grant Period		Balance June 30, 2022	Carryover/ (Walkover) Amount	Cash Received	Total Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2023	
				From	To							(Accounts Receivable)	Deferred Inflows
U.S. Department of Education:													
Pass-Through State Department of Education:													
Special Revenue Fund:													
Migrant Education	84.011A	S011A200030	\$ 918,500	10/1/2020	12/31/2020	\$ (8,088.95)	\$ -	\$ 388,618.00	\$ (8,088.92)	\$ -	\$ 24,191.22	\$ -	
Migrant Education	84.011A	S011A210030	918,500	10/1/2021	12/31/2021	142,482.22	\$ -	33,150.00	(686,614.00)	\$ -	20,078.00	\$ -	
Migrant Education	84.011A	S011A220030	442,032	10/1/2022	12/31/2022	(13,072.00)	\$ -	155,239.00					
Migrant Supplemental Cont. Grant	84.011A	S011A230030	939,211	4/01/2023	9/30/2023			173,615.00	(61,028.00)				
McKinney Comp Competitive Grant	84.196	S196A200031	447,228	7/01/2022	6/30/2022	(63,385.00)		223,546.00	(173,615.34)				
McKinney Comp Competitive Grant	84.196	S196A210031	270,017	7/01/2021	6/30/2021	(211,750.01)			(63,385.00)				
McKinney Comp Competitive Grant	84.196	S196A190031	365,968	9/01/2019	12/31/2020				(211,750.01)				
Homeless I	84.428W	S258W210031	659,379	6/01/2021	9/30/2024			81,863.00	(85,652.00)				
Homeless II	84.428W	S258W2210031	912,322	4/01/2021	9/30/2024			23,198.00	(27,996.00)				
Emergency Assistance to Non-Public Schools	84.428V	S039210031	42,013	7/13/2020	6/30/2023			42,013.00	(42,013.00)				
Title I Part D	84.013	S013A200030	64,431	7/01/2020	6/30/2021	(333,131.89)		56,150.00	(42,013.00)				
Title I Part D	84.013	S213A210030	698,481	7/01/2021	6/30/2022	(167,966.00)			(56,150.00)				
Title I Part D	84.013	S213A220030	420,431	7/01/2022	6/30/2023	(655,206.62)		271,951.00	(333,131.89)				
Total Special Revenue Fund						(655,206.62)	-	1,440,577.00	(1,794,053.32)	-	44,269.22	-	
U.S. Department of Agriculture:													
Pass-Through State Department of Agriculture:													
Enterprise Fund:													
National School Lunch Program	10.555	211N130ANT059	38,864	7/1/2022	6/30/2023			37,256.43	(38,863.90)				
National School Lunch Program	10.555	221N130ANT059	26,547	7/1/2021	6/30/2022	(2,623.06)		2,623.06					
National School Breakfast Program	10.553	211N120ANT059	23,769	7/1/2020	6/30/2021			22,292.41	(23,769.34)				
National School Breakfast Program	10.553	221N120ANT059	15,193	7/1/2021	6/30/2022	(1,440.57)		1,440.57					
Total Enterprise Fund						(3,963.63)	-	63,441.47	(63,632.24)	-	-	-	
Total Federal Financial Awards						\$ (659,170.25)	\$ -	\$ 1,511,764.47	\$ (1,857,715.56)	\$ -	\$ 44,269.22	\$ -	

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

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Period From To	Balance June 30, 2021		Carryover/ (under) Amount	Cash Received	Budgetary Expenditures Pass-through Funds	Adjustments	Repayment of Prior Years' Obligations	(Accounts Receivable)	Deferred Inflow Interfund Payable	Due to Grantor	Memo	
				Defered Revenue (Accounts Receivable)	Due to Grantor									Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:															
General Fund:															
TPAF On-Behalf Pension Contribution	22-495-034-5094-002	\$ 1,894,233	7/01/2022	8/30/2023	\$ -	\$ -	\$ -	\$ 1,833,095.00	\$ (1,833,095.00)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,833,095)
TPAF On-Behalf Pension Contribution	22-495-034-5094-001	442,570	7/01/2022	8/30/2023	(58,187.13)	-	58,187.13	481,549.00	(481,549.00)	-	-	-	-	-	(481,549.00)
LTDI Insurance	22-495-034-5094-003	318,594	7/01/2021	8/30/2022	(58,187.13)	-	58,187.13	519.00	(519.00)	-	-	-	-	-	(519.00)
Reimbursed TPAF Social Security Cont.	21-485-034-5094-003	318,594	7/01/2021	8/30/2022	(58,187.13)	-	58,187.13	314,332.36	(314,332.37)	-	-	-	-	-	-
Reimbursed TPAF Social Security Cont.	22-495-034-5094-003	346,370	7/01/2022	8/30/2023	(58,187.13)	-	58,187.13	2,852,455.56	(2,852,455.57)	-	-	-	-	-	(2,315,163.00)
Total General Fund															
Special Revenue Fund:															
Office of Higher Education: School Security Grant		20,000	8/01/2021	8/31/2022	-	-	-	20,000.00	(20,000.00)	-	-	-	-	-	(20,000.00)
Total Special Revenue Fund															
Enterprise Fund:															
State School Lunch Program	23-100-034-5120-122	1,543	7/01/2022	8/30/2023	(58.07)	-	1,441.43	(1,542.86)	-	-	(101.43)	-	-	-	1,542.86
State School Lunch Program	22-100-034-5120-122	621	7/01/2021	8/30/2022	(58.07)	-	58.07	(1,542.86)	-	-	(101.43)	-	-	-	(1,542.86)
Total Enterprise Fund															
Total State Financial Assistance								\$ 2,877,955	\$ (2,881,553)	\$ -	\$ (92,195)	\$ -	\$ -	\$ -	\$ (2,333,820)
Less: On-Behalf Pension System Contributions:															
On-Behalf Pension Contributions								\$ 1,833,095							
On-Behalf LTDI Insurance								481,549							
On-Behalf Retirement Medical								2,351,185							
Total Major Program Determination for State Financial Assistance								\$ 332,790							

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

ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2023

1. GENERAL

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

2. BASIS OF ACCOUNTING

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

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$3,161,533.37	\$3,161,533.37
Special Revenue Fund	<u>1,979,083.44</u>	<u></u>	<u>1,979,083.44</u>
Totals	<u>\$ 1,979,083.44</u>	<u>\$3,161,533.37</u>	<u>\$5,140,616.81</u>

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. FEDERAL AND STATE LOANS OUTSTANDING

The District had no loans payable outstanding to federal or state entities at June 30, 2023.

6. OTHER

The amount reported as TPAF Post-Retirement Medical Benefit Contributions, Teacher's Pension Contributions and Noncontributory Insurance Contributions represents the amounts paid directly by the State On-Behalf of the District for the year ended June 30, 2023. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2023.

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

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

8. DE MINIMIS INDIRECT COST RATE

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

**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Section I - Summary of Auditor's Results

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report Issued:	<u>Unmodified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified	_____ Yes <u> √ </u> No
2) Significant deficiencies identified?	_____ Yes <u> √ </u> None Reported
Noncompliance material to basis financial statements noted?	_____ Yes <u> √ </u> No

Federal Awards Section

Dollar threshold used to distinguish between Type A and Type B Programs:	<u>\$750,000.00</u>
Auditee qualified as low-risk auditee?	<u> √ </u> Yes _____ No
Internal control over major programs:	
1) Material weakness(es) identified?	_____ Yes <u> √ </u> No
2) Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes <u> √ </u> None Reported
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of Uniform Guidance?	_____ Yes <u> √ </u> No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number</u>	<u>Name of Federal Program or Cluster</u>
84.011A	S011A230030	Migrant Education

**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)**

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

State Awards Section

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

\$750,000.00

Auditee qualified as low-risk auditee?

√ Yes ___ No

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

Unmodified

Internal control over major programs:

1) Material weakness(es) identified?

___ Yes √ No

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

___ Yes √ None Reported

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

___ Yes √ No

Identification of major programs:

GMIS Number(s)

Name of State Program

495-034-5094-003

TPAF Social Security Contribution

Section II - Financial Statement Findings

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

Section III - Federal and State Financial Assistance Findings and Questioned Costs

a) Federal Awards Findings and Questioned Costs:

NONE

b) State Awards Findings and Questioned Costs:

NONE

**ESSEX REGIONAL EDUCATIONAL SERVICES COMMISSION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2023**

There were no prior years' findings.

