

EDUCATIONAL SERVICES COMMISSION
OF NEW JERSEY



BOARD OF DIRECTORS
PISCATAWAY, NJ 08854

Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2024

Educational Services Commission of New Jersey
Piscataway, New Jersey

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For the Fiscal Year Ended June 30, 2024

Prepared by

Educational Services Commission of New Jersey
Business Office

**Educational Services Commission of New Jersey
Piscataway, New Jersey**

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Introductory Section

EDUCATIONAL SERVICES COMMISSION OF NEW JERSEY

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January 14, 2025

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

The Annual Comprehensive Financial Report of the Educational Services Commission of New Jersey (the "Commission") for the fiscal year ended June 30, 2024 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Directors. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the government-wide financial statements and the various funds of the Commission. All disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included.

The Annual Comprehensive Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The introductory section includes this transmittal letter (designed to complement Management's Discussion and Analysis and should be read in conjunction with it), the Commission's organizational chart and a list of principal officials. The financial section includes the management's discussion and analysis, basic financial statements, required supplementary information and other supplementary information, as well as the auditor's report. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis and is unaudited. The Commission is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and the State Treasury Circular Letter 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this single audit, including the auditors' report on internal control and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. Reporting Entity and its Services

The Commission was created in 1977 pursuant to NJASA 18A:6-51 through 70, by the twenty-four (24) boards of education in Middlesex County (member districts), to respond to increasing federal and state mandates by developing needed educational programs and services that were best provided cooperatively by a single coordinating agency in an efficient and economic manner. On June 1, 2006, the State Board of Education officially approved a name change for the Middlesex County Educational Services Commission to the Middlesex Regional Educational Services Commission to reflect shared services offered to 11 counties statewide at that time. On May 2, 2016, the State Board of Education unanimously approved a name change for the Middlesex Regional Educational Services Commission to the Educational Services Commission of New Jersey to more accurately reflect its scope of services offered to a presence in all 21 counties. The Commission is a public education agency reporting within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Statement No. 61. All funds and the Government-wide financial statements of the Commission are included in this report for Fiscal Year 2024 (FY24). The Commission and all of its educational programs constitute the Commission's reporting entity.

The Commission provided educational services and programs to the following member districts, through multi-year contracts during FY24:

Carteret	Middlesex	Sayreville
Cranbury	Middlesex County Magnet Schools	South Amboy
Dunellen	Milltown	South Brunswick
East Brunswick	Monroe	South Plainfield
Edison	New Brunswick	South River
Highland Park	North Brunswick	Spotswood
Jackson	Old Bridge	Woodbridge
Jamesburg	Perth Amboy	
Metuchen	Piscataway	

In addition, approximately one hundred thirty-eight (138) non-member districts contracted with the Commission for educational services and programs during the FY24 school year.

The following educational services and programs were provided during the FY24 school year:

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

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

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

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

As of June 30, 2024, the following services were provided:

Compensatory Education	2,303 services
English as a Second Language	150 services
Home Instruction	444 hours
Examination/Classification	1,401 services
Supplemental Instruction	1,060 services
Speech Correction	657 services
Speech Evaluations	39 services

NuVIEW ACADEMY

The NuView Academy program began in March, 2000 and provides a free, appropriate, public education (FAPE), in the least restrictive environment (LRE) for students exhibiting severe symptoms or diagnosis of Depression, ADHD, Autism, Conduct disorder, thought disorders or Anxiety disorder. A range of classifications are also served, such as Other Health Impairment, Emotional Regulation Impairment, Autism, and Specific Learning Disabilities. This is a collaborative effort between the Commission, which provides all educational programming and coordinates referral procedures, and Rutgers University Behavioral Healthcare which provides the psychiatric and therapeutic components for reaching the goals to assure success of the program. NuView Academy provides students with the tools needed to improve self-esteem, develop individual responsibility and evolve into productive members of society.

NuView Academy operates on a twelve (12) month basis. In FY24, NuView Academy served fifty-three (53) students from twenty-one (21) sending districts within six (6) counties.

PISCATAWAY REGIONAL DAY SCHOOL (PRDS)

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

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

One hundred twenty-five (125) students with disabilities received educational services at the PRDS during the FY24 school year.

PRDS EXTENDED SCHOOL YEAR PROGRAM (PRDS ESY)

During the summer of 2024, eighty-eight (88) students participated in the PRDS ESY program.

ACADEMY LEARNING CENTER (ALC)

The Academy Learning Center (ALC) provides a comprehensive day school program for students with autism or multiple disabilities based on the principles of Applied Behavior Analysis. The staff, of approximately one hundred twenty-five (125) teachers, instructional aides and therapists, is skilled in the education and the development of appropriate behavior for students with autism or multiple disabilities. The staff provide intensive instruction to students in a team model based upon the goals and objectives of each student's individualized educational program (IEP). Students develop skills in the areas of language and communication, social, academic, activities of daily living, vocational, fine motor and gross motor skills.

The school program is housed in a modern facility located in Monroe Township, New Jersey, especially designed and built for the needs of students with moderate to severe disabilities. In addition to the instructional areas, each classroom has an adjoining observation room for parents/guardians to observe their son/daughter in the classroom, as well as a storage room and a bathroom. The school serves approximately one hundred thirty (130) students from 3-21 years of age in eighteen (18) classrooms. The building contains eight (8) speech and language therapy rooms, a large occupational and physical therapy room, a spacious multipurpose room, along with administrative offices and a Health office. Three age appropriate playgrounds are on the ten (10) acre site.

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

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

ALC EXTENDED SCHOOL YEAR PROGRAM (ALC ESY)

The ALC ESY program is a continuation of the ten month program and provides a six week program from the last week in June through the first week in August. A high percentage of ten month employees also work in the ESY program. One hundred nine (109) students participated in the FY24 ESY program.

TITLE I PROGRAM

The Title I Program is a compensatory educational program that provides remedial services to educationally disadvantaged students attending nonpublic schools in low income areas. Students receive services regardless of income, although program funding to local school districts is based on community needs as compared to poverty standards. During FY24, four hundred twenty-nine (429) hours of services were provided to eighty-three (83) students from five (5) nonpublic schools.

COOPERATIVE TRANSPORTATION PROGRAM

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

One thousand one hundred ninety (1,190) cooperative special and regular education routes, public school routes, vo-tech and nonpublic school routes, transported more than eight thousand six hundred eighty-five (8,685) students to and from over two hundred (200) destinations each day from thirty-four (34) districts before-and-after-care transportation and work-study program transportation and mid-day shuttles between schools. Additionally, approximately one thousand (1,000) students are transported daily on athletic/late routes.

NONPUBLIC TEXTBOOK LOAN PROGRAM

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

For the FY24 school year, fifty-nine (59) nonpublic schools, located within twenty (20) districts in Burlington, Middlesex, Mercer, Somerset and Union Counties, have benefited from this service.

NONPUBLIC NURSING SERVICES

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

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

For the FY24 school year, ninety-five (95) nonpublic schools located within thirty-one (31) districts have benefited from this service.

NONPUBLIC SECURITY AID

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

For the FY24 school year, fifty-nine (59) nonpublic schools located in twenty (20) districts have benefited from this service.

NONPUBLIC TECHNOLOGY

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

For the FY24 school year, sixty-three (63) nonpublic schools located in twenty-one (21) districts have benefited from this service.

E.S.C. GENERAL PROGRAM

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

HOME INSTRUCTION TO PUBLIC STUDENTS

The Commission has provided home instruction services to six hundred twenty-five (625) public school students from twenty-six (26) school districts in and out of Middlesex County during the FY24 school year.

CHARTER SCHOOL SERVICES

The Commission provided an array of services to fifteen (15) charter schools in Essex, Hudson, Mercer, Middlesex, Monmouth, Ocean, Somerset and Union Counties.

COUNTY DIAGNOSTIC SERVICES

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

OCCUPATIONAL AND PHYSICAL THERAPY (OT/PT)

The Commission provided nineteen (19) OT/PT evaluations for six (6) public school districts during the FY24 school year.

PROFESSIONAL DEVELOPMENT ACADEMY (PDA)

The PDA completed its 21st full year of operation in June 2024. The PDA provided learning opportunities to all ESCNJ faculty and staff.

During the 2023–2024 school year, ESCNJ presented six (6) parent support programs and five (5) BACB approved CE workshops for BCBAs.

BRIGHT BEGINNINGS LEARNING CENTER (BBLC)

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

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

It remains a school of choice for twenty-three (23) districts seeking placement for students with preschool disabilities, multiple disabilities, and/or autism who require a highly specialized educational program. One hundred thirty-seven (137) students, ages 3 to 11 years, were enrolled at BBLC during the FY24 school year.

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

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

BBLC EXTENDED SCHOOL YEAR PROGRAM (BBLC ESY)

The BBLC ESY program is a continuation of the ten month program and provides a six week program from the last week in June through the first week in August. One hundred fifteen (115) students participated in FY24.

FUTURE FOUNDATIONS ACADEMY (FFA)

The Future Foundations Academy services students with Autism, ages 8 to 21, implementing the principles of Applied Behavior Analysis (ABA). Community-based education and career exploration programs, including job sampling at community worksites, provides students with opportunities for vocational practice in preparation for post-graduation employment.

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

The new Future Foundations Academy also includes an impressive Professional Development Center capable of seating three hundred (300) attendees. Future Foundations Academy currently has twenty (20) classrooms and an enrollment of one hundred forty-eight (148) students for the FY24 school year, with a 2:1 student to staff ratio.

FFA EXTENDED SCHOOL YEAR PROGRAM (FFA ESY)

The FFA ESY program is a continuation of the ten month program and provides a six week program from the last week of June through the first week in August. One hundred thirty (130) students participated in the ESY program.

CENTER FOR LIFELONG LEARNING (CLL)

The Center for Lifelong Learning opened in 2009 to provide an educational program for students with autism and/or severe multiple disabilities based on the principles of Applied Behavior Analysis (ABA). The school contains twenty-four (24) classrooms, a media center, physical and occupational therapy rooms, specialized classrooms, a gym, a greenhouse and a pool.

The Center for Lifelong Learning has developed into a program of choice for thirty-eight (38) districts in seven (7) counties seeking placement for students classified as preschool disabled, multiply disabled and autistic. One hundred ninety-five (195) students, ages 3 to 21 years, were enrolled at CLL during the FY24 school year.

The educational and behavioral programs at CLL utilize principles of applied behavior analysis, direct instruction, errorless learning, natural environment training, incidental teaching techniques and integrated related services to address and develop individual skills. Programs address the development of academic, physical, cognitive, communicative, vocational and social skills through individual and small group instruction. Vocational skills are enhanced through job sampling in the community and the school. Community based educational experiences further enhance each student's ability to interact within typical community environments. Speech, occupational and physical therapists work closely with classroom staff to integrate instruction. Special subject classes include

Adaptive Physical Education, Art and Music. Classes for students with autism are designed for a 2:1 student to staff ratio. Classes for students with multiple disabilities are designed for a 3:1 student to staff ratio. Transition support is provided for students returning to their home district classes.

CLL EXTENDED SCHOOL YEAR PROGRAM (CLL ESY)

The CLL ESY program is a continuation of the ten month program and provides a six week program from the last week in June through the first week in August. During the summer of 2024, one hundred fifty-five (155) students participated in the Extended School Year.

PATHWAYS TO ADULT LIVING (PAL)

The Pathways To Adult Living (PAL) Program, established in 2017, is a comprehensive transition program designed for students who have met their high school academic requirements but need additional support to prepare for independent living. Located on Main Street in Sayreville, PAL offers a practical and well-rounded curriculum addressing essential aspects of adult life. The program aims to equip students with the necessary skills and knowledge for a successful and independent future.

Key features of the PAL program include community-based instruction experiences, where students engage in real-life activities within the community to develop essential life skills. Vocational training is also a significant component, with a multitude of paid and unpaid job sampling sites, allowing students to explore various work environments and industries gaining hands-on experience to identify potential employment paths. Additionally, travel training plays an important role in the program as students learn to navigate public transportation. The program also offers personalized travel instruction through a partnership with Rutgers' New Jersey Travel Independence Program (NJTIP).

Financial literacy is another vital element of the PAL curriculum, with students receiving instruction in budgeting, banking, and managing personal finances. Culinary skills are also taught, helping students master meal planning, food shopping, and cooking, which are essential for maintaining a healthy and independent lifestyle. Furthermore, the program assists students in planning for adult life by helping them set personal goals, develop self-advocacy skills, and make informed decisions regarding housing, healthcare, and long-term support services.

To foster socialization and personal development, PAL also offers a variety of recreational and leisure activities.

The program's Extended School Year (ESY) is an extension of its ten-month programming, with a continued emphasis on promoting independence.

TURNING POINT ACADEMY (TPA)

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

ADULT COMMUNITY SERVICES (ACS)

The ESCNJ Adult Community Services (ACS) program opened January 2020. ACS is a day habilitation program that offers individuals, with intellectual and developmental disabilities, 21 and over, enrolled in DDD and Medicaid an opportunity to strive for independence by helping to develop their social, emotional, and life skills. Individuals will have the ability to explore their interests, participate in community inclusion, prevocational learning, volunteering, and job sampling. A

cornerstone of the program is bridging the gap between school and adulthood through hands-on experience that can be transferred to real world opportunities.

Division of Developmental Disabilities approved services.

- Day Habilitation
- Prevocational Training

IDEA-B

IDEA-B provides additional educational services to classified students attending private schools. These services provide speech therapy, occupational therapy and physical therapy, supplemental instruction, counseling, instructional aides, nursing and supplies. This program is funded through the federal government IDEA-B grant programs for FY24. The Commission provides services to twenty-seven (27) districts and forty-eight (48) nonpublic schools.

THE ESCNJ COOPERATIVE PRICING SYSTEM

The Commission has operated a State-approved Cooperative Pricing System since 1996. During FY24, the Commission expanded this program by renewing various bids/contracts; issued new bids/contracts for several services; and expanded its membership to include over one thousand five hundred sixty-three (1,563) public agencies, which includes public school districts, municipalities, county governments, county and state colleges.

2. Economic Condition and Outlook

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

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

The Commission continued its efforts to consolidate and share services among and between public school districts in the county by developing and working with the County Superintendent of School's office. This effort reviewed the cost of out-of-district and out-of-county private special education placements and provided a forum for Directors of Special Services in local districts to meet and set up a philosophy and procedures for placement of disabled students closer to their resident school district.

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

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

Examples of consolidated services include:

- Joint contracting with bus companies or shared use of district-owned buses for public transportation.
- Operation of transportation programs on behalf of the districts.

- Joint purchasing of school supplies and equipment (e.g., paper, pencils, larger items).
- Joint purchasing of natural gas and electricity.
- Cooperation among districts in the offering of specialized educational services such as special education and the use of child study teams.
- Common staff development.

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

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

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

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

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

3. Internal Control

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

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

4. Budgetary Controls

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line

item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balances in the subsequent year. Those amounts to be reappropriated are reported as assigned fund balance on June 30, 2024.

5. Accounting Systems and Reports

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

6. Cash Management

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

7. Risk Management

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

8. Service Efforts and Accomplishments

The Commission continued to develop new programs and services for its member districts during the FY24 school year. These efforts were highlighted by the expansion of the Cooperative Pricing Program. Management has continued to expand the Cooperative Pricing System membership to include over one thousand five hundred twenty-five (1,525) public agencies serving all twenty-one (21) counties in New Jersey. The Commission also continued its efforts in the area of technology, initiating major initiatives in all programs. These efforts include the updating of hardware and software necessary to develop a computer assisted instructional program and to allow student media access for purposes of research as well as internet resources. The Commission also served as lead agency for the statewide Digital Readiness Learning Assessment Program in cooperation with the New Jersey Department of Education. This program dramatically affected the economics of acquiring broadband and internet services by using cooperative purchasing to drive down the cost.

9. Major Operational or Fiscal Concerns

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

10. Other Information

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

Self-Recognition - The following Commission faculty were recognized for the Governor's Educator of the Year Program for the FY24 school year:

Academy Learning Center

Donna Kilcommons – Educator of the Year

Bright Beginnings Learning Center

Olga Lepkowska – Educator of the Year

Joy Figueiroa – Education Specialist of the Year

Center for Lifelong Learning

Christina Truska – Educator of the Year

Dana Vasil – Education Specialist of the Year

Future Foundations Academy

Diane Lange – Educator of the Year

Nonpublic

Annmarie Foster – Educator of the Year

Richard Angelillo – Education Specialist of the Year

NuView Academy

Jennifer Woodard – Educator of the Year

Piscataway Regional Day School

Marcia Flood – Educator of the Year

Turning Point Academy

Holly Ziembia – Educator of the Year

Student Recognition Program – Seven (7) students from the Commission were honored in February 2024 at the Annual Unsung Heroes and Heroines Student Recognition Dinner. The students were as follows:

Hannah Panagis
Diana Trischetta
Arthur Dong
Amari Nicholas
Bryan Wankmueller
Christopher Fernandez
Kaylah Anderson

Academy Learning Center
Academy Learning Center
Center for Lifelong Learning
Center for Lifelong Learning
Future Foundations Academy
Piscataway Regional Day School
Piscataway Regional Day School

Services – Other significant developments and acknowledgments during the FY2024 school year:

- Approval of curricula as follows – September 2024
 - Academy Learning Center, Bright Beginnings Learning Center, Center for Lifelong Learning, Future Foundations Academy, NuView Academy, Piscataway Regional Day School, Turning Point Academy
 - New Jersey Student Learning Standards
 - English Language Arts (K-5)
 - Preschool
 - VB-MAPP Levels 1, 2, & 3

11. For the Future

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

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

12. Acknowledgments

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

Respectfully submitted,

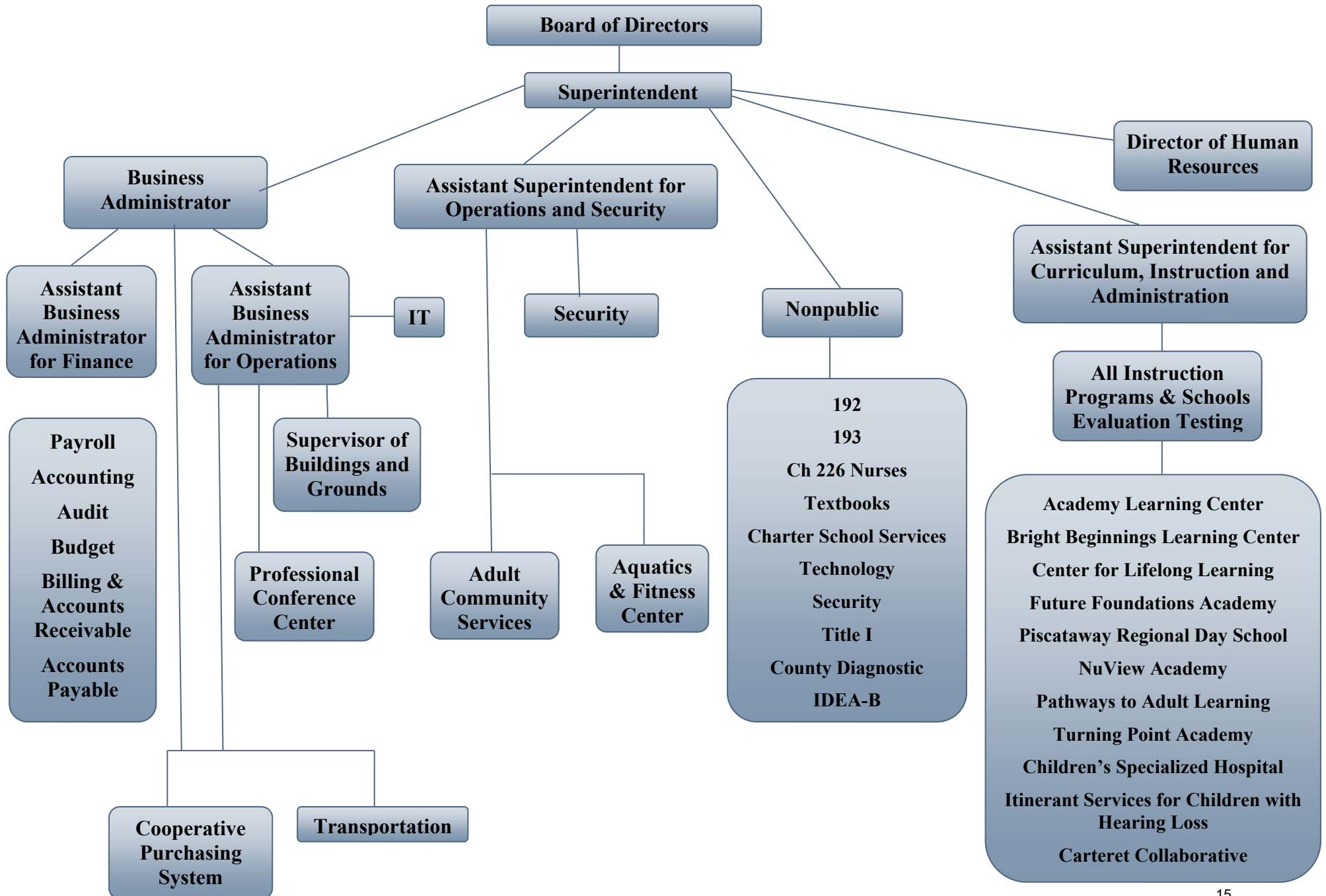


Mrs. Nadia Romano
Superintendent



Mr. Timothy Havlusch
Business Administrator/Board Secretary

ORGANIZATIONAL CHART



Educational Services Commission of New Jersey
Piscataway, New Jersey

Roster of Officials
June 30, 2024

Members of the Board of Directors

Name of School District

Ms. Rosa Diaz	Carteret
Dr. Jennifer Diszler	Cranbury
Mr. Daniel J. Ross	Dunellen
Dr. Victor Valeski	East Brunswick
Dr. Edward Aldarelli	Edison
Dr. Kristina Nicosia	Highland Park
Ms. Nicole Pormilli	Jackson
Dr. Gina Villani	Jamesburg
Dr. Vincent Caputo	Metuchen
Dr. Roberta Freeman	Middlesex
Dr. Stephanie Brown	Milltown
Mr. Tony Trongone	Millville
Ms. Chari Chanley	Monroe
Dr. Aubrey Johnson	New Brunswick
Ms. Janet Ciarrocca	North Brunswick
Ms. Elena Francisco	Old Bridge
Dr. David Roman	Perth Amboy
Ms. Shantell Cherry	Piscataway
Mr. Rashon Hasan	Plainfield
Mr. Brian Betze	Robbinsville
Dr. Richard Labbe	Sayreville
Dr. Brian Brotschul	Somerset Hills Regional
Dr. Frederick Williams	South Amboy
Mr. Scott Feder	South Brunswick
Dr. Noreen Lishak	South Plainfield
Dr. Sylvia Zircher	South River
Mr. Graham Peabody	Spotswood
Dr. Joseph Massimino	Woodbridge
Mr. Jorge Diaz	Middlesex County Magnet Schools

ESCNJ Officials

Mrs. Nadia Romano, Superintendent
Mr. Gary Molenaar, Assistant Superintendent for Learning/Educational Services
Dr. Matthew Scanlon, Assistant Superintendent for Operations and Security
Mr. Timothy Havlusch, Business Administrator/Board Secretary
Mrs. Kai-Li Pao, Assistant Business Administrator for Financial Operations
Ms. Jennifer Nicholson, Assistant Business Administrator for Operations
Mr. Russell Hudson, Director of Human Resources
Ms. Meena Pasupathy, Supervisor of Special Projects

Educational Services Commission of New Jersey
Piscataway, New Jersey

Consultants, Independent Auditors and Advisors

June 30, 2024

Attorney

Busch Law Group LLC
450 Main Street
Metuchen, NJ 08840

Audit Firm

PKF O'Connor Davies, LLP
20 Commerce Drive, Suite 301
Cranford, NJ 07016

Labor Consultant

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

Official Depository

TD Bank
1906 Lincoln Highway
Edison, New Jersey 08817

Architects

Spiezle Architectural Group, Inc.
1395 Yardville Hamilton Square Road, Suite 2A
Hamilton, NJ 06691

Financial Section



Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Educational Services Commission of New Jersey (the "Commission"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Commission as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

**Honorable President and Members
of the Board of Directors
Educational Services Commission of New Jersey**

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

**Honorable President and Members
of the Board of Directors
Educational Services Commission of New Jersey**

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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The combining and individual fund financial statements, long-term debt schedules, and the schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements, long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report for the year ended June 30, 2024. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

**Honorable President and Members
of the Board of Directors
Educational Services Commission of New Jersey**

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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 January 14, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Cranford, New Jersey
January 14, 2025

Scott A. Clelland

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

Required Supplementary Information - Part I

Management's Discussion and Analysis

Educational Services Commission of New Jersey
Piscataway, New Jersey

Management's Discussion and Analysis
Year Ended June 30, 2024

As management of the Educational Services Commission of New Jersey (the "Commission"), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages as listed on the table of contents.

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

Financial Highlights

Key financial highlights for 2024 are as follows:

- General revenues accounted for \$40,957,779 or 25.91 percent of all revenues. Program specific revenues in the form of charges for services and operating and capital grants and contributions accounted for \$117,113,982 or 74.09 percent of total revenues of \$158,071,761.
- The Commission had \$140,337,280 in expenses (governmental and business-type activities); \$117,113,982 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily fees for tuition and services provided to other districts) of \$40,957,779 were adequate to provide for these programs.
- In total, net position increased \$17,734,481, or 16.39 percent.
- Among major funds, the General Fund had \$143,547,656 in revenues and \$130,548,521 in expenditures and net other financing uses. The General Fund's fund balance increased \$12,999,135 over 2023. This increase was mainly due to the increases in the co-op purchasing and pricing programs.

Overview of the Financial Statements

This discussion and analysis of the Commission's financial performance provides an overall review of the Commission's financial activities for the year ended June 30, 2024 with certain comparisons to the 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 basic financial statements and the notes to the basic financial statements to enhance their understanding of the Commission's financial performance. The Commission's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This document also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

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

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

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

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

Reporting the Commission's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

near future to finance educational or service programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

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

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

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

Proprietary funds. The Commission maintains two proprietary fund types. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The *Internal Service Fund* accounts for employer and employees contributions that pay benefits, claims costs, and administrative cost of self-insured health benefits program. The basic proprietary fund financial statements are Schedules B-4, B-5 and B-6.

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

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

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

Government-Wide (Governmental Activities) Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Commission, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$125,252,040 at the close of the most recent fiscal year.

The Commission has restricted net position for debt service and capital projects fund and its capital and maintenance reserves. The restricted net position for debt service will be used for debt service principal and interest obligations.

Table 1 shows the comparison of the Commission's Government-Wide net position from fiscal year 2023 to 2024.

**Table 1 - Net Position
June 30, 2024 and 2023**

	Governmental		Business-type		Total	
	Activities		Activities			
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 106,060,291	\$ 92,406,425	\$579,047	\$479,970	\$106,639,338	\$92,886,395
Capital assets, net	78,416,226	80,526,206	105,416	125,430	78,521,642	80,651,636
Total assets	184,476,517	172,932,631	684,463	605,400	185,160,980	173,538,031
Deferred Outflows of Resources	4,153,285	5,192,589			4,153,285	5,192,589
Current liabilities and other	13,647,749	13,355,060	32,284	17,690	13,755,642	13,372,750
Net pension liability	13,615,218	14,692,230			13,615,218	14,692,230
Long-term liabilities	34,278,053	39,415,304			34,278,053	39,415,304
Total liabilities	61,616,629	67,462,594	32,284	17,690	61,648,913	67,480,284
Deferred Inflows of Resources	1,761,133	3,080,598			1,761,133	3,080,598
Net position:						
Net investment in capital assets	41,120,126	38,586,940	105,416	125,430	41,225,542	38,712,370
Restricted	19,637,851	18,765,016			19,637,851	18,765,016
Unrestricted	64,494,063	50,230,072	546,763	462,280	65,040,826	50,692,352
Total net position	\$ 125,252,040	\$ 107,582,028	\$ 652,179	\$ 587,710	\$ 125,904,219	\$ 108,169,738

Net investment in capital assets (e.g., land, construction-in-progress, buildings and improvements, vehicles, and machinery and equipment) is net of depreciation, and less related debt used to acquire those assets that are still outstanding. Although the Commission's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of governmental activities unrestricted net position of \$64,494,063 and may be used to meet the government's ongoing obligations to member districts.

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

Total current and other assets increased mainly due to increases in cash and cash equivalents and inter-fund receivables.

Total current liabilities decreased mainly due to a decrease in accounts payable and unearned revenue for special revenue fund.

Restricted Net Position increased mainly due to an increase in Maintenance Reserve during fiscal year 2024.

Unrestricted net position increased due to an excess of revenues over expenses and other financing sources of governmental activities. The main contributors to revenues increasing were tuition and transportation fees.

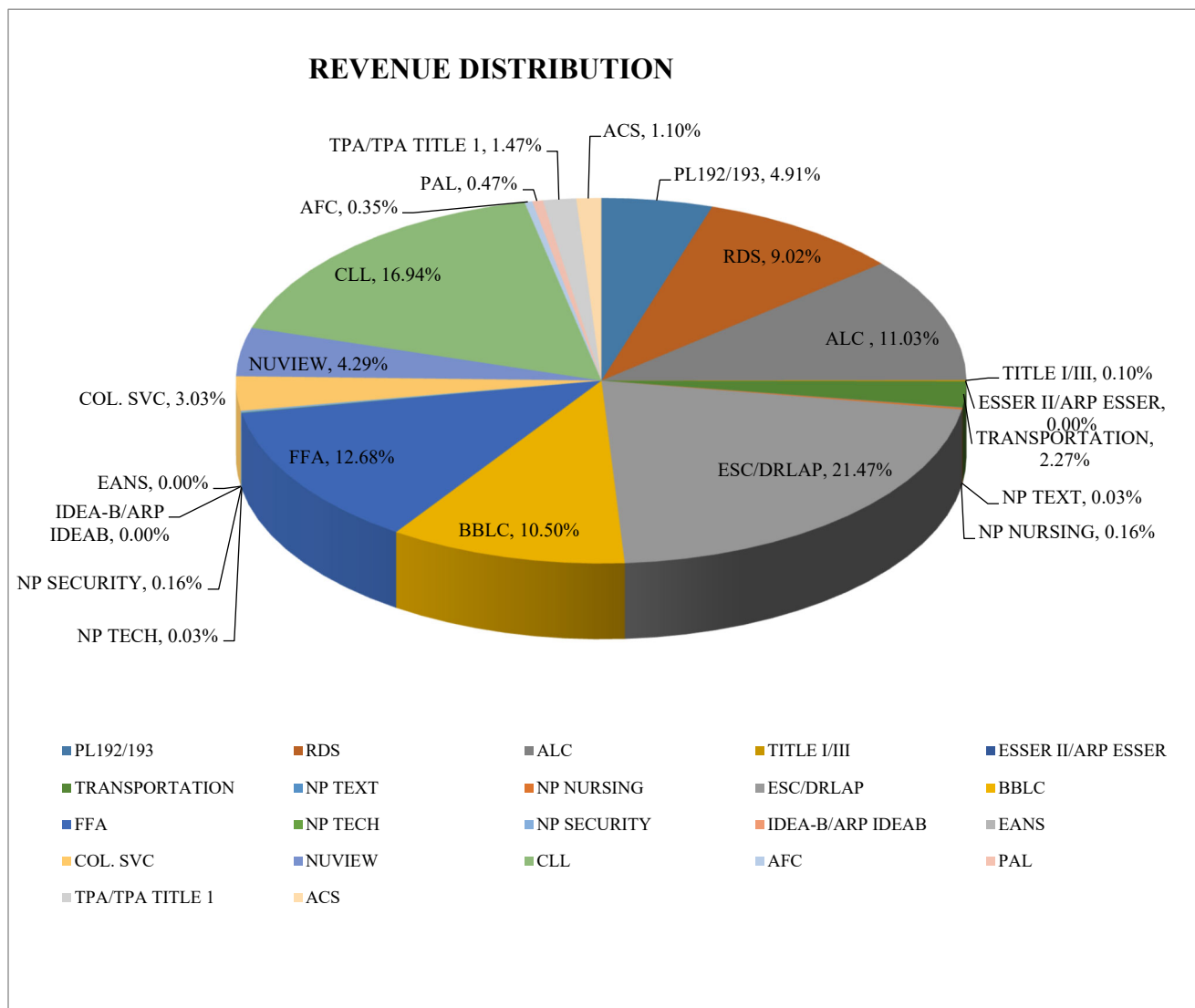
Table 2 shows the changes in the Commission's net position from fiscal year 2023 to 2024.

Government-Wide Activities

Table 2 - Changes in Net Position
Years Ended June 30, 2024 and 2023

	Governmental		Business-type		Total	
	Activities		Activities			
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for Services	\$ 49,900,461	\$ 50,387,003	\$ 1,405,543	\$ 742,950	\$ 51,306,004	\$ 51,129,953
Operating/Cap Grants and Contributions	15,582,535	20,861,741	479,395	474,598	16,061,930	21,336,339
Transportation	49,746,048	54,984,283			49,746,048	54,984,283
General Revenues:						
Service Provided to Other Districts	32,785,554	32,666,741			32,785,554	32,666,741
Grants and Entitlements	5,660,561	6,750,570			5,660,561	6,750,570
Miscellaneous	2,511,664	1,147,831			2,511,664	1,147,831
Total Revenues	156,186,823	166,798,169	1,884,938	1,217,548	158,071,761	168,015,717
Program Expenses:						
Instructional Services	27,620,376	33,264,034			27,620,376	33,264,034
Support Services	104,873,051	107,268,561			104,873,051	107,268,561
Special Schools	3,921,942	3,603,940			3,921,942	3,603,940
Interest on Long-Term Debt	1,403,977	1,604,438			1,403,977	1,604,438
Operation of non-instructional services			2,517,934	2,062,069	2,517,934	2,062,069
Total Expenses	137,819,346	145,740,973	2,517,934	2,062,069	140,337,280	147,803,042
Transfers In (Out)	(697,465)	203,599	697,465	(203,599)	-	-
Change In Net Position	17,670,012	21,260,795	64,469	(1,048,120)	17,734,481	20,212,675
Net Position—Beginning	107,582,028	86,321,233	587,710	1,635,830	108,169,738	87,957,063
Net Position—Ending	\$125,252,040	\$107,582,028	\$ 652,179	\$ 587,710	\$125,904,219	\$108,169,738

Revenues and expenses decreased primarily due to the EANS federal grant ending on August 31, 2024 and inflated transportation costs since COVID-19 funding has leveled off during FY24.



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

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

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

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

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

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

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

Financial Analysis of the Commission's Funds

Financial Information at Fiscal Year-End

As demonstrated by the various statements and schedules included in the financial section of this report, the Commission continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2024 and the amount and percentages of increases and (decreases) in relation to the prior year's revenues.

Revenues Year Ended June 30, 2024				
Revenues	Amount	Percentage of Total	(Decrease) Increase from 2023	Percentage of Increase
Local sources	\$ 134,952,335	84.77%	\$ (4,259,783)	-3.06%
State sources	19,146,386	12.03%	2,418,180	14.46%
Federal sources	5,090,012	3.20%	(7,521,340)	-59.64%
Total	<u>\$ 159,188,733</u>	<u>100.00%</u>	<u>\$ (9,362,943)</u>	<u>-5.55%</u>

The decrease in local sources is attributable to decreases in transportation and educational services provided to districts. The increase in State revenue sources is mainly attributable to the increase services related to the non-public Textbook, Nursing, Technology and Security Grants. The decrease in Federal revenue sources is mainly attributable to the new Emergency Assistance to Non-Public Schools (EANS) program provided to eligible nonpublic schools as compared to fiscal year 2023.

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2024 and the amount and percentages of increases and (decreases) in relation to the prior year's expenditures.

Expenditures
Year Ended June 30, 2024

Expenditures	Amount	Percentage of Total	(Decrease) Increase from 2023	Percentage of (Decrease) Increase
Current:				
Instruction	\$ 22,827,781	15.77%	\$ (4,824,741)	-17.45%
Undistributed expenditures	110,685,352	76.49%	(933,208)	-0.84%
Capital outlay	1,169,733	0.81%	(2,330,977)	-66.59%
Special schools	3,921,942	2.71%	318,002	8.82%
Debt service:				
Principal	4,506,164	3.11%	185,909	4.30%
Interest	1,600,978	1.11%	(187,209)	-10.47%
Total	\$ 144,711,950	100.00%	\$ (7,772,224)	-5.10%

The decrease in instruction is due to a decrease related to the Emergency Assistance to Non-Public Schools (EANS) programs provided to eligible nonpublic schools. The decrease in undistributed expenditures is mainly due to a decrease in transportation services. The decrease in capital outlay is mainly related to the decrease equipment purchase related to EANS grants as compared to FY23. The increase in special schools is mainly attributable to the addition of enrollment for extended school program for all Commission schools.

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

As of the end of the current fiscal year, the Commission's governmental funds reported combined fund balances of \$90,187,660, an increase of \$12,747,152 in comparison with the prior year. \$64,353,284 of this total amount represents of *unassigned fund balance*, which is available for spending at the Commission's discretion. The remainder of fund balance is *restricted and assigned* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period, 2) to pay debt service or 3) support program budgets, respectively.

The general fund is the main operating fund of the Commission. At the end of the current fiscal year, unassigned fund balance of the general fund was \$64,353,284, while total fund balance reached \$82,632,870. As a measure of the general fund's viability, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 49.29 percent of total general fund expenditures, while total fund balances represent 63.30 percent of that same amount.

The total fund balance of the Commission's general fund increased by \$12,999,135 during the current fiscal year and the unassigned fund balance increased by \$6,923,593 during the current fiscal year.

The fund balance of the Commission's capital projects fund decreased by (\$337,753) due to on-going Aquatic Fitness Center capital projects completed during the 2024 school year. The capital projects fund has a total fund balance of \$590,844 as of June 30, 2024.

The debt service fund has a total fund balance of \$6,945,606, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$75,606.

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

General Fund Budgeting Highlights

Significant Budget Variances or Budget Modifications

During the 2024 school year, the Commission experienced several significant budget variances and modifications as compared to original budget.

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

During the course of the 2024 fiscal year, the Commission amended its General Fund budget as needed. The Commission uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, final budgeted budgetary-basis revenue and other financing sources was \$135,039,417, \$613,085 over original budgeted estimates of \$134,426,332. This difference was due primarily to the budget transfer to reflect actual costs in transportation, educational and coop services as compared to original projected amount.

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

1. Salaries of teachers for Multiple Disabilities were decreased by (\$592,027). The decreases as compared to the original budget estimates were related to the reduction of Autistic students enrolled in the Piscataway Regional Day School, the Academy Learning Center, and the Center for Lifelong Learning.
2. Salaries of teachers for Autism were decreased by (\$1,228,182) and other salaries of instruction were decreased by (\$221,050). These decreases as compared to the original budget estimates were related to the reduction of Autistic students enrolled in the Academy Learning Center, the Bright Beginning Learning Center, Future Foundation Academy and the Center for Lifelong Learning.
3. Other Support for Students for salaries of instruction was decreased by (\$242,381). This decrease was directly related to the actual cost paid as compared to the original budget estimates for Speech teachers and Occupational and Physical Therapists.
4. Other Support for Students for other salaries of 1:1 aide services was increased by \$462,918. This increase was directly related to the increase of 1:1 aides services provided to districts during fiscal year 2024.

5. Salaries of Support services for general administration was decreased by (\$409,613). The decrease was mainly related to unfilled clerical positions for Deputy Superintendent's office and the actual cost paid as compared to the original budget estimates due to the transition of Superintendent's office during year 2024.
6. Salaries of Support services for school administration was decreased by (\$236,437). The decrease was mainly related to unfilled supervisor position for the Future Foundation Academy and the actual cost paid as compared to the original budget estimates due to the transition of Supervisor for the special projects and Principal of the NuView Academy.
7. Salaries of Central services was decreased by (\$552,814). The decrease was mainly related to some vacant positions that were filled by staffing agencies and the actual cost paid to newly hired positions as compared to the original budget estimates.
8. Required maintenance of school facilities for cleaning, repair and maintenance line was increased by \$9,604,210. This increase was directly related to various maintenance reserve projects including upgrading of flooring, fire alarm system, playground, dehumidifier, roof replacement, HVAC upgrade and other miscellaneous projects during fiscal year 2024
9. Student Transportation Contracted Services between Home and School was decreased by (\$10,493,459). This decrease was directly related to the inflated transportation costs during COVID which leveled off during fiscal year 2024.
10. Employee Benefits for Social security contribution was increased by \$265,560. This increase was directly related to the actual social security cost paid as compared to the original budget estimates due to the increase of staffing related to 1:1 aide positions during year 2024 for all schools.
11. Health Benefits were increased by \$14,141,182. The Commission's practice is to transfer all budget fund balance from the budget lines at year end to the health benefits account. Therefore, the increase represents the distribution of additional revenue for increases in enrollments and services in the 2024 year as compared to original budget estimates.
12. Summer School other Objects was increased by \$446,018. This increase represents the distribution of additional revenue for increases in enrollments and services during extended school year 2024 compared to original budget estimates.

The General Fund revenues of the Commission exceeded expenditures and other financing (uses) by \$12,999,135.

Capital Assets

At the end of the fiscal year 2024, the Commission had \$78,416,226 (net) investment in land and land improvements, construction in progress, buildings, furniture and equipment, and vehicles and construction in progress. Table 3 shows a comparison of governmental activities capital assets (net of depreciation) from fiscal year 2023 to 2024.

Table 3 – Capital Assets (Net of Depreciation)
Governmental Activities

	2024	2023
Land and land improvements	\$ 5,268,372	\$ 5,284,619
Construction in progress	8,812	8,812
Buildings and improvements	69,947,047	71,671,024
Machinery, equipment and vehicles	3,191,995	3,561,751
Totals	\$ 78,416,226	\$ 80,526,206

At the end of the fiscal year 2024, the Commission had \$105,416 (net) investment in land improvements, buildings and equipment. Table 4 shows a comparison of business-type activities capital assets (net of depreciation) from fiscal year 2023 to 2024.

Table 4 – Capital Assets (Net of Depreciation)
Business-Type Activities

	2024	2023
Buildings and improvements	\$ 18,987	\$ 19,649
Equipment	86,429	105,781
Totals	\$ 105,416	\$ 125,430

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

Debt Administration

On June 30, 2024, the Commission had \$33,940,000 in outstanding bonds/loans payable and \$2,066,848 in outstanding financed purchases for school construction. In addition, the District has other long-term liabilities recorded on its financial statements related to pensions and compensated absence liabilities.

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

Economic Factors and Next Year's Budget

The Commission budgeted \$6,668,000 of its June 30, 2024 fund balance to partially fund 2024-2025 Extended School Year programs, Regular School programs, Capital Outlay and Construction Projects. In addition, the Commission budgeted \$850,000 of its June 30, 2024 fund balance to partially fund 2024-2025 Aquatics and Fitness Center operations.

Contacting the Commission's Financial Management

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

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the Commission's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2024.

Educational Services Commission of New Jersey

Statement of Net Position

June 30, 2024

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 70,824,516	\$ 1,611,950	\$ 72,436,466
Cash held with Fiscal Agent	340,177		340,177
Internal balances	1,205,987	(1,205,987)	—
Receivables, net	31,369,407	173,084	31,542,491
Restricted assets:			
Cash and cash equivalents-restricted	2,320,204		2,320,204
Capital assets, nondepreciable	5,240,426		5,240,426
Capital assets, depreciable, net	73,175,800	105,416	73,281,216
Total assets	184,476,517	684,463	185,160,980
Deferred outflows of resources			
Deferred loss on refunding	2,073,355		2,073,355
Pension Deferrals	2,079,930		2,079,930
Total deferred outflows of resources	4,153,285		4,153,285
Liabilities			
Accounts payable	5,761,100	24,257	5,785,357
Accrued interest payable	331,156		331,156
Intergovernmental accounts payable:			
Federal	23,861		23,861
Districts	1,054,333		1,054,333
Unearned revenue	1,417,429	8,027	1,425,456
Noncurrent liabilities:			
Net Pension Liability	13,615,218		13,615,218
Due within one year	5,135,479		5,135,479
Due beyond one year	34,278,053		34,278,053
Total liabilities	61,616,629	32,284	61,648,913
Deferred inflow of resources			
Pension Deferrals	1,761,133		1,761,133
Net Position			
Net Investment in Capital Assets	41,120,126	105,416	41,225,542
Restricted for:			
Capital Projects	590,844		590,844
Capital Reserve	4,216,392		4,216,392
Emergency Reserve	500,000		500,000
Unemployment Compensation	339,667		339,667
Student Activities	18,340		18,340
Maintenance Reserve	7,358,158		7,358,158
Debt Service	6,614,450		6,614,450
Unrestricted	64,494,063	546,763	65,040,826
Total Net Position	\$ 125,252,040	\$ 652,179	\$ 125,904,219

See accompanying notes to the basic financial statements

Educational Services Commission of New Jersey

Statement of Activities

Year ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities
Governmental activities					
Instruction	\$ 27,620,376	\$ 49,880,023	\$ 7,056,269	\$ 29,315,916	\$ 29,315,916
Support Services:					
Health Services	1,897,253			(1,897,253)	(1,897,253)
Student and Instruction Related Services	28,089,131	20,438	8,526,266	(19,542,427)	(19,542,427)
General and Business Administrative Services	1,474,567			(1,474,567)	(1,474,567)
School Administrative Services	2,996,728			(2,996,728)	(2,996,728)
Central Services	3,075,003			(3,075,003)	(3,075,003)
Administrative Information Technology	915,146			(915,146)	(915,146)
Plant Operations and Maintenance	6,275,367			(6,275,367)	(6,275,367)
Pupil Transportation	59,422,975	49,746,048		(9,676,927)	(9,676,927)
Employee Benefits	726,881			(726,881)	(726,881)
Special Schools	3,921,942			(3,921,942)	(3,921,942)
Interest on Long-Term Debt	1,403,977			(1,403,977)	(1,403,977)
Total Governmental Activities	137,819,346	99,646,509	15,582,535	(22,590,302)	(22,590,302)
Business-type activities					
Pool Services	1,092,966	320,320			\$ (772,646)
Adult Community Services	821,307	1,007,353			186,046
Food Services	603,661	77,870	479,395		(46,396)
Total Business-Type Activities	2,517,934	1,405,543	479,395		(632,996)
Total Primary Government	\$ 140,337,280	\$ 101,052,052	\$ 16,061,930	(22,590,302)	(632,996)
General Revenues and Transfers:					
Federal And State Sources				5,660,561	5,660,561
Services Provided to Districts				32,785,554	32,785,554
Interest Income				2,188,898	2,188,898
Miscellaneous				322,766	322,766
Transfers				(697,465)	697,465
Total General Revenues and Transfers				40,260,314	697,465
Change In Net Position				17,670,012	64,469
Net Position—Beginning				107,582,028	587,710
Net Position—Ending				\$ 125,252,040	\$ 652,179

See accompanying notes to the basic financial statements

Fund Financial Statements

Governmental Funds

**Educational Services Commission of New Jersey
Governmental Funds**

Balance Sheet

June 30, 2024

	Major Funds				Total Governmental Funds
	General	Special Revenue	Capital Projects	Debt Service	
Assets					
Cash and Cash Equivalents	\$ 52,971,348	\$ 4,955,621	\$ 1,005,840	\$ 4,640,209	\$ 63,573,018
Accounts Receivable:					
State	50,689				50,689
Federal		1,450,128			1,450,128
Intergovernmental - Other Districts	25,978,862	3,297,878			29,276,740
Other	73,323	23,107			96,430
Interfund Receivable	8,290,145			20,775	8,310,920
Restricted Cash and Cash Equivalents			35,582	2,284,622	2,320,204
Total Assets	\$ 87,364,367	\$ 9,726,734	\$ 1,041,422	\$ 6,945,606	\$ 105,078,129
Liabilities					
Accounts Payable	\$ 1,803,117	\$ 287,707	\$ 450,000		\$ 2,540,824
Payroll Deductions Payable	356,155				356,155
Intergovernmental Accounts Payable:					
Federal		23,861			23,861
Other Districts	414,138	640,195			1,054,333
Interfunds Payable	2,158,087	7,339,202	578		9,497,867
Unearned Revenue		1,417,429			1,417,429
Total Liabilities	4,731,497	9,708,394	450,578		14,890,469
Fund Balances					
Restricted For:					
Capital Reserve	4,216,392				4,216,392
Maintenance Reserve	7,358,158				7,358,158
Emergency Reserve	500,000				500,000
Unemployment Compensation	339,667				339,667
Student Activities		18,340			18,340
Capital Projects			590,844		590,844
Debt Service				\$ 6,945,606	6,945,606
Assigned To:					
Other Purposes	5,865,369				5,865,369
Unassigned	64,353,284				64,353,284
Total Fund Balances	82,632,870	18,340	590,844	6,945,606	90,187,660
Total Liabilities and Fund Balances	\$ 87,364,367	\$ 9,726,734	\$ 1,041,422	\$ 6,945,606	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$118,117,951 and the accumulated depreciation is \$39,701,725.	78,416,226
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(331,156)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	318,797
Losses arising from the issuance of refunding bonds that are a result of the difference in the carrying value of the refunded bonds and the new bonds are deferred and amortized over the life of the bonds.	2,073,355
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	(13,615,218)
Accrued pension contributions for the June 30, 2024 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(1,307,076)
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 5).	(39,413,532)
Internal service funds are used by the Commission to charge the costs of the self insurance program to the individual funds. The activities of this fund are included in the Statement of Activities.	8,922,984
Net position of governmental activities (A-1)	<u>\$ 125,252,040</u>

See accompanying notes to the basic financial statements

Educational Services Commission of New Jersey
Governmental Funds

Statements of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2024

	Major Funds				Total
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Revenues:					
Local Sources:					
Tuition from Districts	\$ 49,880,023				\$ 49,880,023
Transportation Fees	49,746,048				49,746,048
Services Provided to Districts	32,785,554				32,785,554
Interest on Investments	2,150,216		\$ 578	\$ 38,104	2,188,898
Other Restricted Miscellaneous Revenue	10,190				10,190
Miscellaneous	312,576	\$ 29,624			342,200
Total – Local Sources	134,884,607	29,624	578	38,104	134,952,913
State Sources	8,663,049	10,483,337			19,146,386
Federal Sources		5,090,012			5,090,012
Total Revenues	143,547,656	15,602,973	578	38,104	159,189,311
Expenditures:					
Current:					
Instruction	15,771,512	7,056,269			22,827,781
Support Services					
Health Services	1,600,298				1,600,298
Other Support: Special	15,293,228	7,695,655			22,988,883
General Administration	1,243,770				1,243,770
School Administration	2,527,685				2,527,685
Central Services	2,593,708				2,593,708
Administrative Information Technology	771,909				771,909
Required Maintenance for School Facilities	4,031,434				4,031,434
Operation of Plant	1,261,722				1,261,722
Student Transportation	50,122,183				50,122,183
Employee Benefits	14,880,711				14,880,711
Reimbursement TPAF Social Security, Disability Insurance and Pension (Non-Budgeted)	8,663,049				8,663,049
Capital Outlay	335,357	834,376	337,753		1,507,486
Special Schools	3,921,942				3,921,942
Debt Service:					
Principal				4,506,164	4,506,164
Interest				1,600,978	1,600,978
Total Expenditures	123,018,508	15,586,300	337,753	6,107,142	145,049,703
Excess (Deficiency) of Revenues Over (Under) Expenditures	20,529,148	16,673	(337,175)	(6,069,038)	14,139,608
Other Financing Sources (Uses):					
Transfers In				6,144,644	6,144,644
Transfers Out	(7,530,013)	(6,509)	(578)		(7,537,100)
Total Other Financing Sources (Uses)	(7,530,013)	(6,509)	(578)	6,144,644	(1,392,456)
Change in Fund Balance	12,999,135	10,164	(337,753)	75,606	12,747,152
Fund Balances, July 1	69,633,735	8,176	928,597	6,870,000	77,440,508
Fund Balances, June 30	\$ 82,632,870	\$ 18,340	\$ 590,844	\$ 6,945,606	\$ 90,187,660

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

See accompanying notes to the basic financial statements

Educational Services Commission of New Jersey
Governmental Funds

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

Year ended June 30, 2024

Total net change in fund balances - governmental funds (B-2) \$ 12,747,152

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

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

Depreciation Expense	\$ (2,783,090)	
Capital Assets Addition	<u>673,110</u>	(2,109,980)

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

Repayment of Bond/Loan Principal	3,505,000	
Repayment of Financed Purchases	1,001,164	
Amortization of Premium on Bonds	431,934	
Deferred Loss on Refunding	<u>(294,933)</u>	4,643,165

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

60,000

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.

33,325

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

694,991

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

Pension Expense	<u>1,601,359</u>
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Change in net position of governmental activities (A-2)

<u>\$ 17,670,012</u>

See accompanying notes to the basic financial statements

Proprietary Funds

Educational Services Commission of New Jersey
Proprietary Funds

Statement of Net Position

June 30, 2024

	Major Enterprise Funds				Internal Service Fund
	Pool Services Fund	Adult Community Services Fund	Food Services Fund	Totals	Self Insurance Fund
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 1,112,647	\$ 334,152	\$ 165,151	\$ 1,611,950	\$ 7,251,498
Cash held with Fiscal Agents					340,177
Intergovernmental Accounts Receivable:					
State			6,374	6,374	
Federal			83,650	83,650	
Other Districts	18,817	59,387	4,856	83,060	495,420
Interfund Receivable		16,620		16,620	2,392,934
Total Current Assets	1,131,464	410,159	260,031	1,801,654	10,480,029
Capital Assets:					
Depreciable:					
Equipment	91,826	78,977		170,803	
Accumulated Depreciation	(24,528)	(40,859)		(65,387)	
Total Capital Assets	67,298	38,118		105,416	
Total Assets	1,198,762	448,277	260,031	1,907,070	10,480,029
Liabilities					
Current Liabilities:					
Accounts Payable	23,394	863		24,257	1,557,045
Interfunds Payable	974,891	15,802	231,914	1,222,607	
Unearned Revenues	8,027			8,027	
Total Current Liabilities	1,006,312	16,665	231,914	1,254,891	1,557,045
Net Position					
Investment in Capital Assets	67,298	38,118		105,416	
Unrestricted	125,152	393,494	28,117	546,763	8,922,984
Total Net Position	\$ 192,450	\$ 431,612	\$ 28,117	\$ 652,179	\$ 8,922,984

See accompanying notes to the basic financial statements

Educational Services Commission of New Jersey
Proprietary Funds

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

Year ended June 30, 2024

	Major Enterprise Funds				Internal Service Fund
	Pool Services Fund	Adult Community Services Fund	Food Services Fund	Totals	Self Insurance Fund
Operating Revenues:					
Services Provided by Other Funds					\$ 12,860,630
Charges for Services:					
Daily Sales - Reimbursable Programs			\$ 74,084	\$ 74,084	
Daily Sales - Non-Reimbursable Programs			3,786	3,786	
Services	\$ 314,474	\$ 1,007,353		1,321,827	
Miscellaneous	5,846			5,846	
Total Operating Revenues	320,320	1,007,353	77,870	1,405,543	12,860,630
Operating Expenses:					
Cost of Sales - Reimbursable Programs			466,565	466,565	
Cost of Sales - Non-Reimbursable Programs			5,272	5,272	
Salaries and Wages	739,191	524,120	131,824	1,395,135	
Employee Benefits	139,082	199,504		338,586	12,860,630
Other Professional Services	33,650	33,165		66,815	
Maintenance and Repairs	80,836	9,269		90,105	
Materials and Supplies	45,928	31,916		77,844	
Utilities	7,018			7,018	
Depreciation	10,380	9,634		20,014	
Miscellaneous	36,881	13,699		50,580	
Total Operating Expenses	1,092,966	821,307	603,661	2,517,934	12,860,630
Operating (Loss) Income	(772,646)	186,046	(525,791)	(1,112,391)	—
Nonoperating Revenues:					
State School Lunch Program			30,817	30,817	
Summer-EBT Administrative Cost Reimbursement			643	643	
School Breakfast Program			164,918	164,918	
National School Lunch Program			283,017	283,017	
Total Nonoperating Revenues			479,395	479,395	
(Loss) Income Before Transfers	(772,646)	186,046	(46,396)	(632,996)	—
Transfers In	1,000,000			1,000,000	694,991
Transfers Out	(152,535)	(150,000)		(302,535)	
Total Transfers	847,465	(150,000)	—	697,465	694,991
Change in Net Position	74,819	36,046	(46,396)	64,469	694,991
Net Position, Beginning	117,631	395,566	74,513	587,710	8,227,993
Net Position, Ending	\$ 192,450	\$ 431,612	\$ 28,117	\$ 652,179	\$ 8,922,984

See accompanying notes to the basic financial statements

Educational Services Commission of New Jersey
Proprietary Fund

Statement of Cash Flows

Year ended June 30, 2024

	Major Enterprise Funds				Internal Service Fund
	Pool Services Fund	Adult Community Services Fund	Food Services Fund	Totals	Self Insurance Fund
Cash Flows From Operating Activities					
Receipts from customers	\$ 316,214	\$ 937,688	\$ 69,534	\$ 1,323,436	\$ 12,891,818
Payments to employees	(739,191)	(524,120)	(131,824)	(1,395,135)	
Payments for employee benefits	(139,082)	(199,504)		(338,586)	(12,375,137)
Payments to suppliers	(185,959)	(73,994)	(471,871)	(731,824)	
Net cash (used in) provided by operating activities	(748,018)	140,070	(534,161)	(1,142,109)	516,681
Cash Flows From Noncapital Financing Activities					
State sources			26,559	26,559	
Federal sources			404,848	404,848	
Operating subsidies and transfers (to) from other funds	1,697,455	(150,000)	(14,931)	1,532,524	1,069,962
Net cash provided by (used in) noncapital financing activities	1,697,455	(150,000)	416,476	1,963,931	1,069,962
Net increase (decrease) in cash and cash equivalents	949,437	(9,930)	(117,685)	821,822	1,586,643
Balances—beginning of year	163,210	344,082	282,836	790,128	5,664,855
Balances—end of year	\$ 1,112,647	\$ 334,152	\$ 165,151	\$ 1,611,950	\$ 7,251,498
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities					
Operating (loss) income	\$ (772,646)	\$ 186,046	\$ (525,791)	\$ (1,112,391)	\$ —
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities					
Depreciation and net amortization	10,380	9,634		20,014	
Change in assets and liabilities:					
(Increase) Decrease in accounts receivable	(11,146)	(69,665)	(4,890)	(85,701)	31,188
Increase in accounts payable	18,354	14,055		32,409	485,493
Increase (Decrease) in unearned revenue	7,040		(3,480)	3,560	
Net cash (used in) provided by operating activities	\$ (748,018)	\$ 140,070	\$ (534,161)	\$ (1,142,109)	\$ 516,681

See accompanying notes to the basic financial statements

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

1. Summary of Significant Accounting Policies

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

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

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

A. Reporting Entity

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

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

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

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

1. Summary of Significant Accounting Policies (continued)

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

1. Summary of Significant Accounting Policies (continued)

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

The Commission has reported the following major governmental funds:

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

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

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

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

The Commission reports the following major proprietary funds:

Enterprise Funds (Food Service Fund, Pool Service Fund and Adult Community Services Fund): The Food Service Fund accounts for all revenues and expenses pertaining to cafeteria operations. The stated intent is that the cost (i.e., expenses including depreciation and any indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The Pool Service Fund and Adult Community Services Fund account for all revenues and expenses in the operation of the school or service similar to a private business enterprise.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

1. Summary of Significant Accounting Policies (continued)

The Commission reports the following non-major internal service fund:

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

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

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

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

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

1. Summary of Significant Accounting Policies (continued)

D. Budgets/Budgetary Control

Annual budgets are adopted each year for the general fund, special revenue fund and debt service fund. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23. All budget amendments must be approved by Commission resolution. Budget amendments during the year ended June 30, 2024 were properly approved by Commission resolution.

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

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

E. Cash and Cash Equivalents

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

F. Deposits Held by Bond Trustees

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

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

1. Summary of Significant Accounting Policies (continued)

G. Interfund Receivables/Payables

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

H. Capital Assets

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

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

	<u>Years</u>
Machinery and equipment	2-20
Buildings	50
Building improvements	20
Vehicles	5-10

I. Compensated Absences

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

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

1. Summary of Significant Accounting Policies (continued)

I. Compensated Absences (continued)

As of June 30, 2024, a liability existed for compensated absences in the government-wide financial statements in the amount of \$44,077.

The liability for compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2024, no liability existed for compensated absences in the proprietary fund types.

J. Unearned Revenue

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

K. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission has two items that qualify for reporting in this category, deferred amounts related to loss on refunding of debt and deferred amounts related to pensions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The Commission has one item that qualifies for reporting in this category, deferred amounts related to pensions.

L. Long-Term Obligations

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

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

1. Summary of Significant Accounting Policies (continued)

L. Long-Term Obligations (continued)

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

M. Pension

The Commission's proportionate share of the net pension liability, deferred outflows of resources, deferred inflows of resources and expense associated with the Commission's requirement to contribute to the Public Employees' Retirement System ("PERS") and the Teachers' Pension and Annuity Fund (TPAF) have been determined on the same basis as they are reported by PERS and TPAF, respectively. Contributions made to the plans after the measurement date and prior to the Commission's fiscal year end are reported as deferred outflows of resources.

N. Fund Balance

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

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

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

1. Summary of Significant Accounting Policies (continued)

N. Fund Balance (continued)

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

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

Of the \$82,632,870 of fund balance in the General Fund, \$5,865,369 of encumbrances is assigned to other purposes, \$4,216,392 has been restricted in the capital reserve account; \$7,358,158 has been restricted in the maintenance reserve account; \$500,000 has been restricted for emergency reserve; \$339,667 has been restricted for unemployment compensation; and the remaining \$64,353,284 is unassigned. The Special Revenue Fund balance is \$18,340, which is restricted for student activities. Capital Projects Fund balance is \$590,844, which is restricted for capital projects and the Debt Service Fund balance is \$6,945,606, which is restricted for debt service. Although there is not a limit as to the amount of fund balance the Commission can maintain, a plan to utilize existing fund balance has been developed.

O. Net Position

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

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

1. Summary of Significant Accounting Policies (continued)

O. Net Position (continued)

Net position is reported in the following three categories:

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

P. Management Estimates

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

Q. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security and pension contributions for certified members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension contributions in the government-wide financial statements have been adjusted by \$4,180,103 to record the full accrual basis incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the Commission's annual budget.

R. Deferred Loss on Defeasance of Debt

Deferred loss on defeasance of debt arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense. As of June 30, 2024, the Commission has recorded an unamortized balance of \$2,073,355 as a deferred outflow of resources. Amortization expense for the year ended June 30, 2024 was \$294,933.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

1. Summary of Significant Accounting Policies (continued)

S. GASB Pronouncements

The GASB issued Statement No. 101, *Compensated Absences* in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2023. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 102, *Certain Risk Disclosures* in January 2024. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for periods beginning after June 15, 2024, and all reporting periods thereafter. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 103, *Financial Reporting Model Improvements* in April 2024. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for periods beginning after June 15, 2025, and all reporting periods thereafter. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 104, *Disclosures of Certain Capital Assets* in September 2024. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets including lease assets, intangible right-to-use assets, subscription assets, other intangible assets and assets held for sale. The requirements of this Statement are effective for periods beginning after June 15, 2025, and all reporting periods thereafter. Management has not determined the impact of the Statement on the financial statements.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

1. Summary of Significant Accounting Policies (continued)

T. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2024 through January 14, 2025, the date that the financial statements were available for issuance. The effect of those events and transactions that provide additional pertinent information about conditions that existed at the balance sheet and statement of net position date, have been recognized in the accompanying financial statements. In addition, on November 14, 2024, the Middlesex County Improvement Authority, on behalf of the Commission, issued \$18,380,000 bonds to refund \$20,165,000 of the Commission's outstanding bonds. The refunding resulted in a net present value savings of \$797,303 and an actual savings of \$1,003,018 over the remaining life of the bonds.

2. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund balance sheets includes reconciliation between fund balance/net position – total governmental funds and net position– governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds and loans payable, unamortized bond premium, compensated balances and financed purchases payable, are not due and payable in the current period and therefore are not reported in the funds. The details of the \$39,413,532 difference are as follows:

Bonds/loans payable	\$ 33,940,000
Financed purchases payable	2,066,848
Unamortized bond issuance premium	3,362,607
Compensated absences	<u>44,077</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position-governmental activities	<u>\$ 39,413,532</u>

3. Deposits and Investments

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

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the Commission has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

3. Deposits and Investments (continued)

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits. Cash and cash equivalents held by fiscal agent represents the balance of loan proceeds, and interest thereon, used to construct a new school and service the related debt in accordance with the loan agreement. Upon completion of the project, the balance of funds may be transferred to either the General Fund or Debt Service fund at the discretion of the Commission.

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts 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.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

3. Deposits and Investments (continued)

Deposits (continued)

At June 30, 2024, the carrying amount of the Commission's deposits was \$72,436,466 and the bank balance was \$86,695,137. Of the bank balance, \$250,000 was covered by the Federal Depository Insurance and \$85,131,067 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Governmental Unit Deposit Protection Act (GUDPA). \$1,314,070 held in the Commission's agency accounts are not covered by GUDPA.

GASB Statement No. 40 requires that the Commission disclose whether its deposits are exposed to custodial credit risk (risk that in the event of failure of the counterparty, the Commission would not be able to recover the value of its deposit or investment). Deposits are considered to be exposed to custodial credit risk if they are: uncollateralized (securities are not pledged to the depositor), collateralized with the securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the name of the Commission. The Commission does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. The Commission's deposits were fully collateralized by funds held by the financial institution, but not in the name of the Commission.

Investments

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

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

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

3. Deposits and Investments (continued)

Deposits Held by Bond Trustees and Lease Purchase Escrow Agent – At June 30, 2024, the deposits held by bond trustees under bond indenture agreements and lease purchase are maintained for the following:

Revenue fund	\$ 40,313
Debt service fund for principal and interest	2,200,241
Operating fund	<u>79,650</u>
Deposits Held by Trustees	<u><u>\$ 2,320,204</u></u>

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

	<u>Cost</u>	<u>Fair Value</u>
Cash and equivalents	\$ 1,155,704	\$ 1,155,704
Investments - Certificates of deposit	<u>1,164,500</u>	<u>1,164,500</u>
Total	<u><u>\$ 2,320,204</u></u>	<u><u>\$ 2,320,204</u></u>

Custodial Credit Risk: The Commission does not have a policy for custodial credit risk other than to maintain a safekeeping account for the securities at a financial institution. The Commission's deposits held with bond trustees are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Commission, and are held by either the counterparty or the counterparty's trust department or agent but not in the Commission's name. As of June 30, 2024, the Commission's deposits held with bond trustees are invested in money market accounts.

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

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

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

3. Deposits and Investments (continued)

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Commission does not have a policy to limit interest rate risk. As of June 30, 2024, no deposits held with bond trustees had maturities greater than one year.

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2024:

	Beginning Balance	Increases	Ending Balance
Governmental activities:			
Capital assets, not being depreciated:			
Land	\$ 5,231,614		\$ 5,231,614
Construction in progress	8,812		8,812
Total capital assets, not being depreciated	<u>5,240,426</u>		<u>5,240,426</u>
Capital assets, being depreciated:			
Buildings and building improvements	99,703,119	\$ 410,552	100,113,671
Land improvements	1,199,017		1,199,017
Vehicles	808,106	55,693	863,799
Machinery and equipment	10,494,173	206,865	10,701,038
Total capital assets being depreciated	<u>112,204,415</u>	<u>673,110</u>	<u>112,877,525</u>
Less accumulated depreciation for:			
Buildings and building improvements	(28,032,095)	(2,134,529)	(30,166,624)
Land improvements	(1,146,012)	(16,247)	(1,162,259)
Vehicles	(533,144)	(54,529)	(587,673)
Machinery and equipment	(7,207,384)	(577,785)	(7,785,169)
Total accumulated depreciation	<u>(36,918,635)</u>	<u>(2,783,090)</u>	<u>(39,701,725)</u>
Total capital assets, being depreciated, net	<u>75,285,780</u>	<u>(2,109,980)</u>	<u>73,175,800</u>
Governmental activities capital assets, net	<u>\$ 80,526,206</u>	<u>\$ (2,109,980)</u>	<u>\$ 78,416,226</u>

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

Instruction	\$ (556,554)
Business and other support services	<u>(2,226,536)</u>
Total allocated depreciation	<u>\$ (2,783,090)</u>

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

4. Capital Assets (continued)

The following is a summary of business-type capital assets for the fiscal year ended June 30, 2024:

	Beginning Balance	Increases	Ending Balance
Business-type activities:			
Capital assets, being depreciated:			
Buildings and building improvements	\$ 21,969		\$ 21,969
Vehicles, machinery, and equipment	148,834		148,834
Total capital assets being depreciated	<u>170,803</u>		<u>170,803</u>
Less accumulated depreciation for:			
Buildings and building improvements	(2,320)	\$ (662)	(2,982)
Vehicles, machinery, and equipment	(43,053)	(19,352)	(62,405)
Total accumulated depreciation	<u>(45,373)</u>	<u>(20,014)</u>	<u>(65,387)</u>
Business-type activities capital assets, net	<u>\$ 125,430</u>	<u>\$ (20,014)</u>	<u>\$ 105,416</u>

5. Long-Term Liabilities

During the year ended June 30, 2024, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences payable	\$ 77,402	\$ 654	\$ (33,979)	\$ 44,077	\$ 6,025
MCIA bonds/loans payable	37,445,000		(3,505,000)	33,940,000	3,675,000
Financed purchases payable	3,068,012		(1,001,164)	2,066,848	1,022,519
Unamortized premium	3,794,541		(431,934)	3,362,607	431,935
Subtotal	<u>44,384,955</u>	654	(4,972,077)	39,413,532	5,135,479
Net pension liability	14,692,230		(1,077,012)	13,615,218	
Total governmental activities long-term liabilities	<u>\$ 59,077,185</u>	<u>\$ 654</u>	<u>\$ (6,049,089)</u>	<u>\$ 53,028,750</u>	<u>\$ 5,135,479</u>

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

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

5. Long-Term Liabilities (continued)

Bonds/Loan Payable

On May 7, 2014, the Commission advance refunded \$9,385,000 of the 2004 County Guaranteed Revenue Bonds. Terms of the loan repayment call for semi-annual interest with rates that vary from 2.00% to 5.00% and annual principal repayments. The Commission completed the refunding to reduce total debt service payment by over 10%. The principal amount outstanding of the series 2014 as of June 30, 2024 is \$2,045,000.

On December 16, 2014, the Middlesex County Improvement Authority issued the Middlesex County Guaranteed Lease Revenue Refunding Bonds (Middlesex Regional Educational Services Commission Projects). These bonds were issued to refund \$29,225,000 of 2008 Bonds maturing December 15, 2019 to 2033. The par amount of the 2014 Refunding Bonds was \$30,170,000 and debt service savings equate to \$2,159,982 or 7.391% of Refunded Bonds on a present value basis. The average interest rate of the Series 2014A is 3.15% compared with the average interest rate of the refunded bonds of 5.15%, with a final maturity date of December 15, 2033. The principal amount outstanding for series 2014A as of June 30, 2024 is \$21,965,000.

On August 31, 2017, the Middlesex County Improvement Authority issued the Middlesex County Guaranteed Lease Revenue Bonds, Series 2017 (Educational Services Commission of New Jersey Projects). These bonds were issued in the par amount of \$13,170,000 maturing July 15, 2019 to 2037 with interest rates that vary from 3.00% to 5.00%. Terms of the loan repayment call for semi-annual interest and annual principal repayments. The principal amount outstanding of the series 2017 as of June 30, 2024 is \$9,930,000. The funds were obtained for the NuView Academy Annex project. As of June 30, 2024, \$26,340,000 of all defeased bonds remain outstanding.

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

	Principal	Interest	Total
Fiscal year ending June 30:			
2025	\$ 3,675,000	\$ 1,360,862	\$ 5,035,862
2026	3,855,000	1,172,613	5,027,613
2027	2,475,000	1,038,862	3,513,862
2028	2,580,000	936,988	3,516,988
2029	2,705,000	804,862	3,509,862
2030-2034	15,450,000	2,035,919	17,485,919
2035-2039	3,200,000	245,400	3,445,400
	\$ 33,940,000	\$ 7,595,506	\$ 41,535,506

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

5. Long-Term Liabilities (continued)

Financed Purchases Payable

On December 18, 2019, a Lease Purchase Agreement was entered into between TD Equipment Finance, Inc., as Lessor, and the Educational Services Commission of New Jersey, as Lessee. The financed purchase was obtained for a Capital Project at the Aquatic Fitness Center and various upgrades to the facilities at NuView Academy Annex project and the leased Premises described on the Tax Map of the Township of Piscataway as Block 9201, Lot 46.09 and the existing building facilities and fixtures thereon. The lease was issued in the amount of \$6,000,000 maturing July 15, 2025 with interest rates that vary from 2.1330% to 2.1725%.

The principal amount outstanding on the financed purchase as of June 30, 2024 is \$2,066,848. The following is a schedule of the future payments at June 30, 2024:

	Principal	Interest	Total
Fiscal year ending June 30:			
2025	\$ 1,022,519	\$ 44,086	\$ 1,066,605
2026	1,044,329	22,276	1,066,605
	<u>\$ 2,066,848</u>	<u>\$ 66,362</u>	<u>\$ 2,133,210</u>

6. Pension Plans

Description of Systems

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

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

6. Pension Plans (continued)

one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Public Employee's Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above-mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

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

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS are 7.5% of employees' annual pensionable

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

6. Pension Plans (continued)

compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for noncontributory death benefits and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

During the year ended June 30, 2024, the State of New Jersey contributed \$7,575,512 to the TPAF for on-behalf pension, non-contributory insurance and post-retirement medical benefits on behalf of the Commission. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Commission \$1,087,537 during the year ended June 30, 2024 for the employer's share of social security contributions for TPAF members as calculated on their base salaries.

The Commission's actuarially determined contributions to PERS for each of the years ended June 30, 2024, 2023, and 2022 were \$1,256,327, \$1,227,695, and \$1,164,616, respectively, equal to the required contributions for each year.

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

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

Public Employees' Retirement System (PERS)

At June 30, 2024, the Commission reported a liability of \$13,615,218 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the Commission's proportion was 0.0939993548 percent, which was a decrease of 0.0033557799 percent from its proportion measured as of June 30, 2022.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

6. Pension Plans (continued)

For the year ended June 30, 2024, the Commission recognized full accrual pension benefit of (\$3,210,344) in the government-wide financial statements. Pension benefit is reported in the Commission's financial statements as part of employee benefits expense. At June 30, 2024, the Commission reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 130,179	\$ 55,655
Changes of assumptions	29,910	825,141
Net difference between projected and actual earnings on pension plan investments	62,700	
Changes in proportion and differences between Commission contributions and proportionate share of contributions	550,065	880,337
Commission contributions subsequent to the measurement date	1,307,076	
	<u>\$ 2,079,930</u>	<u>\$ 1,761,133</u>

\$1,307,076 is reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability for the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2025	\$(826,863)
2026	(403,277)
2027	454,868
2028	(206,849)
2029	(6,158)
	<u>\$ (988,279)</u>

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

6. Pension Plans (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. 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%

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

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

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, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

6. Pension Plans (continued)

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%
	<u>100.00%</u>	

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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 non-employer 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 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.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

6. Pension Plans (continued)

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

The following presents the Commission's proportionate share of the net pension liability as of June 30, 2023 calculated using the discount rate as disclosed above as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's proportionate share of the net pension liability associated with the Commission	\$ 17,724,117	\$ 13,615,218	\$ 10,118,002

Pension Plan Fiduciary Net Position

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

Additional Information

Collective balances - Local Group at June 30, 2023 are as follows:

Deferred outflows of resources	\$ 1,080,204,730
Deferred inflows of resources	\$ 1,780,216,457
Net pension liability	\$ 14,606,489,066
Commission's Proportion	0.0939993548%

Collective pension benefit for the Local Group for the measurement period ended June 30, 2023 is (\$79,181,803).

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2023, 2022, 2021, 2020, and 2019, is 5.08, 5.00, 5.13, 5.16, and 5.21 years, respectively.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

6. Pension Plans (continued)

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

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the these local participating employers does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the these local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The State's portion of the net pension liability that was associated with the Commission as of June 30, 2024 was \$72,152,421. The Commission's contractually required contribution rate for the year ended June 30, 2023, was 0% of the annual covered payroll of which 100% was required from the State. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The State's proportionate share of the net pension liability associated with the Commission was based on a projection of the State's long-term contributions to the pension plan associated with the Commission relative to the projected contributions by the State associated with all participating school Commissions, actuarially determined. At June 30, 2023, the State's proportionate share of the TPAF net pension liability associated with the Commission was 0.1413847675 percent, which was an increase of 0.0023804789 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Commission recognized on-behalf pension expense and revenue in the government-wide financial statements of \$4,180,103 for contributions incurred by the State.

Actuarial assumptions

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	2.75 - 4.25%
	based on years of service
Investment rate of return	7.00%

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

6. Pension Plans (continued)

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 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, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expecting future real rates of return by the target asset allocation percentage and by adding expected inflation.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

6. Pension Plans (continued)

Best estimates of arithmetic rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

6. Pension Plans (continued)

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

The following presents the State's proportionate share of the net pension liability associated with the Commission as of June 30, 2023 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the Commission would be if it were calculated using a discount rate that is 1-percentage point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Commission's proportionate share of the net pension liability	\$ 85,080,797	\$ 72,152,421	\$ 61,263,655

Pension plan fiduciary net position

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

Additional Information

Collective balances of the Local Group at June 30, 2023 are as follows:

Deferred outflows of resources	\$ 2,498,730,891
Deferred inflows of resources	\$ 14,719,080,314
Net pension liability	\$ 51,032,669,551
Commission's Proportion	0.1413847675%

Collective pension expense-Local Group for the plan for the measurement period ended June 30, 2023 is \$1,292,291,943. The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015 is 7.93, 7.83, 7.43, 7.99, 8.04, 8.29, 8.30, 8.30, and 8.30 years, respectively.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

6. Pension Plans (continued)

Defined Contribution Plan

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

The DCRP was established July 1, 2007. The passage of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.) set up DCRP membership criteria including employees enrolled in TPAF or PERS on or after July 1, 2007 who earn a salary in excess of established “Maximum Compensation” limits, employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annually salary for PERS or TPAF Tier 2 enrollment (\$7,700) but who earn salary of at least \$5,000 annually, or employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010 who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 enrollment (32 hours per week for local education employees). Membership is mandatory for eligible employees, but PERS and TPAF members enrolled on or after July 1, 2007 who are eligible for DCRP participation upon reaching the annual maximum wage contribution base for Social Security pursuant to the Federal Insurance Contributions Act (\$160,200 in 2023 and \$168,600 in 2024), may elect to waive participation in the DCRP.

PERS and TPAF members who participate in the DCRP are immediately vested in the DCRP with a right to a benefit at retirement based on both employee and employer contribution. There is no minimum retirement age under the DCRP. The member will automatically be considered retired, regardless of age, if there is any distribution of mandatory contributions. However, lump-sum cash distributions to members under the age of 55 are limited to the member’s contributions and earnings. The remaining employer contributions and earnings are only available after age 55. A member may take a distribution at any time after termination of employment; however, if member returns to public employment in New Jersey, member cannot participate in any State-administered retirement systems. The Commission’s expense for the DCRP was \$347,526 for the fiscal year ended June 30, 2024.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

7. Post-Retirement Benefits

General Information about the OPEB Plan

State Health Benefit State Retired Employees Plan:

For Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2023, the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepting actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability.

The State's share of the net pension liability, based on a measurement date of June 30, 2022, which is required to be recorded on the financial statements, is \$75.1 billion. The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In the Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds the post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claims costs.

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

7. Post-Retirement Benefits (continued)

Total OPEB Liability

The nonemployer OPEB liability from the State of New Jersey's plan is \$52,361,668,239.

Changes in the Total Non-employer OPEB Liability

Below represents the changes in the Commission's total OPEB liability for the year ended June 30, 2023:

	<u>Total OPEB Liability</u>
Beginning Total OPEB Liability, June 30, 2022	\$ 70,074,431
Changes for the year:	
Service cost	3,794,885
Interest	2,484,296
Differences between expected and actual experiences	(4,083,950)
Changes in assumptions or other inputs	142,177
Members contributions	63,664
Benefit payments	(1,936,549)
Net Changes	<u>464,523</u>
Ending Total OPEB Liability, June 30, 2023	<u>\$ 70,538,954</u>

Employees covered by benefit terms

The following employees were covered by the benefit terms:

<u>Local Education Group</u>	<u>June 30, 2023</u>
Active Plan Members	217,212
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	152,383
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Total Plan Members	<u>369,595</u>

The State's contributions to the SHBP Fund for TPAF retirees' post-retirement medical benefits on behalf of the Commission for the years ended June 30, 2024, 2023 and 2022 were \$1,620,101, \$1,539,430, and \$1,355,830, respectively, which equaled the required contributions for each year.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

7. Post-Retirement Benefits (continued)

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments.

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective OPEB liability on the Statement of Net Position. The State's proportionate share of the OPEB liability associated with the Commission as of June 30, 2023 was \$70,538,954. Additional information can be obtained from the State of New Jersey's annual comprehensive financial report.

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

Actuarial assumptions and other inputs

The total non-employer OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. 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 from the State of New Jersey's plan is \$52,361,668,239.

	TPAF	PERS
Salary increase:	2.75 – 4.25% based on years of service	2.75 – 6.55% based on years of service

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

7. Post-Retirement Benefits (continued)

Mortality Rates

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "General" (PERS) and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of the actual experience studies for the periods July 1, 2018 to June 30, 2021 for TPAF and PERS. 100% of active members are considered to participate in the Plan upon retirement.

Discount Rate

The discount rate for June 30, 2023 was 3.65%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.50% 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 13.80% 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 17.40% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% 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%.

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

7. Post-Retirement Benefits (continued)

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

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2023 calculated using a discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current rate:

	At 1% decrease (2.65%)	At current discount rate (3.65%)	At 1% increase (4.65%)
Net OPEB Liability (Allocable to the Commission and the responsibility of the State)	\$82,694,814	\$70,538,954	\$60,779,210

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2023 calculated using a healthcare cost trend rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	At 1% decrease	At current healthcare cost trend rate	At 1% increase
Net OPEB Liability (Allocable to the Commission and the responsibility of the State)	\$58,558,207	\$70,538,954	\$86,215,792

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

For the year ended June 30, 2024, the Commission recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$2,797,716 for OPEB expenses incurred by the State.

Collective balances of the Local Education Group at June 30, 2023 are as follows:

Deferred outflows of resources	\$ 17,347,811,894
Deferred inflows of resources	\$ 30,503,688,706
Collective OPEB Expense	\$ 1,369,124,126
Commission's Proportion	0.20%

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

7. Post-Retirement Benefits (continued)

Special Funding Situation

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

8. Contingent Liabilities

The Commission participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the Commission has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2023 may be impaired. As a result of the impact of COVID-19, the Commission has received funding under the American Rescue Plan Act (ARP) and Elementary and Secondary School Emergency Relief (ESSER) Fund. To the extent that the Commission has not complied with the rules governing the ARP and ESSER and CRF funds, money may be required to be returned. In the opinion of the Commission, there are no significant contingent liabilities relating to compliance with the rules and regulations or final eligible cost requirements governing the respective grants or funding; therefore, no provisions have been recorded in the accompanying basic financial statements for such contingencies.

The Commission is involved in various claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the Commission. The Commission participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the Commission has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2024 may be impaired.

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

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

9. Risk Management

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

Property and Liability Insurance

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

New Jersey Unemployment Compensation Insurance

Effective January 1, 2010, the Commission elected to switch from a Reimbursable Unemployment Account to a Contributory Unemployment Account. The Employer Unemployment Compensation Insurance Contribution rate is 0.60% through June 30, 2024.

Based on final unemployment experience rate, the Commission allocated to the Unemployment and Workforce Funds the total amount of \$181,028 for fiscal year 2024. At June 30, 2024, there is \$339,667 of funds restricted in an unemployment compensation reserve reported in the government-wide and general fund financial statements.

Self-Insurance: The Commission is self-insured for medical, prescription and dental benefits and has established an internal service fund to account for its self-insurance activities. The Commission contracts with Horizon Blue Cross/Blue Shield, SynchronyRX and Delta Dental to provide claims administration and payment services for health benefits. The Commission switched contracts with Horizon Blue Cross/Blue Shield from a prospective funding plan to a self-insured plan with advance weekly deposits of \$310,977 being held by Horizon Blue Cross/Blue Shield at June 30, 2024 and an estimate of \$914,000 within accounts payable for incurred but not reported (IBNR) claims which was developed and calculated by an independent actuary. In addition, at June 30, 2024, \$29,200 of funds are held by other health care service providers on behalf of the Commission.

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

Year	Beg. Balance	Claims and Estimates	Payment	Ending Balance
2023-2024	\$790,000	\$12,860,630	\$12,736,630	\$914,000
2022-2023	833,000	12,846,231	12,889,231	790,000
2021-2022	684,000	10,244,693	10,095,693	833,000

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

10. Capital Reserve Account

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

Funds placed in the capital reserve account are restricted to capital projects in the Commission's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, the Commission may increase the balance in the capital reserve by appropriating funds in the annual general fund budget or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line – item appropriation amounts, or both. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP. The amount included in the Commission's capital reserve account at June 30, 2024 is \$4,216,392 and there were no additional deposits and withdrawals during the 2024 fiscal year.

11. Maintenance Reserve Accounts

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

The activity of the maintenance reserves for the July 1, 2023 to June 30, 2024 fiscal year are as follows:

	Regular Maintenance Reserve
Beginning balance	\$ 6,303,530
Additions	3,500,000
Withdrawals	(2,445,372)
Ending balance	<u>\$ 7,358,158</u>

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

12. Emergency Reserve Accounts

The Commission maintains an emergency reserve pursuant to the authority under N.J.S.A. 18A:7F-41c(1). The amount included in the Commission's emergency reserve account at June 30, 2024 is \$500,000 and there was no additional deposits and withdrawals during the 2024 fiscal year.

13. Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at June 30, 2024:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 8,290,145	\$ 2,158,087
Speical Revenue Fund		7,339,202
Capital Projects Fund		578
Debt Service Fund	20,775	
Enterprise Fund - Pool Services		974,891
Enterprise Fund - Adult Comm. Services	16,620	15,802
Enterprise Fund - Food Services		231,914
Internal Service Fund - Self Insurance	2,392,934	
	\$ 10,720,474	\$ 10,720,474

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

Educational Services Commission of New Jersey
Notes to the Basic Financial Statements
Year ended June 30, 2024

14. Transfers – Reconciliation

The following represents a reconciliation of transfers made during the 2024 fiscal year:

	Transfers In	Transfers Out
General Fund		\$ 7,530,013
Special Revenue Fund		6,509
Capital Projects Fund		578
Debt Service Fund	\$ 6,144,644	
Enterprise Fund – Pool Services	1,000,000	152,535
Enterprise Fund – Adult Community Services		150,000
Internal Service Fund - Self Insurance	694,991	
Total	<u>\$ 7,839,635</u>	<u>\$ 7,839,635</u>

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

15. Commitments

The Commission has contractual commitments at June 30, 2024 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$5,865,369, mainly for maintenance projects.

16. Net Investment in Capital Assets

Net investment in capital assets, Governmental Activities, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. The net investment in capital assets of \$41,120,126 indicated as part of the Governmental Activities net position is calculated as follows:

Capital Assets, Net of Depreciation	\$ 78,416,226
Deferred Loss on Refunding of Debt	2,073,355
Bonds/Loans Payable	(33,940,000)
Unamortized Premiums	(3,362,607)
Financed Purchases Payable	(2,066,848)
	<u>\$ 41,120,126</u>

Required Supplementary Information - Part II

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

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Commission's proportion of the net pension liability (asset) - Local Group	0.0939993548%	0.0973551347%	0.09944449547%	0.0933705753%	0.0969915418%	0.0978789200%	0.1010685311%	0.1007793105%	0.1007043122%	0.1047205366%
Commission's proportionate share of the net pension liability (asset)	\$13,615,218	\$14,692,230	\$11,780,746	\$15,226,299	\$17,476,404	\$19,271,871	\$23,527,139	\$29,847,941	\$22,606,100	\$19,606,549
Commission's covered payroll	\$7,240,254	\$6,845,654	\$6,869,388	\$6,879,663	\$6,627,753	\$6,694,238	\$6,808,739	\$6,834,840	\$6,859,933	\$6,756,533
Commission's proportionate share of the net pension liability (asset) as a percentage as a percentage of its covered payroll	188.05%	214.62%	171.50%	221.32%	263.69%	287.89%	345.54%	436.70%	329.54%	290.19%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%

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

See notes to Required Supplementary Information

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

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$1,256,327	\$1,227,695	\$1,164,616	\$1,021,428	\$943,446	\$973,579	\$936,292	\$895,309	\$865,787	\$863,301
Contributions in relation to the contractually required contribution	1,256,327	1,227,695	1,164,616	1,021,428	943,446	973,579	936,292	895,309	865,787	863,301
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commission's covered payroll	\$7,224,457	\$7,240,254	\$6,845,654	\$6,869,388	\$6,879,663	\$6,627,753	\$6,694,238	\$6,808,739	\$6,834,840	\$6,859,933
Contributions as a percentage of covered payroll	17.39%	16.96%	17.01%	14.87%	13.71%	14.69%	13.99%	13.15%	12.67%	12.58%

See notes to Required Supplementary Information

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

Last Ten Fiscal Years*

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
State's proportion of the net pension liability (asset) associated with the Commission - Local Group	0.1413847675%	0.1390042886%	0.1437970860%	0.1395800542%	0.1425205832%	0.1368294519%	0.1335566447%	0.1295079730%	0.1302616210%	0.1323959546%
Commission's proportionate share of the net pension liability (asset)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State's proportionate share of the net pension liability (asset) associated with the Commission	\$72,152,421	\$71,718,451	\$69,130,720	\$91,911,786	\$87,466,227	\$87,047,958	\$90,048,706	\$101,879,217	\$82,330,907	\$70,761,329
Total proportionate share of the net pension liability (asset) associated with the Commission	<u>\$72,152,421</u>	<u>\$71,718,451</u>	<u>\$69,130,720</u>	<u>\$91,911,786</u>	<u>\$87,466,227</u>	<u>\$87,047,958</u>	<u>\$90,048,706</u>	<u>\$101,879,217</u>	<u>\$82,330,907</u>	<u>\$70,761,329</u>
Plan fiduciary net position as a percentage of the total pension liability	34.68%	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%

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

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

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

See notes to Required Supplementary Information

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

Last Ten Fiscal Years*

	Year Ended June 30,							
	2024	2023	2022	2021	2020	2019	2018	2017
State's proportion of the net OPEB liability (asset) associated with the Commission -	0.14%	0.14%	0.14%	0.14%	0.14%	0.13%	0.14%	0.13%
Commission's proportionate share of the net liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State's proportionate share of the net OPEB liability associated with the Commission	\$70,538,954	\$70,074,431	\$86,692,155	\$98,328,171	\$58,352,812	\$61,364,051	\$72,474,891	\$76,911,187
Total proportionate share of the net OPEB liability (asset) associated with the Commission	\$70,538,954	\$70,074,431	\$86,692,155	\$98,328,171	\$58,352,812	\$61,364,051	\$72,474,891	\$76,911,187
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	2024	2023	2022	2021	2020	2019	2018	2017*
Total OPEB Liability								
Service cost	\$ 3,794,885	\$ 5,048,225	\$ 5,974,333	\$ 3,366,626	\$ 3,298,613	\$ 3,861,009	\$ 4,618,069	
Interest cost	2,484,296	1,857,050	2,248,886	2,131,381	2,469,131	2,704,718	2,300,705	
Differences between expected and actual experiences	-4,083,950	-2,944,452	-18,230,764	18,176,101	-7,910,869	-9,050,592	-	
Changes of assumptions	142,177	-18,798,095	85,528	17,961,178	870,045	-7,041,832	-9,738,211	
Member contributions	63,664	59,011	57,493	51,885	53,098	56,710	61,813	
Gross benefit payments	-1,936,549	-1,839,463	-1,771,492	-1,711,812	-1,791,257	-1,640,853	-1,678,672	
Net change in total OPEB liability	464,523	-16,617,724	-11,636,016	39,975,359	-3,011,239	-11,110,840	-4,436,296	
Total OPEB liability - beginning	70,074,431	86,692,155	98,328,171	58,352,812	61,364,051	72,474,891	76,911,187	
Total OPEB liability - ending	\$70,538,954	\$70,074,431	\$86,692,155	\$98,328,171	\$58,352,812	\$61,364,051	\$72,474,891	
Covered-employee payroll	\$22,174,914	\$22,697,968	\$22,808,913	\$22,476,933	\$22,562,536	\$21,550,411	\$21,158,917	
Total OPEB liability as a percentage of covered-employee payroll	318.10%	308.73%	380.08%	437.46%	258.63%	284.75%	342.53%	

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

** n/a - information not available

See notes to Required Supplementary Information

EDUCATIONAL SERVICES COMMISSION
OF NEW JERSEY

Notes to Required Supplementary Information

Year ended June 30, 2024

PUBLIC EMPLOYEES' RETIREMENT SYSTEM - PENSION

Benefit Changes

There were none.

Changes of Assumptions

There were none.

TEACHERS PENSION AND ANNUITY FUND - PENSION

Benefit Changes

There were none.

Changes of Assumptions

There were none.

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

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.54% as of June 30, 2022 to 3.65% as of June 30, 2023.

Required Supplementary Information - Part III

Budgetary Comparison Schedules

Educational Services Commission of New Jersey
General Fund

Budgetary Comparison Schedule

Year ended June 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources:					
Tuition	\$ 48,881,464	\$ 998,559	\$ 49,880,023	\$ 49,880,023	
Transportation fees	60,140,000	(10,393,952)	49,746,048	49,746,048	
Services provided to districts	24,896,368	7,889,186	32,785,554	32,785,554	
Interest on investments	400,000	1,750,216	2,150,216	2,150,216	
Other /restricted Miscellaneous				10,190	\$ 10,190
Miscellaneous	108,500	369,076	477,576	312,576	(165,000)
Total - local sources	134,426,332	613,085	135,039,417	134,884,607	(154,810)
State sources:					
On-behalf TPAF Pension Contributions				5,952,678	5,952,678
TPAF post-retirement (on-behalf - non-budgeted)				1,620,101	1,620,101
TPAF non-contributory insurance (on-behalf - non-budgeted)				2,733	2,733
Reimbursed TPAF Social Security Contribution				1,087,537	1,087,537
Total - state sources				8,663,049	8,663,049
Total revenues	134,426,332	613,085	135,039,417	143,547,656	8,508,239
Expenditures					
Current:					
Home instruction:					
Salaries of teachers	421,000	180,168	601,168	601,168	
Other objects	19,000	(16,625)	2,375	2,375	
Total home instruction	440,000	163,543	603,543	603,543	
Total instruction - home instruction	440,000	163,543	603,543	603,543	
Special education:					
Learning and/or language disabilities:					
Salaries of teachers	3,350	(3,350)			
Total learning and/or language disabilities	3,350	(3,350)			
Auditory Impairments:					
Salaries of teachers	81,000	26,914	107,914	107,914	
Purchased professional-educational services	48,000	(48,000)			
General supplies	5,000	(2,008)	2,992	2,992	
Other objects	1,000	(235)	765	765	
Total auditory impairments	135,000	(23,329)	111,671	111,671	
Emotional Regulation Impairment:					
Salaries of teachers	1,379,000	(112,191)	1,266,809	1,266,809	
Other salaries of instruction	164,000	27,905	191,905	191,905	
General supplies	31,100	(16,426)	14,674	14,631	43
Textbooks	21,900	(15,435)	6,465	6,465	
Other objects	8,980	(6,900)	2,080	2,080	
Total emotional regulation impairment	1,604,980	(123,047)	1,481,933	1,481,890	43
For Keeps Children's program:					
Salaries of teachers	27,200	13,569	40,769	40,769	
General supplies	500	(500)			
Total For Keeps Children's program	27,700	13,069	40,769	40,769	
Multiple disabilities:					
Salaries of teachers	3,531,400	(592,027)	2,939,373	2,939,373	
Other salaries of instruction	2,174,750	115,362	2,290,112	2,290,112	
General supplies	124,100	(22,407)	101,693	97,726	3,967
Textbooks	21,750	(14,078)	7,672	7,672	
Other objects	54,776	(10,212)	44,564	42,384	2,180
Total multiple disabilities	5,906,776	(523,362)	5,383,414	5,377,267	6,147
Autism:					
Salaries of teachers	5,056,500	(1,228,182)	3,828,318	3,828,318	
Other salaries of instruction	3,613,150	(221,050)	3,392,100	3,392,100	
General supplies	154,970	(31,244)	123,726	119,768	3,958
Textbooks	70,244	(45,368)	24,876	24,876	
Other objects	78,083	(373)	77,710	76,451	1,259
Total autism	8,972,947	(1,526,217)	7,446,730	7,441,513	5,217

Educational Services Commission of New Jersey
General Fund

Budgetary Comparison Schedule

Year ended June 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Preschool Disabilities Full Time:					
Salaries of teachers	\$ 432,200	\$ 22,642	\$ 454,842	\$ 454,842	
Other salaries of instruction	287,400	(40,637)	246,763	246,763	
General supplies	7,560	4,369	11,929	11,775	\$ 154
Textbooks	5,630	(5,630)			
Other objects	3,780	(2,272)	1,508	1,479	29
Total preschool disabilities full time	736,570	(21,528)	715,042	714,859	183
Total special education	17,387,323	(2,207,764)	15,179,559	15,167,969	11,590
Total instruction	17,827,323	(2,044,221)	15,783,102	15,771,512	11,590
Support services:					
Health services:					
Salaries	732,000	(32,235)	699,765	699,765	
Purchased professional and technical services	962,835	(93,736)	869,099	868,649	450
Supplies and materials	28,845	4,182	33,027	31,884	1,143
Total health services	1,723,680	(121,789)	1,601,891	1,600,298	1,593
Other support services - students special services:					
Salaries	3,064,100	(242,381)	2,821,719	2,804,979	16,740
Purchased Professional - Ed. Services	4,179,920	1,773	4,181,693	4,181,693	
Other salaries of instruction (1:1)	4,316,800	462,918	4,779,718	4,779,718	
Other Purchased Prof. And Guidance Service	686,900	(98,399)	588,501	588,501	
Other salaries of support Services	1,237,800	(171,767)	1,066,033	1,066,033	
Other Purchased Prof. And Tech Services	2,230,810	42,564	2,273,374	1,736,380	536,994
Supplies and materials	23,735	(6,018)	17,717	17,717	
Total other support services - students special services	15,740,065	(11,310)	15,728,755	15,175,021	553,734
Improvement of Instructional Services:					
Other purchased services	114,550	3,657	118,207	118,207	
Total Improvement of Instructional Services	114,550	3,657	118,207	118,207	
Support services - general administration:					
Salaries	1,180,000	(409,613)	770,387	770,387	
Legal services	82,300	(15,707)	66,593	66,593	
Audit fees	69,250	72,598	141,848	68,913	72,935
Other purchased professional Services	148,700	(133,830)	14,870	11,527	3,343
Communications / telephone	277,900	(63,491)	214,409	214,409	
General supplies	15,100	7,975	23,075	23,075	
Miscellaneous expenditures	107,301	(18,435)	88,866	88,866	
Total support services - general administration	1,880,551	(560,503)	1,320,048	1,243,770	76,278
Support services - school administration:					
Salaries of principals/asst. principals	1,895,300	(236,437)	1,658,863	1,658,863	
Salaries of secretarial and clerical assistants	746,800	11,846	758,646	758,646	
Purchased professional and technical services	43,100	6,303	49,403	49,403	
Supplies and materials	74,460	(29,098)	45,362	45,362	
Other objects	56,370	(40,959)	15,411	15,411	
Total support services - school administration	2,816,030	(288,345)	2,527,685	2,527,685	
Central services:					
Salaries	2,051,000	(552,814)	1,498,186	1,498,186	
Purchased professional services	272,800	197,705	470,505	470,505	
Misc. purchased services	398,553	42,828	441,381	441,381	
Supplies and materials	60,500	17,819	78,319	76,669	1,650
Miscellaneous expenditures	70,000	37,767	107,767	106,967	800
Total central services	2,852,853	(256,695)	2,596,158	2,593,708	2,450
Admin. Inform. Technology:					
Salaries	372,100	(29,144)	342,956	342,956	
Other purchased services	257,600	74,154	331,754	331,070	684
Supplies and materials	153,200	(51,045)	102,155	97,883	4,272
Total admin. infor. technology	782,900	(6,035)	776,865	771,909	4,956

Educational Services Commission of New Jersey
General Fund

Budgetary Comparison Schedule

Year ended June 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Undistributed expenditures (continued):					
Required maintenance of school facilities:					
Salaries	\$ 780,550	\$ 106,699	\$ 887,249	\$ 887,249	
Cleaning, repair and maintenance services	622,900	9,604,210	10,227,110	2,857,191	\$ 7,369,919
General supplies	313,260	24,121	337,381	286,994	50,387
Total required maintenance of school facilities	1,716,710	9,735,030	11,451,740	4,031,434	7,420,306
Custodial services:					
Salaries	160,500	(160,500)			
Rent		50,838	50,838	50,838	
Other Purchased Property Services	79,200	(1,581)	77,619	77,618	1
Insurance	192,500	82,267	274,767	274,767	
Energy (natural gas and electricity)	807,700	51,191	858,891	858,320	571
Other objects	20,385	(20,206)	179	179	
Total custodial services:	1,260,285	2,009	1,262,294	1,261,722	572
Student transportation services:					
Salaries for pupil transportation					
(between home and school) - regular	228,000	(25,723)	202,277	202,277	
Salaries of non instructional aides	272,000	(109,441)	162,559	162,559	
Contracted svc (bet. Home and Sch) -Vendors	60,000,000	(10,493,459)	49,506,541	49,359,019	147,522
Contracted svc (oth. Than bet. Home and Sch)	344,200	(59,081)	285,119	283,695	1,424
Contracted svc -Aide in Lieu Pymts -NP Sch	100,000	3,808	103,808	103,808	
General supplies	27,232	(16,407)	10,825	10,825	
Total student transportation services	60,971,432	(10,700,303)	50,271,129	50,122,183	148,946
Employee benefits:					
Social security contributions	1,145,400	265,561	1,410,961	1,409,681	1,280
Other retirement contributions - regular	1,383,480	(18,497)	1,364,983	1,364,983	
Unemployment compensation	208,170	(56,983)	151,187	151,187	
Workers' compensation	491,500	65,459	556,959	556,959	
Health benefits	11,189,909	14,141,182	25,331,091	11,126,942	14,204,149
Tuition reimbursement	100,000	(39,191)	60,809	60,809	
Other employee benefits	175,550	34,600	210,150	210,150	
Total employee benefits	14,694,009	14,392,131	29,086,140	14,880,711	14,205,429
TPAF Pension Contributions (on-behalf - non-budgeted)				5,952,678	(5,952,678)
TPAF post-retirement (on-behalf - non-budgeted)				1,620,101	(1,620,101)
TPAF non-contributory insurance (on-behalf - non-budgeted)				2,733	(2,733)
Reimbursed TPAF Social Security (non-budgeted)				1,087,537	(1,087,537)
Total				8,663,049	(8,663,049)
Total undistributed expenditures	104,553,065	12,187,847	116,740,912	102,989,697	13,751,215
Total expenditures - current	122,380,388	10,143,626	132,524,014	118,761,209	13,762,805
Capital outlay					
Equipment:					
Regular programs - instruction:					
Special education - instruction:					
Multiple disabilities	11,350	71,602	82,952	34,758	48,195
Emotional regulation impairment	2,000		2,000		2,000
Autism	11,350	71,602	82,952	34,759	48,194
Special education - non-instruction:					
Others	800,000	16,159	816,159	154,041	662,118
Total equipment	824,700	159,363	984,063	223,558	760,506
Facilities acquisition and construction services:					
Construction services	1,500,000	123,375	1,623,375	111,799	1,511,576
Total facilities acquisition and construction services	1,500,000	123,375	1,623,375	111,799	1,511,576
Total capital outlay	2,324,700	282,738	2,607,438	335,357	2,272,082

Educational Services Commission of New Jersey
General Fund

Budgetary Comparison Schedule

Year ended June 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Summer school:					
Summer School - Instruction					
Salaries of teachers	\$ 1,080,678	\$ (122,024)	\$ 958,654	\$ 958,654	
Other salaries of instruction	1,254,914	(160,548)	1,094,366	1,094,366	
General supplies	38,700	11,551	50,251	49,903	\$ 348
Total summer school - Instruction	2,374,292	(271,021)	2,103,271	2,102,923	348
Summer School - Support Services					
Salaries	805,654	(2,730)	802,924	802,924	
Purch Prof and Tech Services	625,013	(107,231)	517,782	517,782	
Other Purchased Services	46,620	(19,807)	26,813	26,813	
Other Objects	385,565	446,018	831,583	471,500	360,083
Total summer school - Support Services	1,862,852	316,250	2,179,102	1,819,019	360,083
Total special schools	4,237,144	45,229	4,282,373	3,921,942	360,431
Total expenditures	128,942,232	10,471,593	139,413,825	123,018,508	16,395,318
Excess (deficiency) of revenues (under) over expenditures	5,484,100	(9,858,508)	(4,374,408)	20,529,148	24,903,556
Other financing (uses):					
Transfers out	(5,801,100)	(1,728,913)	(7,530,013)	(7,530,013)	
Total other financing (uses)	(5,801,100)	(1,728,913)	(7,530,013)	(7,530,013)	
Change in fund balance	(317,000)	(11,587,421)	(11,904,421)	12,999,135	24,903,556
Fund balances, July 1	69,633,735		69,633,735	69,633,735	
Fund balances, June 30	\$ 69,316,735	\$ (11,587,421)	\$ 57,729,314	\$ 82,632,870	\$ 24,903,556
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing (uses)					
Adjustment for prior year encumbrances		\$ (854,645)	\$ (854,645)	\$ (854,645)	
Unemployment Compensation Insurance				10,190	\$ 10,190
Budgeted fund balance	\$ (317,000)	(10,732,776)	(11,049,776)	13,843,590	24,893,366
Total	\$ (317,000)	\$ (11,587,421)	\$ (11,904,421)	\$ 12,999,135	\$ 24,903,556

Educational Services Commission of New Jersey
Special Revenue Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources	\$ 10,274	\$ 9,186	\$ 19,460	\$ 29,624	\$ 10,164
State sources	10,349,310	265,168	10,614,478	10,082,881	(531,597)
Federal sources	5,046,252	1,313,932	6,360,184	3,662,546	(2,697,638)
Total revenues	15,405,836	1,588,286	16,994,122	13,775,051	(3,219,071)
Expenditures					
Instruction:					
Salaries of teachers	2,701,900	(605,163)	2,096,737	2,096,737	
Purchased professional and technical services	2,878,099	1,701,331	4,579,430	2,592,955	1,986,475
General supplies	1,180,295	7,713	1,188,008	1,088,681	99,327
Textbooks	649,835	(5,079)	644,756	568,099	76,657
Total instruction	7,410,129	1,098,802	8,508,931	6,346,472	2,162,459
Support services:					
Salaries of supervisors of instruction	192,200	50,434	242,634	242,634	
Salaries of other professional staff	1,981,700	101,698	2,083,398	2,000,055	83,343
Salaries of secretarial and clerical employees	188,800	88,653	277,453	277,453	
Personal services-employee benefits	995,680	234,209	1,229,889	1,215,332	14,557
Travel	20,600	(13,525)	7,075	7,075	
Supplies and materials	2,110,696	990,239	3,100,935	2,971,127	129,808
Others	1,447,489	(773,266)	674,223	129,952	544,271
Student Activities	10,274		10,274	10,274	
Total support services	6,947,439	678,442	7,625,881	6,853,902	771,979
Facilities acquisition and construction services:					
Instructional equipment	460,000	(134,639)	325,361	227,765	97,596
Noninstructional equipment	588,268	(60,828)	527,440	330,239	197,201
Total facilities acquisition and construction services	1,048,268	(195,467)	852,801	558,004	294,797
Total expenditures	15,405,836	1,581,777	16,987,613	13,758,378	3,229,235
Other financing uses:					
Transfers out		(6,509)	(6,509)	(6,509)	
Total other financing uses		(6,509)	(6,509)	(6,509)	
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	\$ -	\$ -	\$ -	10,164	\$ 10,164
Fund Balance, July 1				8,176	
Fund Balance, June 30				\$ 18,340	

Educational Services Commission of New Jersey
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2024

	Special Revenue Fund
Sources/inflows of resources	
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-2)	\$ 13,775,051
Differences - Budgetary to GAAP:	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	
Prior year	3,209,612
Current year	<u>(1,381,690)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	<u><u>\$ 15,602,973</u></u>
Uses/outflows of resources	
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-2)	\$ 13,764,887
Differences - Budgetary to GAAP:	
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	
Prior year	3,209,612
Current year	<u>(1,381,690)</u>
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(6,509)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u><u>\$ 15,586,300</u></u>

Supplementary Information

Special Revenue Fund
Detail Statements

Educational Services Commission of New Jersey
Special Revenue Fund
Combining Schedule of Revenues and Expenditures –
Budgetary Basis
Year ended June 30, 2024

Non-Public Programs										
	Compensatory Education	ESL	Home Instruction	Supplemental Instruction	Exam and Class	Speech Correction	Text- Books	Nursing	Technology	Security
Revenues:										
Local sources										
State sources	\$ 1,785,947	\$ 122,141	\$ 15,128	\$ 831,926	\$ 1,141,235	\$ 580,417	\$ 568,099	\$ 2,298,505	\$ 585,436	\$ 2,154,047
Federal sources										
Total revenues	<u>\$ 1,785,947</u>	<u>\$ 122,141</u>	<u>\$ 15,128</u>	<u>\$ 831,926</u>	<u>\$ 1,141,235</u>	<u>\$ 580,417</u>	<u>\$ 568,099</u>	<u>\$ 2,298,505</u>	<u>\$ 585,436</u>	<u>\$ 2,154,047</u>
Expenditures:										
Instruction:										
Salaries of teachers	\$ 1,179,721	\$ 81,103	\$ 3,383	\$ 303,764		\$ 497,254				
Purchased professional and technical services			9,949		\$ 783,346					
General supplies	6,939	554		1,065	212	3,305			\$ 500,449	
Textbooks							\$ 568,099			
Total instruction	<u>1,186,660</u>	<u>81,657</u>	<u>13,332</u>	<u>304,829</u>	<u>783,558</u>	<u>500,559</u>	<u>568,099</u>		<u>500,449</u>	
Support services:										
Salaries of supervisors of instruction	76,197	5,147		67,018	45,477	10,154		\$ 34,500	2,760	
Salaries of other professional staff	103,188	6,971		90,759	61,587	13,750		1,626,431	1,315	
Salaries of secretarial and clerical employees	91,998	6,215	276	80,916	54,908	12,259		17,362	12,575	
Personal services - employee benefits	285,038	19,255	854	250,703	170,122	37,983		311,359	13,680	
Travel	2,640	178	8	2,322	1,575	352				
Supplies and materials	7,100	480	21	6,244	4,237	946		307,638		\$ 1,804,858
Other	33,126	2,237	637	29,136	19,771	4,414		1,215	220	18,950
Student Activities										
Total support services	<u>599,287</u>	<u>40,484</u>	<u>1,796</u>	<u>527,097</u>	<u>357,677</u>	<u>79,858</u>		<u>2,298,505</u>	<u>30,550</u>	<u>1,823,808</u>
Facilities acquisition and construction services:										
Instructional equipment									54,437	
Noninstructional										330,239
Total facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,437</u>	<u>330,239</u>
Total expenditures	<u>\$ 1,785,947</u>	<u>\$ 122,141</u>	<u>\$ 15,128</u>	<u>\$ 831,926</u>	<u>\$ 1,141,235</u>	<u>\$ 580,417</u>	<u>\$ 568,099</u>	<u>\$ 2,298,505</u>	<u>\$ 585,436</u>	<u>\$ 2,154,047</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures										
Fund Balance, July 1										
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Educational Services Commission of New Jersey
Special Revenue Fund

Combining Schedule of Revenues and Expenditures –
Budgetary Basis

Year ended June 30, 2024

	Safety Grant	Student Activity Fund	Title I Grant	Title III Grant	COVID-19 ARP ESSER II	IDEA-B Regular	COVID-19 ARP IDEA-B	COVID-19 NP ARP EANS	Total
Revenues:									
Local sources	\$ 9,186	\$ 20,438							\$ 29,624
State sources									10,082,881
Federal sources			\$ 257,103	\$ 4,244	\$ 10,305	\$ 1,786,012	\$ 1,094	\$ 1,603,788	3,662,546
Total revenues	<u>\$ 9,186</u>	<u>\$ 20,438</u>	<u>\$ 257,103</u>	<u>\$ 4,244</u>	<u>\$ 10,305</u>	<u>\$ 1,786,012</u>	<u>\$ 1,094</u>	<u>\$ 1,603,788</u>	<u>\$ 13,775,051</u>
Expenditures:									
Instruction:									
Salaries of teachers			\$ 31,512						\$ 2,096,737
Purchased professional technical services						\$ 1,762,422	\$ 1,094	\$ 36,144	2,592,955
General supplies					\$ 8,408	15,230		552,519	1,088,681
Textbooks									568,099
Total instruction			<u>31,512</u>		<u>8,408</u>	<u>1,777,652</u>	<u>1,094</u>	<u>588,663</u>	<u>6,346,472</u>
Support services:									
Salaries of supervisors of instruction			1,307	\$ 73					242,634
Salaries of other staff			95,950	104					2,000,055
Salaries of secretarial and clerical employees			895	50					277,453
Personal services - benefits			122,332	4,006					1,215,332
Travel									7,075
Supplies and materials	\$ 9,186		1,796					828,621	2,971,127
Other			3,311	11	1,897			21,536	136,461
Student Activities		\$ 10,274							10,274
Total support services	<u>9,186</u>	<u>10,274</u>	<u>225,591</u>	<u>4,244</u>	<u>1,897</u>			<u>850,157</u>	<u>6,860,411</u>
Facilities acquisition and construction services:									
Instructional equipment						8,360		164,968	227,765
Noninstructional									330,239
Total facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,360</u>	<u>-</u>	<u>164,968</u>	<u>558,004</u>
Total expenditures	<u>\$ 9,186</u>	<u>\$ 10,274</u>	<u>\$ 257,103</u>	<u>\$ 4,244</u>	<u>\$ 10,305</u>	<u>\$ 1,786,012</u>	<u>\$ 1,094</u>	<u>\$ 1,603,788</u>	<u>\$ 13,764,887</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		10,164							10,164
Fund Balance, July 1		8,176							8,176
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 18,340</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,340</u>

Capital Projects Fund
Detail Statements

Educational Services Commission of New Jersey
Capital Projects Fund

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

Year ended June 30, 2024

Revenues and Other Financing Sources

Interest on Investments	\$ 578
Total revenues and other financing sources	<u>578</u>

Expenditures and Other Financing Uses

Construction Services	337,753
Transfers Out	578
Total expenditures and other financing uses	<u>338,331</u>

Change in fund balance	(337,753)
------------------------	-----------

Fund balance, July 1	928,597
Fund balance, June 30	<u><u>\$ 590,844</u></u>

Educational Services Commission of New Jersey
Capital Projects Fund

Summary Schedule of Project Expenditures

Year ended June 30, 2024

Project Title	Appropriations	Prior Years Expenditures	Current Year Expenditures	Unexpended Balance
HVAC Project at 1690	\$ 750,477	\$ 750,477		
AFC Project	9,249,523	8,320,926	\$ 337,753	\$ 590,844
Total	\$ 10,000,000	\$ 9,071,403	\$ 337,753	\$ 590,844

Analysis of Appropriations:

HVA Project at 1690 and AFC Project

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

Long-Term Debt

Educational Services Commission of New Jersey
Long-Term Debt

Schedule of Bonds/Loans Payable

Year ended June 30, 2024

Description	Interest Rate Payable	Amount of Issue	Balance July 1, 2023	Retired	Balance June 30, 2024
Bonds/loan payable –					
Middlesex County Improvement Authority - 2014	Various	\$ 9,385,000	\$ 3,010,000	\$ 965,000	\$ 2,045,000
Middlesex County Improvement Authority - 2014A	Various	30,170,000	23,680,000	1,715,000	21,965,000
Middlesex County Improvement Authority - 2017	Various	13,170,000	10,755,000	825,000	9,930,000
			<u>\$ 37,445,000</u>	<u>\$ 3,505,000</u>	<u>\$ 33,940,000</u>

Educational Services Commission of New Jersey
Long-Term Debt

Schedule of Financed Purchases Payable

Year ended June 30, 2024

Description	Interest Rate Payable	Amount of Issue	Balance July 1, 2023	Retired	Balance June 30, 2024
Notes payable –					
TD Equipment Finance, Inc.					
Lease Purchase - 2019	2.13%-2.17%	\$ 6,000,000	\$ 3,068,012	\$ 1,001,164	\$ 2,066,848
			<u>\$ 3,068,012</u>	<u>\$ 1,001,164</u>	<u>\$ 2,066,848</u>

Educational Services Commission of New Jersey
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Actual to Final
Revenues:					
Interest on Investments		\$ 38,104	\$ 38,104	\$ 38,104	
Total Revenues		38,104	38,104	38,104	
Expenditures:					
Regular Debt Service:					
Interest	\$ 1,600,978	75,606	1,676,584	1,600,978	\$ 75,606
Principal	4,506,164		4,506,164	4,506,164	
Total Expenditures	6,107,142	75,606	6,182,748	6,107,142	75,606
(Deficiency) excess of revenues (under) over expenditures	(6,107,142)	(37,502)	(6,144,644)	(6,069,038)	75,606
Other Financing Sources:					
Transfers In	6,107,142	37,502	6,144,644	6,144,644	
Total Other Financing Sources	6,107,142	37,502	6,144,644	6,144,644	
Change in fund balance	—	—	—	75,606	75,606
Fund balance, July 1	6,870,000	—	6,870,000	6,870,000	—
Fund balance, June 30	\$ 6,870,000	\$ —	\$ 6,870,000	\$ 6,945,606	\$ 75,606

Statistical Section
(Unaudited)

Statistical Section
Unaudited

Contents

Financial Trends

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

Demographic and Economic Information

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

Operating Information

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

Revenue Capacity

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

Debt Capacity

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

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

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

(Accrual basis of accounting)
Unaudited

	June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities										
Net Investment in capital assets	\$ 14,336,092	\$ 16,281,147	\$ 19,515,282	\$ 11,321,517	\$ 27,134,556	\$ 29,913,254	\$ 32,242,098	\$ 35,998,482	\$ 38,586,940	\$ 41,120,126
Restricted for:										
Capital projects and reserve	216,392	216,392	4,409,598	14,470,348	304,618	2,931,465	2,575,173	3,184,748	5,144,989	4,807,236
Maintenance reserve				4,411,843	2,836,098	1,170,896	2,277,370	4,853,479	6,303,530	7,358,158
Emergency reserve								500,000	500,000	500,000
Unemployment compensation							323,402	323,797	329,477	339,667
Student activities							10,484	11,221	8,176	18,340
Debt service	4,937,974	4,338,969	4,460,918	4,063,306	4,835,873	5,360,785	5,488,647	6,207,421	6,478,844	6,614,450
Unrestricted	1,503,075	6,103,319	1,422,006	2,791,700	8,776,404	15,130,025	21,103,396	35,242,085	50,230,072	64,494,063
Total governmental activities net position	<u>\$ 20,993,533</u>	<u>\$ 26,939,827</u>	<u>\$ 29,807,804</u>	<u>\$ 37,058,714</u>	<u>\$ 43,887,549</u>	<u>\$ 54,506,425</u>	<u>\$ 64,020,570</u>	<u>\$ 86,321,233</u>	<u>\$ 107,582,028</u>	<u>\$ 125,252,040</u>
Business-type activities										
Investment in capital assets	\$ 941,075	\$ 943,506	\$ 1,160,614	\$ 1,145,123	\$ 1,026,816	\$ 975,583	\$ 892,699	\$ 90,686	\$ 125,430	\$ 105,416
Restricted							2,000,000			
Unrestricted	(819,552)	(585,298)	1,945,873	2,367,229	2,452,360	3,270,122	1,643,547	1,545,144	462,280	546,763
Total business-type activities net position	<u>\$ 121,523</u>	<u>\$ 358,208</u>	<u>\$ 3,106,487</u>	<u>\$ 3,512,352</u>	<u>\$ 3,479,176</u>	<u>\$ 4,245,705</u>	<u>\$ 4,536,246</u>	<u>\$ 1,635,830</u>	<u>\$ 587,710</u>	<u>\$ 652,179</u>
Government-wide										
Net Investment in capital assets	\$ 15,277,167	\$ 17,224,653	\$ 20,675,896	\$ 12,466,640	\$ 28,161,372	\$ 30,888,837	\$ 33,134,797	\$ 36,089,168	\$ 38,712,370	\$ 41,225,542
Restricted for:										
Capital projects and reserve	216,392	216,392	4,409,598	14,470,348	304,618	2,931,465	2,575,173	3,184,748	5,144,989	4,807,236
Maintenance reserve				4,411,843	2,836,098	1,170,896	2,277,370	4,853,479	6,303,530	7,358,158
Emergency reserve								500,000	500,000	500,000
Unemployment compensation							323,402	323,797	329,477	339,667
Student activities							10,484	11,221	8,176	18,340
Debt service	4,937,974	4,338,969	4,460,918	4,063,306	4,835,873	5,360,785	5,488,647	6,207,421	6,478,844	6,614,450
Unrestricted	683,523	5,518,021	3,367,879	5,158,929	11,228,764	18,400,147	22,746,943	36,787,229	50,692,352	65,040,826
Total government net position	<u>\$ 21,115,056</u>	<u>\$ 27,298,035</u>	<u>\$ 32,914,291</u>	<u>\$ 40,571,066</u>	<u>\$ 47,366,725</u>	<u>\$ 58,752,130</u>	<u>\$ 66,556,816</u>	<u>\$ 87,957,063</u>	<u>\$ 108,169,738</u>	<u>\$ 125,904,219</u>

Source: ACFR Schedule A-1

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

(Accrual basis of accounting)
Unaudited

	June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental activities										
Instruction	\$ 19,035,846	\$ 20,294,800	\$ 20,321,034	\$ 23,282,761	\$ 22,634,713	\$ 23,404,394	\$ 23,673,363	\$ 34,265,828	\$ 33,264,034	\$ 27,620,376
Support Services:										
Health services	717,186	803,536	988,093	1,446,911	2,054,723	1,942,666	1,858,142	1,809,544	1,883,543	1,897,253
Student & instruction related services	13,684,624	15,214,106	16,215,742	17,970,925	18,127,757	18,129,452	20,592,306	26,759,482	27,912,136	28,089,131
General administrative services	1,130,539	1,179,015	1,095,716	1,429,446	1,241,233	1,301,676	1,542,610	1,490,560	1,616,408	1,474,567
School administrative services	1,769,994	2,154,548	2,146,272	2,543,005	2,234,749	2,615,369	3,002,895	2,979,571	3,084,254	2,996,728
Central Services	1,386,170	1,587,527	1,761,051	1,938,402	2,021,993	2,615,463	2,470,011	2,442,684	2,849,235	3,075,003
Admin. Infor. Technology	453,329	534,003	348,565	300,904	261,774	372,265	464,805	581,595	757,963	915,146
Plant operations and maintenance	1,985,498	2,077,438	2,164,998	2,216,097	6,306,369	3,845,704	3,247,207	4,290,632	3,523,565	6,275,367
Pupil transportation	39,881,596	44,472,381	44,192,693	52,419,219	49,778,315	42,431,965	32,950,396	50,948,526	65,641,457	59,422,975
Employee benefits	1,540,966	1,948,191	3,441,362	2,293,062	1,556,435	1,694,304	1,003,304	283,541		726,881
Capital outlay	119,906	67,977								
Special Schools	2,917,352	2,804,445	2,902,818	2,338,363	3,165,847	2,856,474	1,650,522	3,305,893	3,603,940	3,921,942
Interest on long-term debt	2,820,805	1,921,105	1,841,709	2,308,255	2,316,236	2,060,011	1,955,528	1,789,968	1,604,438	1,403,977
Total governmental activities expenses	\$ 87,443,811	\$ 95,059,072	\$ 97,420,053	\$ 110,487,350	\$ 111,700,143	\$ 103,269,743	\$ 94,411,089	\$ 130,947,824	\$ 145,740,973	\$ 137,819,346
Business-type activities:										
Regional Day School	\$ 4,815,142	\$ 5,041,877	\$ 4,909,676	\$ 5,188,438	\$ 5,720,035	\$ 5,424,465	\$ 5,246,698	\$ 5,324		
Pool service	816,349	872,415	928,535	866,219	875,561	750,724	428,706	552,321	\$ 903,005	\$ 1,092,966
Adult Community Services						354,469	475,351	523,967	551,016	821,307
Food service	323,522	314,364	318,777	342,333	424,865	314,098	217,471	597,764	608,048	603,661
Total business-type activities expense	5,955,013	6,228,656	6,156,988	6,396,990	7,020,461	6,843,756	6,368,226	1,679,376	2,062,069	2,517,934
Total district expenses	\$ 93,398,824	\$ 101,287,728	\$ 103,577,041	\$ 116,884,340	\$ 118,720,604	\$ 110,113,499	\$ 100,779,315	\$ 132,627,200	\$ 147,803,043	\$ 140,337,280
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction					\$ 34,418,279	\$ 36,003,555	\$ 35,461,205	\$ 46,914,452	\$ 50,380,855	\$ 49,880,023
Student and Instruction Related Services							4,880	11,903	6,148	20,438
Pupil transportation	\$ 31,624,558	\$ 33,420,236	\$ 37,292,147	\$ 37,962,302	40,848,533	42,525,136	23,764,775	41,876,629	54,984,283	49,746,048
Operating and capital grants and contributions	7,378,259	8,600,511	9,631,166	10,397,989	10,499,236	11,231,610	10,080,264	22,508,225	20,861,741	15,582,535
Total governmental activities program revenues	39,002,817	42,020,747	46,923,313	48,360,291	85,766,048	89,760,301	69,311,124	111,311,209	126,233,027	115,229,044
Business-type activities:										
Charges for services										
Regional Day School	\$ 4,740,445	\$ 5,428,678	\$ 5,193,904	\$ 5,250,786	\$ 5,558,753	\$ 5,773,697	\$ 5,277,927			
Bus service							142,274	\$ 547,538	\$ 351,406	\$ 1,007,353
Adult Community Services							272,986	328,637	316,529	320,320
Pool service	633,974	900,343	988,296	1,023,269	1,015,417	917,694	75,852	9,244	75,015	77,870
Food service	62,077	63,500	69,722	66,350	75,852	71,350	1,630	9,244	75,015	77,870
Operating grants and contributions	263,220	272,112	265,478	283,497	299,168	291,524	197,071	661,935	474,598	479,395
Total business-type activities program revenues	5,699,716	6,664,633	6,517,400	6,623,902	6,949,190	7,054,265	5,891,888	1,547,354	1,217,548	1,884,938
Total district program revenues	\$ 44,702,533	\$ 48,685,380	\$ 53,440,713	\$ 54,984,193	\$ 92,715,238	\$ 96,814,566	\$ 75,203,012	\$ 112,858,563	\$ 127,450,575	\$ 117,113,982
Net (Expense)/Revenue										
Governmental activities	\$ (42,119,242)	\$ (45,423,064)	\$ (48,135,759)	\$ (49,059,762)	\$ (24,721,302)	\$ (21,939,842)	\$ (25,099,965)	\$ (19,636,615)	\$ (19,507,946)	\$ (22,590,302)
Business-type activities	221,391	709,620	288,744	466,914	552,200	33,804	(476,338)	(132,022)	(844,521)	(632,996)
Total government-wide net expense	\$ (41,897,851)	\$ (44,713,444)	\$ (47,847,015)	\$ (48,592,848)	\$ (24,169,102)	\$ (21,906,038)	\$ (25,576,303)	\$ (19,768,637)	\$ (20,352,467)	\$ (23,223,298)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Federal and state aid not restricted	\$ 2,447,550	\$ 4,788,742	\$ 6,025,265	\$ 3,773,676	\$ 13,312,440	\$ 7,485,255	\$ 13,304,926	\$ 9,148,119	\$ 6,750,570	\$ 5,660,561
Tuition received	32,136,205	32,716,393	32,765,239	34,258,120						
Services provided to districts	12,268,807	13,160,428	14,976,777	15,910,374	18,184,116	20,729,834	21,562,394	29,568,739	32,666,741	32,785,554
Interest income	9,783	12,827	25,294	61,142	212,705	389,429	69,641	58,252	1,015,247	2,188,898
Miscellaneous income	133,836	484,794	237,419	205,792	116,616	97,179	111,387	393,774	132,584	322,766
Transfers	51,197	79,137	52,059	(2,281,365)	146,335	66,980	(766,879)	1,970,500	203,599	(697,465)
Special items								797,894		
Total governmental activities	47,047,378	51,242,321	54,082,053	51,927,739	31,972,212	28,768,677	34,281,469	41,937,278	40,768,741	40,260,314
Business-type activities:										
Transfers	(51,197)	(79,137)	(52,059)	2,281,365	(146,335)	(66,980)	766,879	(1,970,500)	(203,599)	697,465
Special items								(797,894)		
Total business-type activities	(51,197)	(79,137)	(52,059)	2,281,365	(146,335)	(66,980)	766,879	(2,768,394)	(203,599)	697,465
Total government-wide	\$ 46,996,181	\$ 51,163,184	\$ 54,029,994	\$ 54,209,104	\$ 31,825,877	\$ 28,701,697	\$ 35,048,348	\$ 39,168,884	\$ 40,565,142	\$ 40,957,779
Net (Expense) / Revenue										
Governmental activities	\$ 4,928,136	\$ 5,819,257	\$ 5,946,294	\$ 2,867,977	\$ 7,250,910	\$ 6,828,835	\$ 9,181,504	\$ 22,300,663	\$ 21,260,795	\$ 17,670,012
Business-type activities	170,194	630,483	236,685	2,748,279	405,865	(33,176)	290,541	(2,900,416)	(1,048,120)	64,469
Total government-wide net expense	\$ 5,098,330	\$ 6,449,740	\$ 6,182,979	\$ 5,616,256	\$ 7,656,775	\$ 6,795,659	\$ 9,472,045	\$ 19,400,247	\$ 20,212,675	\$ 17,734,481

Source: ACFR Schedule A-2

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

**(Modified accrual basis of accounting)
Unaudited**

	June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Restricted for:										
Other Purposes	\$ 216,392	\$ 216,392	\$ 216,392	\$ 4,628,235	\$ 3,052,490	\$ 1,387,288	\$ 2,817,164	\$ 7,893,668	\$ 11,349,399	\$ 12,414,217
Assigned	1,403,302	1,767,776	922,308	1,936,602	2,253,495	1,787,101	1,448,105	1,354,817	854,645	5,865,369
Unassigned	17,988,468	22,639,538	23,109,569	20,767,520	25,016,809	29,667,612	34,796,532	45,532,078	57,429,691	64,353,284
Total general fund	<u>\$ 19,608,162</u>	<u>\$ 24,623,706</u>	<u>\$ 24,248,269</u>	<u>\$ 27,332,357</u>	<u>\$ 30,322,794</u>	<u>\$ 32,842,001</u>	<u>\$ 39,061,801</u>	<u>\$ 54,780,563</u>	<u>\$ 69,633,735</u>	<u>\$ 82,632,870</u>
All Other Governmental Funds										
Restricted for:										
Special revenue fund*							\$ 10,484	\$ 11,221	\$ 8,176	\$ 18,340
Debt service fund	\$ 4,937,974	\$ 4,338,969	\$ 4,460,918	\$ 4,579,064	\$ 5,306,010	\$ 5,874,703	5,997,382	6,660,471	6,870,000	6,945,606
Capital projects fund			4,193,206	14,253,956	88,226	7,791,244	3,799,467	968,356	928,597	590,844
Total all other governmental funds	<u>\$ 4,937,974</u>	<u>\$ 4,338,969</u>	<u>\$ 8,654,124</u>	<u>\$ 18,833,020</u>	<u>\$ 5,394,236</u>	<u>\$ 13,665,947</u>	<u>\$ 9,807,333</u>	<u>\$ 7,640,048</u>	<u>\$ 7,806,773</u>	<u>\$ 7,554,790</u>
Total Governmental Funds	<u>\$ 24,546,136</u>	<u>\$ 28,962,675</u>	<u>\$ 32,902,393</u>	<u>\$ 46,165,377</u>	<u>\$ 35,717,030</u>	<u>\$ 46,507,948</u>	<u>\$ 48,869,134</u>	<u>\$ 62,420,611</u>	<u>\$ 77,440,508</u>	<u>\$ 90,187,660</u>

Source: ACFR Schedule B-1

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

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

(modified accrual basis of accounting)
Unaudited

	June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Revenues										
Local sources:										
Tuition	\$ 32,716,393	\$ 32,765,239	\$ 34,258,120	\$ 34,418,279	\$ 36,003,555	\$ 37,660,076	\$ 35,461,205	\$ 46,914,452	\$ 50,380,855	\$ 49,880,023
Transportation fees	33,420,236	37,292,147	37,962,302	40,848,533	42,525,136	34,957,021	23,764,775	41,876,629	54,984,283	49,746,048
Services provided to districts	13,160,428	14,976,777	15,910,374	18,184,116	20,729,834	22,530,597	21,562,394	29,568,739	32,866,741	32,785,554
Interest on investments	12,772	25,226	61,020	171,522	316,701	270,983	66,920	57,599	994,199	2,150,216
Other Restricted Miscellaneous Revenue							556	395	5,680	10,190
Miscellaneous	484,794	237,419	205,792	116,616	97,179	206,535	110,831	393,379	126,904	312,576
Total - Local sources	79,794,623	85,296,808	88,397,608	93,739,066	99,672,405	95,625,212	80,966,681	118,811,193	139,158,662	134,884,607
State sources										
School Security Grant (Alyssa's Law)							31,637		31,637	
Reimbursed TPAF S.S. Contributions	981,118	998,222	1,015,224	1,046,264	1,109,292	1,068,595	1,179,473	1,143,355	1,102,232	1,087,537
On-behalf TPAF pension Contributions	1,822,226	2,271,542	2,758,452	3,400,840	4,163,081	4,275,450	5,597,119	7,161,340	7,402,043	7,575,512
Total - State sources	2,803,344	3,269,764	3,773,676	4,447,104	5,272,373	5,344,045	6,808,229	8,304,695	8,504,275	8,663,049
Total revenue	82,597,967	88,566,572	92,171,284	98,186,170	104,944,778	100,969,257	87,774,910	127,115,888	147,662,937	143,547,656
Expenditures										
Instruction	10,605,100	10,887,627	11,134,594	11,858,427	13,068,874	13,147,847	11,873,508	15,365,755	16,300,047	15,771,512
Support Services:										
Health services	605,879	676,405	852,975	1,136,340	1,762,481	1,593,839	1,368,721	1,499,681	1,593,263	1,600,298
Student & instruction related services	8,315,851	9,249,904	9,787,094	9,811,271	10,418,775	10,471,835	10,445,743	14,515,911	15,293,228	15,293,228
General administrative services	955,080	992,478	945,881	1,122,624	1,064,693	1,067,946	1,136,298	1,235,319	1,367,297	1,243,770
School Administrative services	1,495,293	1,813,667	1,852,777	1,997,164	1,916,902	2,145,751	2,211,954	2,469,355	2,608,927	2,527,685
Central Services	1,171,038	1,336,357	1,520,233	1,522,335	1,734,406	2,145,828	1,819,428	2,024,403	2,410,128	2,593,708
Admin. Infor. Technology	382,973	449,516	300,900	236,317	224,542	305,421	342,379	482,004	641,150	771,909
Required maint for school facilities	909,697	975,401	1,073,422	951,198	4,700,942	2,535,149	1,804,243	2,576,362	1,836,109	4,031,434
Operation of plant	767,654	773,356	795,520	789,227	708,475	620,017	587,673	979,550	1,144,425	1,261,722
Pupil transportation	33,692,013	37,436,204	38,149,495	41,167,738	42,698,368	34,812,844	24,271,501	42,224,194	55,525,188	50,122,183
Unallocated employee benefits	7,579,806	7,888,025	8,354,692	8,734,296	7,269,511	8,205,604	10,101,573	11,713,671	14,557,058	14,880,711
Reimbursed S.S. contributions	981,118	998,222	1,015,224	1,046,264	1,109,292	1,068,595	1,179,473	1,143,355	1,102,232	1,087,537
On-behalf TPAF pension contributions	1,822,226	2,271,542	2,758,452	3,400,840	4,163,081	4,275,450	5,597,119	7,161,340	7,402,043	7,575,512
Capital outlay	735,096	1,199,073	1,703,932	1,399,551	770,420	970,821	396,113	311,993	902,833	335,357
Special Schools	2,917,352	2,804,445	2,902,818	2,338,363	3,165,847	2,856,474	1,650,522	3,305,893	3,603,940	3,921,942
Total expenditures	72,936,176	79,752,222	83,148,009	87,511,955	94,776,609	86,223,421	74,786,248	92,492,875	125,510,551	123,018,508
Excess of revenues over expenditures	9,661,791	8,814,350	9,023,275	10,674,215	10,168,169	14,745,836	12,988,662	34,623,013	22,152,386	20,529,148
Other Financing sources (uses)										
Transfers in					55,436	59,621				
Transfers out	(5,763,966)	(3,798,806)	(9,398,712)	(7,590,127)	(7,233,168)	(12,286,250)	(7,091,708)	2,068,838	(7,299,214)	(7,530,013)
Total other financing sources (uses)	(5,763,966)	(3,798,806)	(9,398,712)	(7,590,127)	(7,177,732)	(12,226,629)	(7,091,708)	2,068,838	(7,299,214)	(7,530,013)
Net change in fund balances, General Fund	\$ 3,897,825	\$ 5,015,544	\$ (375,437)	\$ 3,084,088	\$ 2,990,437	\$ 2,519,207	\$ 5,896,954	\$ 36,691,851	\$ 14,853,172	\$ 12,999,135
Special Revenue Fund										
Revenues										
Local sources	\$ 21,924		\$ 16,321		\$ 14,604	\$ 20,691	\$ 40,062	\$ 57,509	\$ 32,606	\$ 29,624
State sources	6,871,156	\$ 7,126,094	8,072,636	\$ 8,148,977	8,924,648	7,944,379	7,770,379	8,330,316	8,223,931	10,483,337
Federal sources	1,707,431	2,505,072	2,309,032	2,350,259	2,292,358	2,273,680	2,274,703	14,132,303	12,611,352	5,090,012
Total revenue	8,600,511	9,631,166	10,397,989	10,499,236	11,231,610	10,238,750	10,085,144	22,520,128	20,867,889	15,602,973
Expenditures										
Instruction	5,180,722	5,878,076	6,063,374	6,099,152	5,981,109	5,624,594	5,178,842	12,372,635	11,352,475	7,056,269
Other support : special	3,244,933	3,557,109	4,087,691	3,974,421	4,704,779	3,926,612	4,330,127	5,884,033	6,914,829	7,695,655
Capital outlay	123,917	153,281	194,824	374,866	496,522	579,768	568,128	4,262,723	2,597,877	834,376
Total expenditures	8,549,572	9,588,466	10,345,889	10,448,439	11,182,410	10,130,974	10,077,097	22,519,391	20,865,181	15,586,300
Excess (Deficiency) of revenues over (under) expenditures	50,939	42,700	52,100	50,797	49,200	107,776	8,047	737	2,708	16,673
Other Financing (uses)										
Transfers out	(50,939)	(42,700)	(52,100)	(50,797)	(49,200)	(107,776)	(7,358)		(5,753)	(6,509)
Total other financing (uses)	(50,939)	(42,700)	(52,100)	(50,797)	(49,200)	(107,776)	(7,358)	-	(5,753)	(6,509)
Net change in fund balances, Special Revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 689	\$ 737	\$ (3,045)	\$ 10,164

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

(modified accrual basis of accounting)
Unaudited

	June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Capital Projects Fund										
Revenues										
Interest Earned				\$ 37,247	\$ 55,112	\$ 21,023	\$ 901	\$ 135	\$ 198	\$ 578
Total revenue				<u>37,247</u>	<u>55,112</u>	<u>21,023</u>	<u>901</u>	<u>135</u>	<u>198</u>	<u>578</u>
Expenditures										
Costs of Issuance				200,507						
Capital outlay			\$ 806,794	<u>4,939,250</u>	14,165,730	2,296,982	3,991,777	2,464,283	39,759	337,753
Total expenditures			<u>806,794</u>	<u>5,139,757</u>	<u>14,165,730</u>	<u>2,296,982</u>	<u>3,991,777</u>	<u>2,464,283</u>	<u>39,759</u>	<u>337,753</u>
Excess (Deficiency) of revenues over (under) expenditures			(806,794)	(5,102,510)	(14,110,618)	(2,275,959)	(3,990,876)	(2,464,148)	(39,561)	(337,175)
Other Financing sources (uses)										
Transfers in			5,000,000			4,000,000				
Transfers out				(57,391)	(55,112)	(21,023)	(901)		(198)	(578)
Premium on loan issuance				2,050,651						
Proceeds - Loans/Bonds				<u>13,170,000</u>		<u>6,000,000</u>		<u>(366,963)</u>		
Total other financing sources (uses)			<u>5,000,000</u>	<u>15,163,260</u>	<u>(55,112)</u>	<u>9,978,977</u>	<u>(901)</u>	<u>(366,963)</u>	<u>(198)</u>	<u>(578)</u>
Net change in fund balances, Capital projects fund	\$ -	\$ -	\$ 4,193,206	\$ 10,060,750	\$ (14,165,730)	\$ 7,703,018	\$ (3,991,777)	\$ (2,831,111)	\$ (39,759)	\$ (337,753)
Debt Service Fund										
Revenues										
Interest Earned	\$ 55	\$ 68	\$ 122	\$ 3,936	\$ 17,616	\$ 12,224	\$ 1,820	\$ 518	\$ 20,850	\$ 38,104
Total revenue	<u>55</u>	<u>68</u>	<u>122</u>	<u>3,936</u>	<u>17,616</u>	<u>12,224</u>	<u>1,820</u>	<u>518</u>	<u>20,850</u>	<u>38,104</u>
Expenditures										
Principal	1,729,659	2,531,174	2,646,163	2,695,000	2,885,000	2,930,000	4,036,950	4,149,783	4,320,255	4,506,164
Interest	<u>1,958,584</u>	<u>1,961,464</u>	<u>1,867,875</u>	<u>1,760,437</u>	<u>2,483,713</u>	<u>2,138,087</u>	<u>2,082,567</u>	<u>1,967,509</u>	<u>1,788,187</u>	<u>1,600,978</u>
Total expenditures	<u>3,688,243</u>	<u>4,492,638</u>	<u>4,514,038</u>	<u>4,455,437</u>	<u>5,368,713</u>	<u>5,068,087</u>	<u>6,119,517</u>	<u>6,117,292</u>	<u>6,108,442</u>	<u>6,107,142</u>
Excess (Deficiency) of revenues over (under) expenditures	(3,688,188)	(4,492,570)	(4,513,916)	(4,451,501)	(5,351,097)	(5,055,863)	(6,117,697)	(6,116,774)	(6,087,592)	(6,069,038)
Other Financing sources (uses)										
Transfers in	5,894,042	3,893,565	4,635,865	4,569,647	6,133,479	5,684,177	6,240,376		6,297,121	6,144,644
Transfers out					(55,436)	(59,621)		6,779,863		
Proceeds from principal	30,170,000									
Proceeds from premium	3,923,921									
Cost of Issuance	(423,102)									
Advanced Refunding Escrow	(4,429,105)									
Payment to refunded bond escrow agent	<u>(29,225,000)</u>									
Total other financing sources (uses)	<u>5,910,756</u>	<u>3,893,565</u>	<u>4,635,865</u>	<u>4,569,647</u>	<u>6,078,043</u>	<u>5,624,556</u>	<u>6,240,376</u>	<u>6,779,863</u>	<u>6,297,121</u>	<u>6,144,644</u>
Net change in fund balances, Debt Svc Fund	\$ 2,222,568	\$ (599,005)	\$ 121,949	\$ 118,146	\$ 726,946	\$ 568,693	\$ 122,679	\$ 663,089	\$ 209,529	\$ 75,606
Net change in fund balances, Governmental Funds	<u>\$ 6,120,393</u>	<u>\$ 4,416,539</u>	<u>\$ 3,939,718</u>	<u>\$ 13,262,984</u>	<u>\$ (10,448,347)</u>	<u>\$ 10,790,918</u>	<u>\$ 2,028,545</u>	<u>\$ 34,524,566</u>	<u>\$ 15,019,897</u>	<u>\$ 12,747,152</u>

Source: ACFR Schedule B-2

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

(modified accrual basis of accounting)

Unaudited

		Year Ended June 30,									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund											
Miscellaneous Revenue											
Sale of property	\$	9,279						\$	1,500		
Insurance proceeds		27,019	\$ 96,663	\$ 66,249	\$ 40,212	\$ 8,444	\$ 17,436	7,814	\$ 138,941	\$ 9,272	\$ 105,151
Refunds		4,136	50,945	3,640	6,569	256	1,055	18,868		1,283	1,633
Cancellation of aging liabilities		117,609	(96,387)			(35,339)	14,330		137,300	8,644	64,829
E-rate reimubrsement		227,969	131,899	117,710	47,016	38,021	15,034	12,401	88,778	23,889	59,158
Other		98,782	54,299	18,193	22,819	85,797	158,680	70,248	28,360	83,816	81,805
Total Other Local Revenue	\$	484,794	\$ 237,419	\$ 205,792	\$ 116,616	\$ 97,179	\$ 206,535	\$ 110,831	\$ 393,379	\$ 126,904	\$ 312,576

Source: Commission records

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

Fiscal Year Ended June 30,	Governmental Activities			Percentage of Personal Income ^a	Per Capita Personal Income ^a
	Bonds/Loans Payable	Financed Purchases	Total District		
2015	\$ 47,385,000	\$ 152,337	\$ 47,537,337	0.11%	\$ 52,291
2016	44,955,000	51,163	45,006,163	0.12%	52,486
2017	42,360,000		42,360,000	0.13%	53,467
2018	52,835,000		52,835,000	0.11%	55,980
2019	49,950,000		49,950,000	0.12%	57,598
2020	47,020,000	6,000,000	47,020,000	0.13%	61,065
2021	43,975,000	5,008,050	48,983,050	0.13%	63,457
2022	40,785,000	4,048,267	44,833,267	0.15%	66,640
2023	37,445,000	3,068,012	40,513,012	0.17%	70,221
2024	33,940,000	2,066,848	36,006,848	0.20%	70,591

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

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

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

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

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2015	830,815	\$ 43,444,147	\$ 52,291	7.4%
2016	836,297	43,893,884	52,486	6.0%
2017	840,900	44,960,400	53,467	5.0%
2018	842,798	47,179,832	55,980	4.1%
2019	829,685	47,788,197	57,598	3.6%
2020	825,062	50,382,411	61,065	3.1%
2021	822,736	52,208,358	63,457	8.7%
2022	860,807	57,364,178	66,640	5.7%
2023	861,418	60,489,633	70,221	3.7%
2024	863,623	60,964,011	70,591	4.3%

Source:

- a Population based on annual Estimates of the Resident Population for Municipalities in New Jersey, by County April 1, 2015 to July 1, 2024
- b Personal income based on Per Capita Personal Income times Population
- c Per capita personal income was computed using Census Bureau midyear population estimates.
- d New Jersey Department of Labor and Workforce Development, Office of Research and Information, Local Area Unemployment Statistics

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

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Instruction										
PL192/193	25.77	32.72	38.50	37.90	34.54	33.48	33.25	31.50	32.00	34.00
RVA	8.44									
NuView Annex		8.32	10.52	8.60						
NuView	15.35	18.30	18.30	17.70	19.55	21.00	20.00	20.00	21.00	22.00
Piscataway Regional Day School	48.75	52.35	54.05	62.65	63.65	63.15	58.20	57.20	62.30	72.40
Academy Learning Center	79.85	83.05	86.85	87.85	94.85	93.85	95.00	94.00	103.30	104.50
Middlesex County Academy High School	2.68	2.80								
Bright Beginnings Learning Center	78.65	88.45	95.58	95.25	59.85	67.65	70.10	70.10	69.20	67.40
Future Foundations Academy					48.30	51.95	71.80	68.20	94.70	111.20
IDEA B	28.55	34.40	36.12	33.70	36.60	37.66	36.76	34.75	34.50	30.75
New Brunswick preschool and other col svc			5.40	4.40	6.81	9.22	13.00	12.00	12.69	1.00
Carteret Collaborative Services	20.15	15.83	23.00	21.29	26.71	37.62	49.50	25.74	46.53	55.00
Center for Lifelong Learning	120.90	128.00	133.10	139.10	140.30	136.30	134.00	121.00	135.70	137.90
Pathways to Adult Living					3.00	3.00	3.00	2.00	4.50	4.40
Turning Point Academy					9.45	9.45	9.45	10.45	10.45	10.45
Adult Community Services						1.00	2.00	7.00	7.92	7.92
Health Services:										
RVA	0.20									
NuView Annex		0.20								
Piscataway Regional Day School	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Academy Learning Center	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Non-Public Nursing	66.00	77.00	71.00	77.00	77.00	77.00	75.00	68.00	65.00	66.00
Middlesex County Academy High School	0.05	0.10								
Bright Beginnings Learning Center	2.25	2.25	2.25	3.00	3.00	2.00	2.00	2.00	2.00	2.00
Future Foundations Academy					1.00	1.00	2.00	2.00	2.00	2.00
Center for Lifelong Learning	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Support Services:										
RVA	3.00									
NuView Annex		2.00								
Piscataway Regional Day School	1.00	1.50	2.00	2.00	2.00	2.00	2.00	2.00	1.65	2.20
Academy Learning Center	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.20	2.35	2.65
Middlesex County Academy High School										
Bright Beginnings Learning Center	2.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.10	2.25
Future Foundations Academy					1.00	1.00	2.00	2.00	3.55	4.00
New Brunswick preschool and other col svc					0.40	0.40			1.00	
Carteret Collaborative Services										
PIC-C										
Center for Lifelong Learning	10.00	9.00	9.00	7.84	6.60	7.00	7.40	7.80	7.55	7.90
Turning Point Academy					0.40	0.60	0.40	1.00	0.60	0.60
Adult Community Services						3.00	3.00	3.00	2.00	1.00

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

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Administration	4.75	5.00	5.00	5.57	5.95	5.95	5.95	5.95	6.00	8.95
School Administration										
PL192/193	3.19	3.35	4.05	5.78	5.78	5.09	4.84	4.58	4.62	4.81
RVA	1.52									
NuView Annex		1.27	2.02	2.02						
NuView	2.03	2.03	2.03	2.03	2.03	2.05	2.00	2.00	2.00	2.00
Piscataway Regional Day School	2.45	3.08	2.98	2.95	3.15	3.15	2.77	2.77	3.37	2.77
Academy Learning Center	4.02	4.02	4.02	4.02	4.22	4.22	3.80	3.80	3.80	3.80
Title I	0.15	0.10	0.10	0.04	0.07	0.08	0.08	0.08	0.02	0.04
Non-Public Textbook	0.27	0.27	0.21	0.14	0.14	0.19	0.18	0.18	0.16	0.34
Non-Public Nursing	0.62	0.65	0.70	0.70	0.70	0.48	0.51	0.41	0.34	0.55
Professional Development Program	0.40	0.10	0.15	0.15	0.05	0.05	0.05	0.05		
ESC-(CSH, CST, Charter)	4.21	4.35	5.52	5.30	3.67	4.13	5.18	5.93	5.74	6.12
Middlesex County Academy High School	1.00	0.75								
Bright Beginnings Learning Center	4.93	4.58	4.73	5.68	6.13	3.95	4.60	4.00	3.80	3.80
Future Foundations Academy					2.70	3.70	3.00	3.50	3.80	5.80
Non-Public Technology	0.15	0.26	0.18	0.17	0.17	0.18			0.16	0.37
Non-Public Security			0.17	0.20	0.50	0.80	0.75	0.76	0.76	0.87
IDEA B										
New Brunswick preschool and other col svc				0.03	0.03	0.45	0.65	0.55	0.55	
Carteret Collaborative Services										
Center for Lifelong Learning	4.11	6.11	6.11	5.81	5.71	6.30	5.80	4.80	5.80	5.80
Center for Lifelong Learning- Pool	2.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00
Pathways to Adult Living					0.20	0.20	0.40	0.20	0.20	0.40
Turning Point Academy					2.00	2.00	2.00	2.00	2.00	2.00
Adult Community Services						1.00	1.00	1.00	2.00	2.00
Central Services	20.00	20.00	20.50	23.00	23.10	24.50	25.50	25.50	26.00	30.00
Information technology Services	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00	5.00
Operations & Maintenance										
PL192/193	1.15	1.15	1.15	1.15	1.15	1.35	1.35	1.30	1.30	1.30
RVA	1.63									
NuView Annex		1.63	1.63	1.13						
NuView	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.25	1.24	1.24
Piscataway Regional Day School	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.30	2.30	2.30
Academy Learning Center	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.30	2.30	2.30
Middlesex County Academy High School	0.25	0.25								
ESC-General	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.80	2.00
Bright Beginnings Learning Center	2.40	2.40	2.65	3.15	3.05	2.15	2.15	2.30	2.30	2.30
Future Foundations Academy					3.05	1.93	2.93	2.25	2.46	2.46
Center for Lifelong Learning	4.15	4.15	4.15	4.15	4.15	4.15	4.15	4.30	5.30	6.30
Adult Community Services						0.50	0.50	1.00		0.80
Student Transportation	6.50	6.50	6.00	6.00	7.00	7.00	6.00	6.00	6.00	7.00
Total	604.90	651.70	683.15	700.88	743.14	768.31	798.43	750.00	832.71	871.94

Source: Based on Commission budget record.

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Other Staff ^c	Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	Student Attendance Percentage
2015	732	\$ 82,612,133	\$ 112,858	10.96%	208	477	752.00	665.00	88.43%
2016	722	90,743,835	125,684	11.36%	232	463	717.00	641.00	89.40%
2017	722	91,595,142	126,863	0.94%	220	519	710.00	626.00	88.17%
2018	730	96,185,977	131,762	4.84%	241	534	721.00	638.00	88.49%
2019	708	104,692,077	164,094	29.35%	219	532	708.00	628.00	88.70%
2020	713	94,803,806	132,965	0.91%	238	405	710.00	622.00	87.61%
2021	702	83,670,685	119,189	-10.36%	210	436	687.00	587.00	85.44%
2022	713	110,437,550	154,891	29.95%	215	790	710.00	622.00	87.61%
2023	778	142,875,022	183,644	18.56%	225	585	765.00	661.00	86.41%
2024	779	137,435,075	176,425	-3.93%	203	608	775.00	662.00	85.42%

Sources: Commission records.

Note: Enrollment for 2015-2024 was based on actual enrollment as of June.

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

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

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

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

d Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
District Building											
NuView Academy Annex, 1690 Stelton Rd, Piscataway											
(September 1997, name changed from RVA to NVA on 09/01/2016, ACS effective 01/01/2020)											
NVA/ACS	Square Feet	38,379	38,379	20,379	20,379	20,379	20,379	20,379	20,379	20,379	20,379
NVA/ACS	Capacity (students)	72	72	72	72	72	72	72	72	72	72
NVA/ACS	Enrollment	25	28	26	27	15	8	8	27	35	35
(April 2017, Name changed from BBSEC to FFA on 06/26/2018, square footage combined to FFA on 07/01/2019)											
BB Secondary	Square Feet	5,770	5,770	28,146	28,146	28,146	0	0	0	0	0
BB Secondary	Capacity (students)	42	42	108	108	108	0	0	0	0	0
BB Secondary	Enrollment	41	41	53	60	0	0	0	0	0	0
Nonpublic	Square Feet	1415	1415	1415	1415	1415	1415	1,415	1,415	1,415	1,415
Transportation	Square Feet (moved from BB 3/2014)	945	945	945	945	945	945	945	945	945	945
Nuview Academy, 1 Park Ave, Piscataway											
(September 2001, September 2008)											
NV	Square Feet	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500
NV	Capacity (students)	73	73	73	73	73	73	73	73	73	73
NV	Enrollment	60	70	63	57	64	57	57	59	51	51
Academy Learning Center, 145 Pergola Ave. Monroe											
(September 2000)											
ALC	Square Feet	42,516	42,516	42,516	42,516	42,516	42,516	42,516	42,516	42,516	42,516
ALC	Capacity (students)	148	148	148	148	148	148	148	148	148	148
ALC	Enrollment	142	133	137	136	134	127	127	133	130	130
Bright Beginnings Learning Center, 1660 Stelton Rd, Piscataway											
(September 1998, September 2002)											
BBLC	Square Feet	36,422	36,422	36,422	36,422	36,422	36,422	36,422	36,422	36,422	36,422
BBLC	Capacity (students)	130	130	130	130	130	130	130	130	130	130
BBLC	Enrollment	119	114	120	120	122	126	126	124	127	127
Central Office	Square Feet	8,503	8,503	8,503	8,503	8,503	8,503	8,503	8,503	8,503	8,503
Transportation	Square Feet (moved to RVA-NP 3/2014)										
Center for Lifelong Learning, 333 Cheesequake Rd, Parlin											
(September 2009 CLL, AFC renovation 3500 sf completed in FY21 and 16070 completed in June 2022)											
CLL/AFC	Square Feet	88,000	88,000	88,000	88,000	88,000	88,000	91,500	107,570	107,570	107,570
CLL	Capacity (students)	288	288	288	288	288	288	288	288	288	288
CLL	Enrollment	206	204	209	201	195	198	198	209	210	210
Future Foundations Academy, 1690 Stelton Rd, Piscataway											
(July 2019, Combine Square footage from BBSEC 07/01/2019, BO relocation in FY21)											
FFA	Square Feet					50,000	78,146	74,596	71,046	67,496	63,946
FFA	Capacity (students)					108	216	216	216	216	216
FFA	Enrollment					70	90	90	131	139	139
Central Office	Square Feet							3,550	3,550	3,550	3,550
CONF CTR	Square Feet					26,000	26,000	26,000	26,000	26,000	26,000
Piscataway Regional Day School, 1670 Stelton Rd Piscataway											
(June 2022, State transferred the PRDS title to the Commission)											
PRDS	Square Feet									27,040	27,040
PRDS	Capacity (students)									130	130
PRDS	Enrollment									115	115

Source: Commission records.

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

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

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

School Facilities	Year ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
RVA	\$ 108,808	\$ 492								
ALC	165,516	161,624	\$ 229,125	\$ 161,899	\$ 139,581	\$ 145,153	\$ 128,073	\$ 134,196	\$ 172,205	\$ 178,078
PRDS								648,953	170,508	589,980
Transportation	431	615	2,658	3,484	15,744	11,608	3,845	14,255	15,126	24,138
ESC - General	148,669	167,200	170,526	128,413	3,953,803	1,729,545	967,685	1,045,513	627,546	2,155,086
ESC - MCA	23,593	17,496								
BBLC	182,484	154,216	212,145	195,459	125,137	146,370	184,888	166,204	131,338	264,363
FFA					94,733	139,534	140,980	180,965	204,107	233,007
Nuview	98,808	117,674	98,696	78,681	87,426	82,682	87,908	99,622	130,063	161,347
Nuview Annex		146,129	116,423	82,535	35,098					
Center for Lifelong Learning	181,388	209,955	243,849	280,918	244,290	273,886	287,200	280,054	373,720	419,821
Pathways to Adult Living				19,809	5,130	6,371	3,664	6,600	11,496	5,614
Total School Facilities	\$ 909,697	\$ 975,401	\$ 1,073,422	\$ 951,198	\$ 4,700,942	\$ 2,535,149	\$ 1,804,243	\$ 2,576,362	\$ 1,836,109	\$ 4,031,434

Source: Commission records

Educational Services Commission of New Jersey
Insurance Schedule
June 30, 2024
Unaudited

Company	Type of Coverage	Coverage	Deductible
NJSIG	MULTI PERIL PACKAGE POLICY		
	Property:		
	Blanket Building and Contents	\$ 138,739,845	\$ 5,000
	Extra Expense	50,000,000	
	Flood	Various limits	
	Musical Instruments & Misc Equipment	Incl in prop limit	
	Loss of Rents	3,000,000	
	Loss of Business Income/Tuition	5,000,000	
	Electronic Data processing		
	Blanket Hardware/Software	Incl.in Blanket	
	Computer Virus (\$10 M NJSIG Agg)	250,000	1,000
	Equipment Breakdown	100,000,000	25,000
	Crime:		
	Employee Dishonesty	1,000,000	
	Money & Securities	100,000	
	Money Orders & Counterfeit Currency	50,000	
	Dopositors Forgery or Alteration	1,000,000	
	Computer Fraud	1,000,000	
	Commercial Liability:		
	Bodily Injury & Property Damage		
	Each Occurrence	31,000,000	
	Products/Complted Operations	31,000,000	
	Sexual Abuse Occ/NJSIG Annual Agg.	15,000,000/27,000,000	
	Personal & Advertising Injuyr	31,000,000	
	Employee Benefits Liability	31,000,000	1,000
	Premises Medical expense Per Accident/Per Person	10,000/5,000	
	Communicable Disease Outbreak (per occurrence)	1,000,000	
	Communicable Disease Outbreak (NJSIG Annual Agg)	9,000,000	
	Automobile		
	Bodily Injury/Property Damage	31,000,000	
	Personal Injury Protection	Statutory	
	Underinsured/uninsured	1,000,000	
	Medical Payments (Private passenger/all other vehicles)	10,000/5,000	
	Communicable Disease Outbreak (per occurrence)	1,000,000	
	Communicable Disease Outbreak (NJSIG Annual Agg)	9,000,000	
	Comprehensive deductible		1,000
	Collision deductible		1,000
	Hired Car Physical Damage	110,000	1,000
Ascot (NJSIG)	Environmental Impairment		
	Each Incident	1,000,000	50,000
	Business Interruption (365 Days Limit)	1,000,000	3 days
	Disinfection Event Expenses (each incident/coverage agg)	250,000	100,000
	Aggregate per Named Insured	2,000,000	
	Coverage Aggregate	11,000,000	

Educational Services Commission of New Jersey
Insurance Schedule
June 30, 2024
Unaudited

Company	Type of Coverage	Coverage	Deductible
Beazley (NJSIG)	Cyber Breach Response		
	Policy Aggregate of Liability	\$ 10,000,000	
	Breach Response Costs	2,000,000	
	Agg. Sublimit Per scheduled Insured	2,000,000	
	First Party Loss	500,000/100,000	
	Cyber Extortion Loss	500,000	
	Data Recovery Costs	500,000	
	Liability	2,000,000	
	eCrime	100,000	
	Criminal Reward	50,000	
	Computer Hardware Replacement	100,000	
	CyberJacking	100,000	
	Invoice Manipulation	100,000	
	Reputation Loss	250,000	
	Each Incident, Claim, or Loss Retention	500,000	
NJSIG	SCHOOL BOARD LEGAL		
	Limit of Liability : Coverage A	31,000,000	\$ 5,000
	Limit of Liability : Coverage B (claim/policy period)	100,000/300,000	5,000
	Communicable Disease Outbreak (per claim)	1,000,000	
	Communicable Disease Outbreak (NJSIG Annual Agg)	9,000,000	
NJSIG	WORKERS COMPENSATION		
	Section "A"	Statutory	
	Section "B"	3,000,000	
Federal Ins. Co. (Chubb)	SUPPLEMENTAL INDEMNITY		
	Maximum Weekly Benefit	2,500	
	Aggregate Per Accident	100,000	
Beazley (Lloyd's)	ENVIRONMENTAL LIABILITY		
	Limit of Liability/Aggregate	1,000,000/1,000,000	10,000
	Crisis & Reputation mangement	250,000	
	First Party Personal Property Sublimit	100,000	
	Microbial Matter Dedutibles:		
	Building Age 0-20 Years		50,000
	Building Age 20-50 Years		100,000
	Building Age over 50 Years		250,000
	Location without A/C		250,000
Fireman's Fund (Allianz)	CAP EXCESS LIABILITY		
	Each Occurrence	25,000,000	
	Aggregate	25,000,000	
Travelers	BONDS		
	Business Administrator - AL/CJ	546,000	
Berkley (McCloskey)	STUDENT ACCIDENT		
	Base Plan		
	Accident Medical Excess	1,000,000	
	Benefit Period	3 Years	
	AD&D/Aggregate	10,000/500,000	
	Dental	50,000	
	Volunteer Workers Benefit	25,000	
US Fire (McCloskey)	Catastrophioc Plan		
	Excess Medical	5,000,000	25,000
	Benefit Period	10 Years	
	AD&D/Aggregate	10,000/500,000	
	Dental	Included	

Source: Commission Records

Single Audit Section

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Educational Services Commission of New Jersey, in the County of Middlesex, New Jersey (the "Commission") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated January 14, 2025.

Report on Internal Control Over Financial Reporting

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

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

**Honorable President and Members
of the Board of Directors
Educational Services Commission of New Jersey**

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

PKF O'Connor Davies, LLP

Cranford, New Jersey
January 14, 2025

Scott A. Clelland

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

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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Educational Services Commission of New Jersey's, in the County of Middlesex, New Jersey (the "Commission") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal and state programs for the year ended June 30, 2024. The Commission's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal and State Program

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

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe

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that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

PKF O'Connor Davies, LLP

Cranford, New Jersey
January 14, 2025

Scott A. Clelland

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

Educational Services Commission of New Jersey

Schedule of Expenditures of Federal Awards

Year ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal AL Number	Federal Award Identification Number	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2023		Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2024			Amount Provided to Subrecipients
							(Accounts Receivable)	Due to Districts					(Accounts Receivable)	Due to Districts	Due to Grantor	
U.S. Department of Education--Passed-Through New Jersey School Districts																
Special Revenue Fund:																
Special Education Grant Cluster:																
IDEA Part B, Basic	84.027A	H027A220100	N/A	\$ 2,016,455	7/1/2021	6/30/2022	\$ (207,457)	\$ 435	\$ 190,408		\$ 17,049	\$ (435)				
IDEA Part B, Basic	84.027A	H027A230100	N/A	1,994,654	7/1/2022	9/30/2023	(523,199)	23,113	1,193,386	\$ (959,959)	(14,912)	(6,468)	\$ (288,070)	\$ 31		
IDEA Part B, Basic	84.027A	H027A240100	N/A	2,142,821	7/1/2023	6/30/2024			450,881	(826,053)			(379,074)	3,902		
COVID-19 ARP IDEA Part B	84.027X	H027X230100	N/A	168,498	7/1/2022	9/30/2023	(21,539)		18,401	(1,094)	4,232					
Subtotal of Special Education Grant Cluster							(752,195)	23,548	1,853,076	(1,787,106)	6,369	(6,903)	(667,144)	3,933		
Title I Grants to Local Educational Agencies	84.010A	S010A220030	NCLB_09	158,094	7/1/2021	6/30/2022	(15,542)		15,542							
Title I Grants to Local Educational Agencies	84.010A	S010A230030	NCLB_09	258,941	7/1/2022	6/30/2023	(42,304)		37,228		5,076					
Title I Grants to Local Educational Agencies	84.010A	S010A240030	NCLB_09	257,103	7/1/2023	6/30/2024			205,342	(257,103)			(51,761)			
Subtotal of Title I Grants to Local Educational Agencies							(57,846)		258,112	(257,103)	5,076		(51,761)			
Title III Part A Program- Strengthening Institutions Program	84.365A	S365A230030	N/A	4,368	7/1/2022	6/30/2023	(4,368)		5,148		(780)					
Title III Part A Program- Strengthening Institutions Program	84.365A	S365A240030	N/A	4,244	7/1/2023	6/30/2024				(4,244)			(4,244)			
Subtotal of Title III Part A Program- Strengthening Institutions Program							(4,368)		5,148	(4,244)	(780)		(4,244)			
Educational Stabilization Fund:																
COVID-19 CRRSA Act - ESSER II	84.425D	S425D230027	N/A	174,353	3/13/2020	9/30/2023	(1,100)		1,100							
COVID-19 ARP - ESSER II	84.425U	S425U230027	N/A	348,706	7/1/2021	6/30/2023	(16,021)		16,021	(10,305)			(10,305)			
COVID-19 American Rescue Plan - Emergency Assistance to Non Public Schools (I)	84.425V	S425V230031	N/A	28,523,972	7/1/2021	6/30/2023	(5,066,180)		5,023,084		66,957				\$ 23,861	
COVID-19 American Rescue Plan - Emergency Assistance to Non Public Schools (II)	84.425V	S425V240031	N/A	2,855,804	7/1/2022	6/30/2024	(184,309)		345,832	(1,603,788)	2,442		(1,439,823)			
Total Educational Stabilization Fund							(5,267,610)		5,386,037	(1,614,093)	69,399		(1,450,128)		23,861	
Total U.S. Department of Education--passed-through																
State of NJ Department of Education							(6,082,019)	23,548	7,502,373	(3,662,546)	80,064	(6,903)	(2,173,277)	3,933	23,861	
Total Special Revenue Fund							(6,082,019)	23,548	7,502,373	(3,662,546)	80,064	(6,903)	(2,173,277)	3,933	23,861	
U.S. Department of Agriculture--Passed-Through State Department of Agriculture																
Enterprise Fund:																
Child Nutrition Program Cluster:																
School Breakfast Program	10.553	231NJ304N1099	5120-201-372573-63	160,125	7/1/2022	6/30/2023	(13,933)		13,933							
School Breakfast Program	10.553	241NJ304N1099	5120-201-372573-63	164,918	7/1/2023	6/30/2024			134,095	(164,918)			(30,823)			
National School Lunch Program	10.555	231NJ304N1099	5120-201-372573-63	292,386	7/1/2022	6/30/2023	(25,655)		25,655							
National School Lunch Program	10.555	241NJ304N1099	5120-201-372573-63	283,017	7/1/2023	6/30/2024			230,512	(283,017)			(52,505)			
Total Child Nutrition Program Cluster							(39,588)		404,195	(447,935)			(83,328)			
COVID-19 P-EBT Administrative Cost Reimbursement	10.649	231NJ30459009	N/A	653	7/1/2022	6/30/2023	(653)		653							
Summer-EBT Administrative Cost Reimbursement	10.646	202424N180341	N/A	322	7/1/2023	6/30/2024				(322)			(322)			
Total Enterprise Fund							(40,241)		404,848	(448,257)			(83,650)			
Total Expenditures of Federal Financial Awards							\$ (6,122,260)	\$ 23,548	\$ 7,907,221	\$ (4,110,803)	\$ 80,064	\$ (6,903)	\$ (2,256,927)	\$ 3,933	\$ 23,861	\$ -

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

Educational Services Commission of New Jersey
Schedule of Expenditures of State Financial Assistance
Year ended June 30, 2024

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2023		Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2024		MEMO	
					(Accounts Receivable)	Due to Districts					(Accounts Receivable)	Due to Districts	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education														
General Fund:														
Reimbursed TPAF Social Security Contributions	495-034-5094-003	\$ 1,143,355	7/1/2021	6/30/2022	\$ (516)					\$ 516				
Reimbursed TPAF Social Security Contributions	495-034-5094-003	1,102,232	7/1/2022	6/30/2023	(53,212)	\$ 21	\$ 53,212			(21)				
Reimbursed TPAF Social Security Contributions	495-034-5094-003	1,087,537	7/1/2023	6/30/2024			1,036,848	\$ (1,087,537)			\$ (50,689)			\$ (1,087,537)
On Behalf TPAF Pension Contribution	495-034-5094-002	5,952,678	7/1/2023	6/30/2024			5,952,678	(5,952,678)						(5,952,678)
On Behalf TPAF Post-Retirement Medical	495-034-5094-001	1,620,101	7/1/2023	6/30/2024			1,620,101	(1,620,101)						(1,620,101)
On Behalf TPAF Non-contributory Insurance	495-034-5094-004	2,733	7/1/2023	6/30/2024			2,733	(2,733)						(2,733)
Total State Department of Education					(53,728)	21	8,665,572	(8,663,049)	495		(50,689)			(8,663,049)
NJ Schools Development Authority														
General Fund:														
School Security Grant (Alyssa's Law)	20E00395	31,637	4/1/2021	3/31/2023	(7,200)					7,200				
Total NJ Schools Development Authority					(7,200)					7,200				
Total General Fund					(60,928)	21	8,665,572	(8,663,049)	7,695		(50,689)			(8,663,049)
State Department of Education--Passed-Through New Jersey School Districts														
Special Revenue Fund:														
N.J. Nonpublic Aid:														
Textbooks Aid	100-034-5120-064	527,496	7/1/2022	6/30/2023	(145,316)	59,162	145,316			540	\$ (59,702)			
Textbooks Aid	100-034-5120-064	644,756	7/1/2023	6/30/2024			563,939	(568,099)				(71,594)	\$ 67,434	(568,099)
Nursing Services Aid	100-034-5120-070	1,853,888	7/1/2022	6/30/2023	(733,382)	92,547	738,683		(11,911)	(85,937)				
Nursing Services Aid	100-034-5120-070	2,418,000	7/1/2023	6/30/2024			1,709,718	(2,298,505)			(679,507)	90,720		(2,298,505)
Technology Initiative	100-034-5120-373	346,205	7/1/2022	6/30/2023	(78,027)	112,357	78,028		852	(113,210)				
Technology Initiative	100-034-5120-373	611,030	7/1/2023	6/30/2024			506,415	(585,436)			(100,532)	21,511		(585,436)
Security Aid Program	100-034-5120-509	1,846,284	7/1/2022	6/30/2023	(437,417)	222,523	437,418		6,435	(228,959)				
Security Aid Program	100-034-5120-509	2,463,895	7/1/2023	6/30/2024			2,119,495	(2,154,047)			(321,385)	286,833		(2,154,047)
Auxiliary services (Chapter 192):														
Compensatory Education	100-034-5120-067	1,655,170	7/1/2021	6/30/2022	(18,945)		18,945							
Compensatory Education	100-034-5120-067	1,856,608	7/1/2022	6/30/2023	(220,623)	183,746	198,973		(23,120)	(142,443)				
Compensatory Education	100-034-5120-067	1,785,947	7/1/2023	6/30/2024			1,507,845	(1,785,947)			(424,882)	146,780		(1,785,947)
English as a Second Language	100-034-5120-067	97,927	7/1/2021	6/30/2022		1,350				(1,350)				
English as a Second Language	100-034-5120-067	115,159	7/1/2022	6/30/2023	(7,517)		7,316		201					
English as a Second Language	100-034-5120-067	122,141	7/1/2023	6/30/2024			62,535	(122,141)	1		(59,605)			(122,141)
Transportation	100-034-5120-067	209,766	7/1/2021	6/30/2022	(963)	625	963			(625)				
Transportation	100-034-5120-067	78,257	7/1/2022	6/30/2023	(5,362)	78,257			(23,927)	(49,809)		(841)		
Nonpublic Home Instruction	100-034-5120-067	38,819	7/1/2021	6/30/2022	(1,236)	5	1,236			(5)				
Nonpublic Home Instruction	100-034-5120-067	34,235	7/1/2022	6/30/2023	(34,235)		35,627				(2,075)	3,467		
Nonpublic Home Instruction	100-034-5120-067	15,128	7/1/2023	6/30/2024				(15,128)	(1)		(15,129)			(15,128)
Handicapped services (Chapter 193):														
Supplemental Instruction	100-034-5120-066	727,789	7/1/2021	6/30/2022	(652)		652							
Supplemental Instruction	100-034-5120-066	795,686	7/1/2022	6/30/2023	(139,987)	826	129,380		9,368	(826)	(1,239)			
Supplemental Instruction	100-034-5120-066	831,926	7/1/2023	6/30/2024			660,857	(831,926)			(182,133)	11,064		(831,926)
Examination and Classification	100-034-5120-066	1,083,992	7/1/2021	6/30/2022	(3,271)		3,271							
Examination and Classification	100-034-5120-066	1,050,759	7/1/2022	6/30/2023	(461,312)	163	397,402		57,869		(5,878)			
Examination and Classification	100-034-5120-066	1,141,236	7/1/2023	6/30/2024			626,030	(1,141,235)			(515,205)			(1,141,235)
Corrective Speech	100-034-5120-066	548,886	7/1/2022	6/30/2023	(111,321)		97,278		13,113		(930)			
Corrective Speech	100-034-5120-066	580,417	7/1/2023	6/30/2024			398,542	(580,417)			(190,328)	8,453		(580,417)
Total State Department of Education--passed-through New Jersey School Districts					(2,399,566)	751,561	10,445,864	(10,082,881)	29,420	(682,866)	(2,574,730)	636,262		(10,082,881)
Total Special Revenue Fund					(2,399,566)	751,561	10,445,864	(10,082,881)	29,420	(682,866)	(2,574,730)	636,262		(10,082,881)
State Department of Agriculture														
Enterprise Fund:														
School Lunch Program (State share)	100-010-3350-023	21,434	7/1/2022	6/30/2023	(1,795)		1,795							
School Lunch Program (State share)	100-010-3350-023	30,817	7/1/2023	6/30/2024			24,764	(30,817)			(6,053)			(30,817)
Summer-EBT Administrative Cost Reimbursement	N/A	321	7/1/2023	6/30/2024				(321)			(321)			(321)
Total Enterprise Fund					(1,795)		26,559	(31,138)			(6,374)			(31,138)
Total State Financial Assistance Expenditures					\$ (2,462,289)	\$ 751,582	\$ 19,137,995	\$ (18,777,068)	\$ 37,115	\$ (682,866)	\$ (2,631,793)	\$ 636,262	\$ -	\$ (18,777,068)
On Behalf TPAF Pension Contribution	495-034-5094-002	5,952,678	7/1/2023	6/30/2024			\$ 5,952,678	\$ (5,952,678)						\$ (5,952,678)
On Behalf TPAF Post-Retirement Medical	495-034-5094-001	1,620,101	7/1/2023	6/30/2024			1,620,101	(1,620,101)						(1,620,101)
On Behalf TPAF Non-contributory Insurance	495-034-5094-004	2,733	7/1/2023	6/30/2024			2,733	(2,733)						(2,733)
Total for State Financial Assistance					\$ (2,462,289)	\$ 751,582	\$ 11,562,483	\$ (11,201,556)	\$ 37,115	\$ (682,866)	\$ (2,631,793)	\$ 636,262	\$ -	\$ (11,201,556)

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

Educational Services Commission of New Jersey

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

Year ended June 30, 2024

1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal award and state financial assistance activity under programs of the federal and state government for the year ended June 30, 2024. The Commission is defined in Note 1 to the Commission's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

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

2. Summary of Significant Accounting Policies

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

Educational Services Commission of New Jersey

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

Year ended June 30, 2024

3. Relationship to Basic Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$1,827,922 for the special revenue fund. See note to Required Supplementary Information (C-3) for a reconciliation of the budgetary basis to GAAP of accounting for the special revenue funds. Financial award revenues are reported in the Commission's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund		\$ 8,663,049	\$ 8,663,049
Special Revenue Fund	\$ 5,090,012	10,483,337	15,573,349
Food Service Enterprise Fund	448,257	31,139	479,396
Total financial award revenues	<u>\$ 5,538,269</u>	<u>\$ 19,177,525</u>	<u>\$ 24,715,794</u>

4. Relationship to Federal and State Financial Reports

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

Educational Services Commission of New Jersey

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

Year ended June 30, 2024

5. Other

TPAF Social Security Contributions represent the amount reimbursed by the State for the employer's share of Social Security for TPAF members for the year ended June 30, 2024.

The post retirement pension, disability insurance and medical benefits received on-behalf of the Commission for the year ended June 30, 2024 amounted to \$7,575,512. Since on-behalf post retirement pension, disability insurance and medical benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB's Circular 15-08, as directed by the funding agency.

6. Indirect Costs

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

7. Adjustments

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

Educational Services Commission of New Jersey

Schedule of Findings and Questioned Costs

Year ended June 30, 2024

Part I - Summary of Auditors' Results**Financial Statements**

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None Reported

Is any noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None Reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of major federal programs:

ALN(s)	FAIN Number	Name of Federal Program or Cluster
84.027A	H027A240100	Special Education Cluster:
84.027X	H027X230100	IDEA Part B
		COVID-19 ARP IDEA Part B

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

\$750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

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

Year ended June 30, 2024

Part I - Summary of Auditors' Results (continued)

State Financial Assistance

Internal control over major state programs:

Material weakness(es) identified? _____ Yes X No

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

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 15-08?

_____ Yes X No

Identification of major state programs:

GMIS/Program Number	Name of State Program or Cluster
100-034-5120-067	Nonpublic Auxiliary Services Aid (Ch. 192)
100-034-5120-070	Nonpublic Nursing Services Aid

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

\$750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

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

Year ended June 30, 2024

Part II - Schedule of Financial Statement Findings

No compliance or internal control over financial reporting findings noted that are required to be reported under *Government Auditing Standards*.

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

Year ended June 30, 2024

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

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