

**NORTHERN REGION EDUCATIONAL  
SERVICES COMMISSION  
COUNTY OF PASSAIC, NEW JERSEY  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2024**

**NORTHERN REGION EDUCATIONAL  
SERVICES COMMISSION**

**Wayne, New Jersey**

**Annual Comprehensive Financial Report  
For The Fiscal Year Ended June 30, 2024**

**ANNUAL COMPREHENSIVE**

**FINANCIAL REPORT**

**of the**

**Northern Region Educational Services Commission**

**Wayne, New Jersey**

**For The Fiscal Year Ended June 30, 2024**

**Prepared by**

**Northern Region Educational Services Commission  
Finance Department**

NORTHERN REGION EDUCATIONAL SERVICES COMMISSION  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2024

	<b><u>Page</u></b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1
Organizational Chart	7
Roster of Officials	8
Consultants and Advisors	9
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	10
Management's Discussion and Analysis	14
<b>Basic Financial Statements:</b>	
A. District-Wide Financial Statements:	
A-1 Statement of Net Position	29
A-2 Statement of Activities	30
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	31
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balance	33
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	34
Proprietary Funds:	
Not Applicable	
Fiduciary Funds:	
Not Applicable	
Notes to the Basic Financial Statements	35
<b>Required Supplementary Information:</b>	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule - General Fund	69
C-2 Budgetary Comparison Schedule - Special Revenue Fund	73
C-3 Budgetary Comparison Schedule - Note to the Required Supplementary Information	74

NORTHERN REGION EDUCATIONAL SERVICES COMMISSION  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2024

	<u>Page</u>
<b>Required Supplementary Information (continued):</b>	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District's Share of the Net Pension Liability - Public Employees Retirement System	75
L-2 Schedule of District's Contributions - Public Employees Retirement System	76
L-3 Schedule of District's Share of the Net Pension Liability - Teacher's Pension and Annuity Fund	77
L-4 Schedule of District's Contributions - Teacher's Pension and Annuity Fund	78
L-5 Note to Required Schedules of Supplementary Information	79
M. Schedules Related to Accounting and Reporting for OPEB (GASB 75)	
M-1 Schedule of Changes in the District's Proportionate Share of the State OPEB Liability	80
<b>Other Supplementary Schedules:</b>	
D. School Level Schedules: Not Applicable	
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	81
F. Capital Projects Fund: Not Applicable	
G. Proprietary Funds: Not Applicable	
Internal Service Fund: Not Applicable	
H. Fiduciary Fund: Not Applicable	
I. Long Term Debt: Not Applicable	

NORTHERN REGION EDUCATIONAL SERVICES COMMISSION  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2024

	<u>Page</u>
<b>Other Supplementary Schedules (continued):</b>	
<b>J. Statistical Section (Unaudited)</b>	
J-1 Net Position by Component	82
J-2 Changes in Net Position	83
J-3 Fund Balances - Governmental Funds	84
J-4 Changes in Fund Balances - Governmental Funds	85
J-5 General Fund Other Local Revenue by Source	86
J-6 Not Applicable	
J-7 Not Applicable	
J-8 Not Applicable	
J-9 Not Applicable	
J-10 Not Applicable	
J-11 Not Applicable	
J-12 Not Applicable	
J-13 Not Applicable	
J-14 Not Applicable	
J-15 Not Applicable	
J-16 Full-time Equivalent District Employees by Function/Program	87
J-17 Operating Statistics	88
J-18 Not Applicable	
J-19 Not Applicable	
J-20 Insurance Schedule	89
<b>K. Single Audit Section</b>	
K-1 Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	90
K-2 Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with the Uniform Guidance and N.J. OMB Circular 15-08	92
K-3 Schedule of Expenditure of Federal Awards	96
K-4 Schedule of Expenditure of State Awards and Local Awards	97
K-5 Notes to the Schedules of Expenditures of Federal and State Awards	98
K-6 Schedule of Findings and Questioned Costs	100
K-7 Summary Schedule of Prior Audit Findings	103

## **INTRODUCTORY SECTION**



## **NORTHERN REGION EDUCATIONAL SERVICES COMMISSION**

**DR. NICHOLAS V. VANCHERI, SUPERINTENDENT**  
**MS. ANN T. KLUCK, SCHOOL BUSINESS ADMINISTRATOR/BOARD SECRETARY**

**Central Office • 82 Totowa Road • Wayne, New Jersey 07470**  
**P: 973-614-8585 • [www.nresc.org](http://www.nresc.org)**

February 12, 2025

President and Members of the Board of Directors  
Northern Region Educational Services Commission.  
County of Passaic  
Wayne, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Northern Region Educational Services 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 basic financial statements and results of operations of the various funds and account groups of the Commission. All disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the Commission's organizational chart and a list of principal officials. The financial section includes the management discussion and analysis, the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The Commission is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure 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:** Northern Region Educational Services Commission is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No.3. All funds and account groups of the Commission are included in this report. The Northern Region Educational Services Commission Board of Directors and all its programs constitute the Commission's reporting entity.

In July 2016, the Commission received approval from the Department of Education to change its name to the Northern Region Educational Services Commission.

**2) ECONOMIC CONDITION AND OUTLOOK:**

The Northern Region Educational Services Commission has reviewed various programs and has been rebuilding programmatically. The Commission will continue to review each program as needed and make any necessary decisions to maintain fiscal responsibility.

**3) MAJOR INITIATIVES:**

The Northern Region Educational Services Commission continued to provide many different kinds of services for the school districts of Passaic County. A brief overview of certain selected services is outlined below:

**TRANSPORTATION**

The Northern Region Educational Services Commission transports many students in the county. This year we provided transportation for many regular and special education students from most of the districts in the county, and several out-of-county districts. We also provide non-public transportation, and transportation for our own education programs.

**HOPE ACADEMY**

In October 2008, the Northern Region Educational Services Commission opened the Hope Academy in Passaic for approximately 70 over-aged middle/high school students previously enrolled in the Passaic School system. Hope Academy provides a program to ensure these at-risk students achieve a high school diploma.

**ASCEND ACADEMY**

In January 2022, the Northern Region Educational Services Commission opened the Ascend Academy in Passaic (at the same location as Hope Academy). This program served 50 over-aged high school students during the evening hours, who were previously enrolled in the Passaic School system. Ascend Academy provided a program to ensure these at-risk students achieved a high school diploma, until our partner district, Passaic City Public Schools, decided to end our agreement for these services, effective June 30, 2024.

## **NRESC and THE CHILDREN'S CENTER at the PHOENIX**

Since 2022, the Northern Region Educational Services Commission has provided services to school-aged residents of the Phoenix Center for Rehabilitation and Pediatrics. Through certified teaching staff, students receive both therapeutic and individualized services that address their complex medical and educational needs by providing:

- Innovative and personalized instruction
- Respectful and trusting relationships
- Open communication and collaboration
- Attention to detail
- Consistency and equity

The Commission creates a supportive environment through collaboration with the Phoenix Center staff and sending school districts by adhering to the belief that all students can learn and achieve.

## **CHILDCARE SERVICES**

The Northern Region Educational Services Commission assumed the operation of the Pompton Lakes Early Childhood Center (PLECC) in April of 2001. This center provides services to children during the day and also has a component for before and after-school care. It services approximately 165 students. The program currently rents classrooms at two schools in Pompton Lakes. The Commission also provides before and after school care to students in grades K-5 at the Riverdale School. In addition, the Commission provides business services to Parsippany-Troy Hills before and after care program (SKIP).

## **SUBSTITUTE TEACHERS REGISTRY**

This year, 8 school districts, as well as the Northern Region Educational Services Commission, participated in the substitute registry program. This function is aided through Aesop, which allows substitutes, teachers, and school districts access 24/7 to enter and review absences. The NRESC Human Resources Department oversees this process and continuously updates the substitute list.

## **NON-PUBLIC NURSING and OTHER NON-PUBLIC 192/193 SERVICES**

The Northern Region Educational Services Commission provides non-public nursing services to private schools in the region. The nurses serve a number of different functions in the private schools and make sure that basic requirements are covered. There were currently 10 schools being serviced as of June 30, 2024, with 6 non-public nurses working in various schools through Passaic and Bergen Counties.

In addition, the Commission provides 192/193 & other non-public services to the Totowa Public Schools.

## **PERSONNEL**

Numerous school districts utilize the Northern Region Educational Services Commission for certain types of personnel. These include:

- Child Study Team Members (Social Workers, School Psychologists, LDTCs)
- Speech and Language Pathologists
- Physical Therapists and Physical Therapist Assistants
- Occupational Therapists and Certified Occupational Therapist Assistants
- Paraprofessionals
- Financial Clerks
- Home Instructors
- Behaviorists
- On-site Supervisors
- Technicians

This sharing provides continuity, cost-savings, and the greater possibility of sharing some services in the future.

## **SUPPLEMENTAL EDUCATIONAL SERVICES (SES)**

The Northern Region Educational Services Commission is an approved SES provider and therefore, can offer additional academic instruction in language arts literacy, mathematics and science to students who are eligible for these services. The program is run at various districts, most notably Ringwood and Wayne.

## **TECHNOLOGY**

The Northern Region Educational Services Commission provides technology staffing and services to multiple school districts and municipalities throughout northern New Jersey. The Commission provides full-time and part-time technicians, network and server engineers and even entry level interns to partners who need help in maintaining their technology and planning for future needs.

## **MISCELLANEOUS SERVICES**

The Northern Region Educational Services Commission places the yearly nutrition advertisement in the newspaper for all county schools. By doing this collectively, we save each district the cost of having to run this large ad on their own.

## **SUMMER SCHOOLS**

The Northern Region Educational Services Commission again operated summer schools in Clifton and Wayne during the summer of 2023. These programs provide students the opportunity to receive credit for courses in which they may not have been successful during the school year. Many enrichment courses are also being offered.

## **ADULT SPECIAL SERVICES**

In October 2020, the Northern Region Educational Services Commission was officially approved as a Day Habilitation provider by the New Jersey Department of Developmental Disabilities. Due to COVID-19 delays, the facility (located at 1655 Valley Road, Wayne, NJ) opened in March 2021 and moved to Totowa (515 Union Boulevard) in January of 2024.

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

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

**5) BUDGETARY CONTROLS:** In addition to internal accounting controls, the Northern Region Educational Services Commission maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the board of directors of the Commission. Annual appropriated budgets are adopted for the general 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 re-appropriations of fund balance in the subsequent year. Those amounts to be reappropriated as reservations of fund balance at June 30, 2024.

## **6) ACCOUNTING SYSTEMS AND REPORT**

The Northern Region Educational Services 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 are explained in "Notes to Financial Statements," Note 1.

7) CASH MANAGEMENT: The investment policy of the Northern Region Educational Services Commission is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The Northern Region Educational Services Commission has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the 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. The Commission's bank of record is Columbia Bank.

8) RISK MANAGEMENT: The Northern Region Educational Services 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.

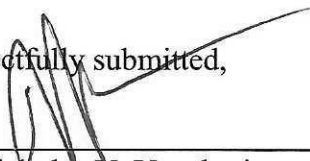
9) OTHER INFORMATION:

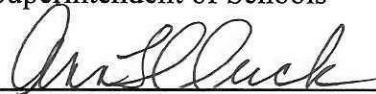
A) Independent Audit - State statutes require an annual audit by independent certified public accounts or registered municipal accountants. The Northern Region Educational Services Commission's Board of Directors selected the accounting firm of Wielkott & Company, LLC. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Requirements Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury Circular Letter 15-08 OMB. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10) ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Northern Region Educational Services Commission Board of Directors for their concern in providing fiscal accountability to the member boards of education 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.

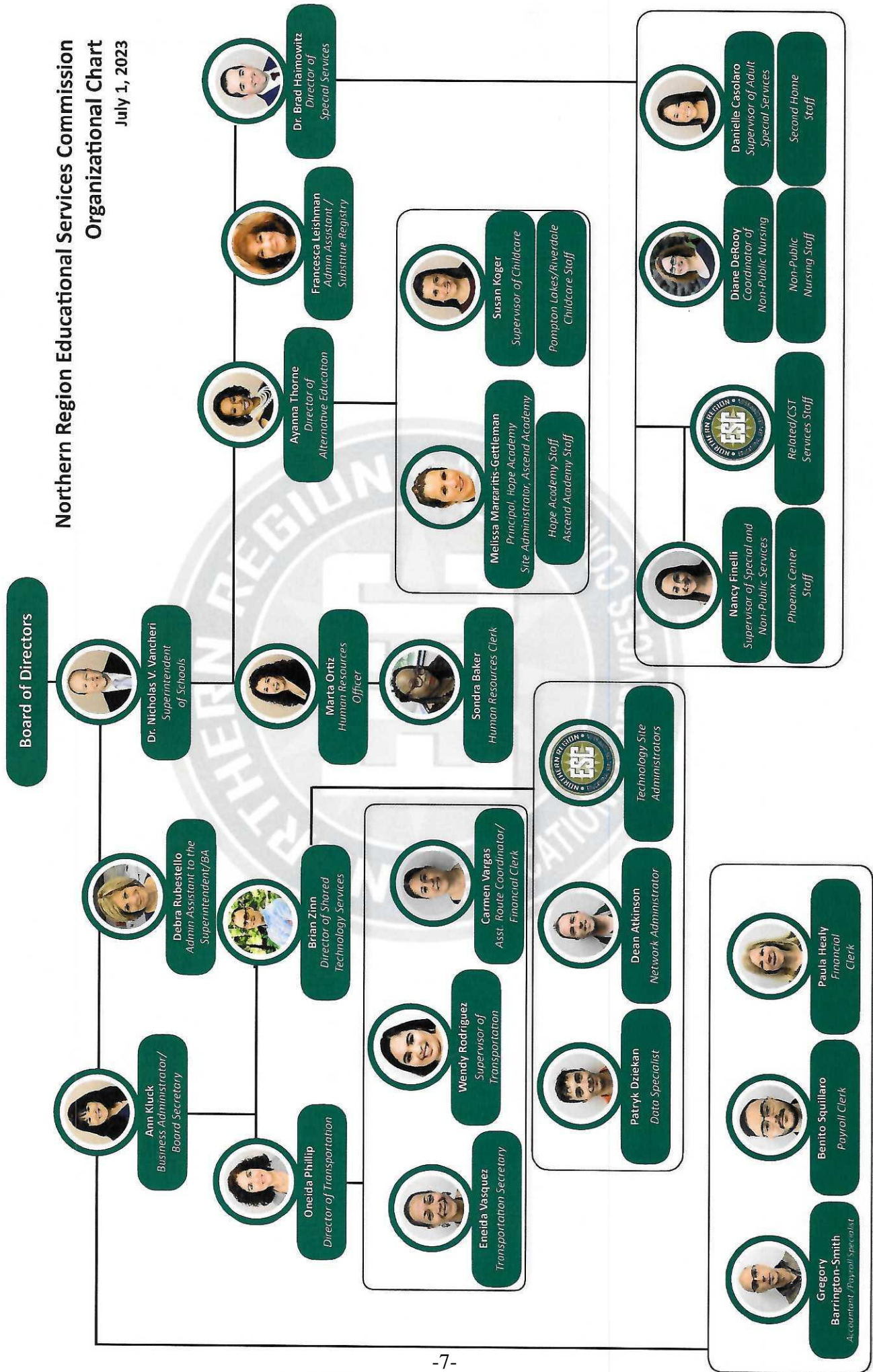
Respectfully submitted,

  
\_\_\_\_\_  
Dr. Nicholas V. Vancheri  
Superintendent of Schools

  
\_\_\_\_\_  
Ann T. Kluck  
School Business Administrator/Board Secretary



# Northern Region Educational Services Commission Organizational Chart July 1, 2023





## NORTHERN REGION EDUCATIONAL SERVICES COMMISSION

DR. NICHOLAS V. VANCHERI, SUPERINTENDENT  
MS. ANN T. KLUCK, SCHOOL BUSINESS ADMINISTRATOR/BOARD SECRETARY

Central Office • 82 Totowa Road • Wayne, New Jersey 07470  
P: 973-614-8585 • [www.nresc.org](http://www.nresc.org)

### Roster of Officials

June 30, 2024

#### Members of the Board of Directors

Michael Nicosia  
Danny Robertozzi  
Christopher Wacha  
Richard Spirito  
Hugh Beattie  
Tracey Marinelli  
Stephanie Bonaparte  
Gary Lubisco, Jr.  
Bracken Healy  
Sandra Montanez-Diodonet  
John Maiello  
Laurie Newell  
Paul Amoroso  
Tyeshia Reels  
Kevin Brentnall  
Patricia Capitelli  
Patrick McQueeney  
Lydia Furnari  
Michele Pillari

#### District Represented

Bloomington  
Clifton  
Haledon  
Hawthorne  
Lakeland Regional  
Little Falls  
North Haledon  
P.C. Manchester Regional, Haledon  
P.V. Regional H.S. District #1  
Passaic  
Passaic County Technical Vocational Schools  
Paterson  
Pompton Lakes  
Prospect Park  
Ringwood  
Totowa  
Wanaque  
West Milford  
Woodland Park

#### Other Officials

Dr. Nicholas V. Vancheri  
Ann Kluck  
Adam Weiss

Superintendent  
School Business Administrator/Board Secretary  
Attorney

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION**

**CONSULTANTS & ADVISORS**

**JUNE 30, 2024**

**Attorney**

Adam Weiss  
Busch Law Group, LLC  
450 Main Street  
Metuchen, New Jersey 08840

**District Auditor**

Wielkott & Company LLC  
401 Wanaque Avenue  
Pompton Lakes, New Jersey 07442

**Official Depositories**

Columbia Bank  
19-01 Route 208  
Fair Lawn, New Jersey 07410



## **FINANCIAL SECTION**



# WIELKOTZ & COMPANY <sup>LLC</sup>

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA  
MATTHEW B. WIELKOTZ, CPA, PSA  
DAVID BOTTGE, CPA, RMA, PSA  
PAUL J. CUVA, CPA, RMA, PSA  
KARI FERGUSON, CPA, RMA, CMFO, PSA  
ROBERT C. MCNINCH, CPA, CFE, PSA  
KEVIN REEVES, CPA, PSA

401 WANAQUE AVENUE  
POMPTON LAKES, NEW JERSEY 07442  
PHONE: (973)-835-7900  
FAX: (973)-835-6631  
EMAIL: [OFFICE@W-CPA.COM](mailto:OFFICE@W-CPA.COM)  
[WWW.W-CPA.COM](http://WWW.W-CPA.COM)

## **INDEPENDENT AUDITOR'S REPORT**

Honorable President and  
Members of the Board of Education  
Northern Region Educational Services Commission  
82 Totowa Road  
Wayne, NJ 07470

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the governmental activities and each major fund of the Board of Education of the Northern Region Educational Services Commission, in the County of Passaic, State of New Jersey, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Northern Region Educational Services Commission, in the County of Passaic, State of New Jersey, as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Northern Region Educational Services Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, audit requirements 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with generally accepted auditing standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey and Government Auditing Standards, we:

- Exercise professional judgement 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 Northern Region Educational Services Commission's internal control. Accordingly, no such opinion is expressed.



- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Northern Region Educational Services Commission's ability to continue as a going concern for a reasonable period of time.

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

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, Schedules Related to Accounting and Reporting for Pensions, and Other Post Employment Benefits identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northern Region Educational Services Commission's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by 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 schedule of expenditures of state financial assistance as required by NJ OMB 15-08 and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.



The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by 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 schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, as required by 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 schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical data section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2025 on our consideration of the Northern Region Educational Services Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Northern Region Educational Services Commission's internal control over financial reporting and compliance.

*Steven D. Wielkotz*

Steven D. Wielkotz, C.P.A.  
Licensed Public School Accountant  
No. 816

*Wielkotz & Company, LLC*

WIELKOTZ & COMPANY, LLC  
Certified Public Accountants  
Pompton Lakes, New Jersey

February 12, 2025



**REQUIRED SUPPLEMENTARY  
INFORMATION - PART I**

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION  
WAYNE, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

As management of the Northern Region Education Services Commission (the "Commission"), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Northern Region Educational Services Commission for the fiscal year ended June 30, 2024.

The management's discussion and analysis is provided at the beginning of the audit to provide an overall review of the past and current position of the Commission's financial condition. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the Commission's revenues and expenditures by program for the General Fund, and Special Revenue Fund.

**FINANCIAL HIGHLIGHTS**

- The liabilities and deferred inflows of resources of Northern Region Educational Services Commission exceeded its assets and deferred outflows of resources at the close of the fiscal year by (\$2,116,508). (Net Position).
- Net position of governmental activities decreased by \$1,470,347.
- General revenues accounted for \$13,358,126 in revenue or 31 percent of all governmental and business-type activities revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$30,183,116 or 69 percent of total revenues of \$43,541,242.
- The Commission had \$45,011,589 in expenses related to governmental activities; only \$30,183,116 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$13,358,126 were insufficient to provide for these programs.
- As of the close of the current fiscal year, the Commission's governmental funds reported a combined ending fund balance of \$1,864,983.
- The General Fund fund balance at June 30, 2024 was \$1,864,983, a decrease of \$1,794,128 compared to the ending fund balance at June 30, 2023 of \$3,659,111.
- The General Fund unassigned budgetary fund balance at June 30, 2024 was \$1,717,038 which represents a decrease of \$1,904,571 compared to the ending unassigned budgetary fund balance at June 30, 2023 of \$3,621,609. The decrease is primarily due to the increase in liabilities.

**NORTHERN REGIONAL EDUCATIONAL SERVICES COMMISSION  
WAYNE, NJ**

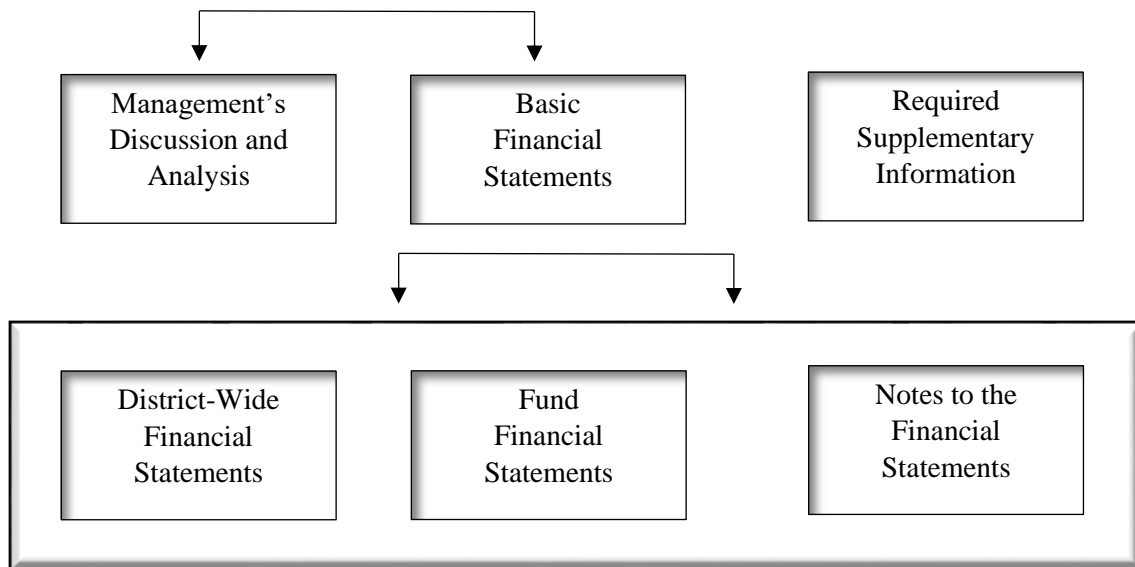
**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of the annual report consists of four parts – Independent Auditor’s Report, required supplementary information which includes the management’s discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the Commission:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Commission’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Commission, reporting the Commission's operations in more detail than the district-wide statements.
- The district governmental funds statements tell how basic services were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The table below shows how the various parts of this annual report are arranged and related to one another.





**NORTHERN REGIONAL EDUCATIONAL SERVICES COMMISSION  
WAYNE, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**OVERVIEW OF THE FINANCIAL STATEMENTS, (continued)**

The major features of the Commission's financial statements, including the portion of the Commission's activities they cover and the types of information they contain are detailed below. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**Major Features of the District-Wide and Fund Financial Statements**

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as regular and special education and building maintenance	Activities the district operates similar to private businesses: Enterprise fund	Instances in which the district administers resources on behalf of someone else, such as custodial accounts
Required Financial Statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Fund Net Position Statement of Cash Flows	Statements of Fiduciary Net Position Statement of Changes In Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/ Deferred Outflows/ Inflows of Resources/ Liability Information	All assets, deferred outflows/inflows of resources and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be utilized and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term funds do not currently contain capital assets
Type of Inflow/ Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION  
WAYNE, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(CONTINUED)**

**USING THIS ANNUAL REPORT**

This discussion and analysis are intended to serve as an introduction to the Northern Region Educational Services Commission's basic financial statements. The Northern Region Educational Services Commission's basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**District-Wide Financial Statements**

The *statement of net position and statement of activities* reports information about the Commission as a whole and about its activities in a manner that helps answer the question, "Is the Commission better or worse off as a result of the year's activities?" These statements include all assets and liabilities of the Commission using the accrual basis of accounting, similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

Both of the district-wide financial statements distinguish functions of the Northern Region Educational Services Commission that are principally supported by intergovernmental revenues (*governmental activities*).

In the *Statement of Net Position and the Statement of Activities*, the Commission is involved in one distinct kind of activity:

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

The two statements report the Commission's net position and changes in them. The change in net position can be utilized by a reader to assist in determining whether the Commission's financial health is improving or deteriorating. However, the reader should also consider non-financial factors such as property tax base, current New Jersey laws restricting revenue growth, student enrollment growth, facility conditions, required educational programs and other factors in determining the Commission's overall financial health.

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION  
WAYNE, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(CONTINUED)**

**USING THIS ANNUAL REPORT, (continued)**

**Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Northern Region Educational Services Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Commission's funds are in the category: Governmental Funds.

**Governmental Funds**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash.

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

The Northern Region Educational Services Commission governmental fund maintains two 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 balances for the general fund and special revenue fund, which are all considered to be major funds.

The Northern Region Educational Services Commission adopts annual appropriated budgets for its governmental funds. A budgetary comparison statement has been provided for the general fund and special revenue fund to demonstrate compliance with their budgets.

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION  
WAYNE, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(CONTINUED)**

**USING THIS ANNUAL REPORT, (continued)**

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the district-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* concerning budgetary information for the Commission's major funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

**DISTRICT-WIDE FINANCIAL ANALYSIS**

The Statement of Net Position provides the perspective of the Commission as a whole. Net position may, over time, serve as a useful indicator of a government's financial position.

The Commission's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The Commission's net position was (\$2,116,508) at June 30, 2024 and \$(646,161) at June 30, 2023, respectively. Restricted items on net position are reported separately to show legal constraints that limit the Commission's ability to use those items of net position for day-to-day operations. Out analysis below focuses on the net position for 2024 compared to 2023 (Table 1) and change in net position (Table 2) of the Commission.

*[THIS AREA INTENTIONALLY LEFT BLANK]*

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION  
WAYNE, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

**Table 1**

**Net Position  
June 30,**

	<u>Governmental Activities</u> <u>2024</u>	<u>Governmental Activities</u> <u>2023</u>
<b>Assets</b>		
Current and Other Assets	\$5,287,534	\$4,502,131
Capital Assets	<u>4,583,783</u>	<u>3,840,202</u>
Total Assets	<u>9,871,317</u>	<u>8,342,333</u>
<b>Deferred Outflows</b>		
Deferred Outflows of Resources related to PERS	<u>1,193,069</u>	<u>1,811,783</u>
Total Deferred Outflows	<u>1,193,069</u>	<u>1,811,783</u>
<b>Liabilities</b>		
Current Liabilities	3,766,423	1,174,346
Noncurrent Liabilities	<u>8,311,567</u>	<u>8,027,825</u>
Total Liabilities	<u>12,077,990</u>	<u>9,202,171</u>
<b>Deferred Inflows</b>		
Deferred Inflows of Resources related to PERS	<u>1,102,904</u>	<u>1,598,106</u>
Total Deferred Inflows	<u>1,102,904</u>	<u>1,598,106</u>
<b>Net Position</b>		
Net Investment in Capital Assets	4,583,783	88,707
Restricted	147,945	37,321
Unrestricted	<u>(6,848,236)</u>	<u>(772,189)</u>
Total Net Position	<u>(\$2,116,508)</u>	<u>(\$646,161)</u>

**Changes in Net Position:**

The Commission's total net position decreased \$1,470,347 over the course of the 2023-2024 fiscal year (See Table 2). Net position invested in capital assets increased \$4,495,076 due to current fiscal year depreciation, offset by capital asset additions and paydown of right to use leased assets, offset by amortization. Restricted net position increased \$110,624 as a result of net increases in encumbrances and in unemployment. Unrestricted net position decreased \$6,076,047 primarily due to the changes in compensated absences payable, net pension liability, deferred inflows and outflows of resources related to pensions, unexpended budget appropriation and an excess in state revenues.

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION  
WAYNE, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

Table 2 below shows the changes in net position for fiscal year 2023.

**Table 2  
Changes in Net Position  
Year Ended June 30,**

	<u>2024</u>	<u>2023</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services and Sales	\$28,050,174	\$29,396,112
Operating Grants and Contributions	2,132,942	2,250,475
General Revenues:		
Federal and State Aid Not Restricted	927,632	533,998
State Aid Capital Outlay		9,073
Tuition Received	5,510,761	5,324,341
Miscellaneous Income		
Investment Outcome	68,670	
Rentals	24,956	
Other Restricted Miscellaneous Revenue	732	
Unrestricted Miscellaneous Revenues	<u>6,825,375</u>	<u>6,768,053</u>
Total Revenues and Transfers	<u>43,541,242</u>	<u>44,282,052</u>

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION  
WAYNE, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

	Governmental <u>Activities</u>	Governmental <u>Activities</u>
	<u>2024</u>	<u>2023</u>
<b>Functions/Program Expenses</b>		
Instruction:		
Regular	1,041,000	1,040,708
Special Education	442,961	289,693
Other Instruction	1,248,473	1,436,583
Support Services:		
Health Services	313,351	
Student & Instruction Related Services	4,252,195	6,260,580
General Administrative Services	599,285	697,343
School Administrative Services	702,774	694,762
Central Services	584,617	454,376
Administrative Information Tech.	1,143,392	
Plant Operations and Maintenance	366,290	469,013
Pupil Transportation	27,561,073	28,356,520
Health Services Employee Benefits	44,084	
Central Services Employee Benefits	1,492	
Administrative Information Tech Employee Benefits	218,443	
Student Transportation Services Employee Benefits	150,539	
Unallocated Benefits	3,424,194	2,477,872
Capital Outlay - nondepreciable	878,796	66,449
Special Schools	1,231,967	1,274,499
Interest on Long-Term Debt	187,959	
Unallocated depreciation	17,671	28,679
Amortization Right to Use Leased Assets	<u>601,033</u>	<u>583,761</u>
Total Expenses	<u>45,011,589</u>	<u>44,130,838</u>
 Increase or (Decrease) in Net Position	 <u><u>(\$1,470,347)</u></u>	 <u><u>\$151,214</u></u>

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION  
WAYNE, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

**Governmental Activities**

Net position from the Commission's governmental activities decreased by \$1,470,347 during the fiscal year. However, maintaining existing programs, the provision of multitude of special programs/services for student with special needs and the cost of employee benefits has placed great demands on the Commission's resources. As a result, careful management of expenses remains essential for the Commission to sustain its financial health. Increasing parental and student demands for new activities and programs must be evaluated thoroughly.

Table 3 presents the costs of six major Commission activities: instruction, pupil and instructional services, administrative and business, maintenance and operations, transportation, and other. The table also shows each activity's net costs (total cost less fees generated by the activities and intergovernmental aid provided for specific program).

**Table 3  
Net Cost of Governmental Activities  
Year Ended June 30,**

	<b><u>Total Cost of Services</u></b>		<b><u>Net Cost of Services</u></b>	
	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
Instruction	\$2,732,434	\$2,766,984	\$2,732,434	\$2,766,984
Pupil and Instruction Services	4,565,546	6,260,580	4,565,546	6,259,955
Administrative and Business	3,030,068	1,392,105	3,029,460	1,846,955
Maintenance and Operations	366,290	923,389	366,290	469,013
Transportation	27,561,073	28,356,520	(489,101)	(1,039,592)
Other	6,756,178	4,431,260	4,623,844	2,181,409
	<b><u>\$45,011,589</u></b>	<b><u>\$44,130,838</u></b>	<b><u>\$14,828,473</u></b>	<b><u>\$12,484,250</u></b>



**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION  
WAYNE, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

**Governmental Activities**

As reported in the Statement of Activities the cost of all of our governmental activities this year was \$45,011,589. However, these costs were offset by some of the cost was paid by those who benefited from the programs \$28,050,174, by other governments and organizations who subsidized certain programs with grants and contributions \$2,132,942, Federal and State aid not restricted \$927,632, tuition received \$5,510,761, and by miscellaneous sources \$6,919,733.

The following schedules present a summary of governmental fund revenues for the fiscal year ended June 30, 2024, and the amount and percentage of increases/(decreases) relative to the prior year.

<b><u>Revenues</u></b>	<b><u>Amount</u></b>	<b><u>Percent of Total</u></b>	<b><u>Increase/ (Decrease) from 2023</u></b>	<b><u>Percent of Increase/ (Decrease)</u></b>	<b><u>Prior Year</u></b>
Local Source	\$40,480,668	91.2%	(\$1,007,838)	-2.43%	\$41,488,506
State Source	2,993,166	6.7%	455,508	17.95%	2,537,658
Federal Source	<u>928,240</u>	<u>2.1%</u>	<u>384,544</u>	70.73%	<u>543,696</u>
Total	<u>\$44,402,074</u>	<u>100.0%</u>	<u>(\$167,786)</u>	-0.38%	<u>\$44,569,860</u>

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION  
WAYNE, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

<b><u>Expenditures</u></b>	<b><u>Amount</u></b>	<b><u>Percent of Total</u></b>	<b><u>Increase/ (Decrease) from 2023</u></b>	<b><u>Percent of Increase/ (Decrease)</u></b>	<b><u>Prior Year</u></b>
Current Expenditures					
Instruction	\$2,752,685	6.0%	\$273,908	11.05%	\$2,478,777
Undistributed	40,437,983	87.5%	34,029	0.08%	40,403,954
Debt Service	695,175	1.5%	695,175	100.00%	-
Capital Outlay	1,078,392	2.3%	982,653	1026.39%	95,739
Special Schools	<u>1,231,967</u>	<u>2.7%</u>	<u>(213,292)</u>	-14.76%	<u>1,445,259</u>
	<u>\$46,196,202</u>	<u>100.00%</u>	<u>\$1,772,473</u>	3.99%	<u>\$44,423,729</u>
Total					

**MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS**

The Commission's budgets are prepared according to New Jersey law, and are based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted funds are the general fund and the special revenue fund.

During the fiscal year ended June 30, 2024, the Commission amended the budgets of these major governmental funds several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- TPAF, which is the state's contribution to the pension fund, is neither a revenue item nor an expenditures item to the district but is required to be reflected in the financial statements.
- The special revenue fund was increased by \$608 for increases in federal grant awards.

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION  
WAYNE, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(CONTINUED)**

**General Fund**

The general fund actual revenue was \$44,401,466. That amount is \$74,872 below the final amended budget of \$44,476,338. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$2,993,166 for TPAF social security reimbursements and on-behalf pension payments, \$157,368 deficit in anticipated Medicaid reimbursements, and a \$2,910,670 deficit in miscellaneous anticipated revenues.

The actual expenditures of the general fund were \$46,195,594 which is \$1,719,075 above the final amended budget of \$44,476,519. The variance between the actual expenditures and the final budget was due to non-budgeted on-behalf TPAF social security and pension payments of \$2,993,166 and \$4,712,241 of unexpended budgeted funds.

The General Fund had total revenues of \$44,401,466, including transfers and total expenditures including transfers of \$46,195,594 with an ending fund balance of \$1,864,983 on the budgetary basis.

**Special Revenue Fund**

The special revenue fund actual revenue was \$608. That amount is above the original budget estimate of \$-0- and equals the final amended budget of \$608. The \$608 variance between the original and final budget was due to additional federal grant monies awarded to the Commission after the original budget was approved.

The actual expenditures of the special revenue fund were \$608, which is above the original budget of \$-0- and equals the final amended budget of \$608. The \$608 variance between the original and final budget was due to additional expenditures related to the additional grants awarded to the Commission after the original budget was approved.

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION  
WAYNE, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(CONTINUED)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2024 the Commission had \$5,939,250 invested in site improvements, buildings and building improvements, machinery and equipment and right to use leased assets. Of this amount, \$1,355,467 in depreciation/amortization has been taken over the years. We currently have a net book value of \$4,583,783. Table 4 shows fiscal year 2024 balances compare to 2023.

Additional information about the Commission's capital assets can be found in the notes to the basic financial statements.

**Table 4  
Capital Assets at June 30,  
(Net of Depreciation)**

	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
Site Improvements	\$ 102,252	\$ 41,678
Building and building Improvements	165,576	172,112
Machinery and equipment	86,692	100,167
Right to use Leased Assets	4,229,263	3,526,245
	<u>\$ 4,583,783</u>	<u>\$ 3,840,202</u>

**Debt Administration**

At June 30, 2024, the Commission had \$8,311,567 in long-term debt. Of this amount, \$336,200 is for compensated absences, \$3,590,675 is for the Commission's net liability, and \$4,384,692 represents the lease liability. For more detailed information, please refer to the Notes to the Financial Statements.

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION  
WAYNE, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(CONTINUED)**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

Many factors were considered by the Commission's administration during the process of developing the fiscal year 2024-2025 budget. The primary factors were the Commission's projected student population and services required to be provided to local education agencies as well as increasing transportation, salary and related benefit costs.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Northern Region Educational Services Commission's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Ann Kluck  
School Business Administrator  
82 Totowa Road  
Wayne, NJ 07470

## **BASIC FINANCIAL STATEMENTS**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION**  
**Statement of Net Position**  
**June 30, 2024**

	<b>Governmental Activities</b>	<b>Total</b>
<b>ASSETS</b>		
Cash and cash equivalents	861,262	861,262
Receivables, net	4,084,639	4,084,639
Security Deposits	38,406	38,406
Restricted assets:		
Payroll deductions and withholdings account - cash	115,106	115,106
Summer pay account - cash	147,607	147,607
Flexible spending account - cash	2,461	2,461
Unemployment compensation account - cash	38,053	38,053
Capital assets, net:		
Depreciable Buildings, Improvements and Equipment (net)	354,520	354,520
Right to use lease assets, net of amortization	4,229,263	4,229,263
Total Assets	<u>9,871,317</u>	<u>9,871,317</u>
Deferred Outflow of Resources:		
Deferred outflows of resources related to PERS	<u>1,193,069</u>	<u>1,193,069</u>
Total Deferred Outflows	<u>1,193,069</u>	<u>1,193,069</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	3,423,021	3,423,021
Due to PC Partnership	5,356	5,356
Unearned revenue	78,227	78,227
Payroll deductions and withholdings payable	259,819	259,819
Noncurrent liabilities:		
Due within one year	425,038	425,038
Due beyond one year	7,886,529	7,886,529
Total liabilities	<u>12,077,990</u>	<u>12,077,990</u>
Deferred Inflow of Resources:		
Deferred inflows of resources related to PERS	<u>1,102,904</u>	<u>1,102,904</u>
Total Deferred Inflows	<u>1,102,904</u>	<u>1,102,904</u>
<b>NET POSITION</b>		
Net investment in capital assets	4,583,783	4,583,783
Restricted for:		
Other purposes	147,945	147,945
Unrestricted (Deficit)	<u>(6,848,236)</u>	<u>(6,848,236)</u>
Total net position	<u>(2,116,508)</u>	<u>(2,116,508)</u>

**The accompanying Notes to Basic Financial Statements are an integral part of this statement.**



**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION**  
Statement of Activities  
Fiscal Year Ended June 30, 2024

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Total
Governmental activities:						
Instruction:						
Regular	1,048,962	(7,962)			(1,041,000)	(1,041,000)
Special education	446,402	(3,441)			(442,961)	(442,961)
Other instruction	1,257,321	(8,848)			(1,248,473)	(1,248,473)
Support services:						
Health services	315,610	(2,259)			(313,351)	(313,351)
Student & instruction related services	4,284,577	(32,382)			(4,252,195)	(4,252,195)
General administrative services	601,238	(1,953)			(599,285)	(599,285)
School administrative services	707,356	(4,582)			(702,774)	(702,774)
Central Services	587,953	(3,336)			(584,617)	(584,617)
Administrative information tech.	1,149,247	(5,855)		608	(1,142,784)	(1,142,784)
Plant operations and maintenance	366,919	(629)			(366,290)	(366,290)
Pupil transportation	27,563,127	(2,054)	28,050,174		489,101	489,101
Health Services Employee Benefits	44,084				(44,084)	(44,084)
Central Services Employee Benefits	1,492				(1,492)	(1,492)
Administrative Information Tech Employee Benefits	218,443				(218,443)	(218,443)
Student Transportation Services Employee Benefits	150,539				(150,539)	(150,539)
Unallocated benefits	3,424,194			2,132,334	(1,291,860)	(1,291,860)
Capital outlay - non-depreciable	878,796				(878,796)	(878,796)
Special Schools	1,231,967				(1,231,967)	(1,231,967)
Interest on long-term debt	187,959				(187,959)	(187,959)
Unallocated depreciation	17,671				(17,671)	(17,671)
Amortization Right to Use Leased Assets	601,033				(601,033)	(601,033)
Total governmental activities	45,084,890	(73,301)	28,050,174	2,132,942	(14,828,473)	(14,828,473)
Total primary government	45,084,890		28,050,174	2,132,942	(14,828,473)	(14,828,473)
General revenues:						
Federal and State aid not restricted					927,632	927,632
Tuition from Individuals					403,870	403,870
Tuition from Other LEAs Within the State					4,927,299	4,927,299
Tuition from Summer School					179,592	179,592
Interest on Investments					68,670	68,670
Rentals					24,956	24,956
Other Restricted Miscellaneous Revenue					732	732
Unrestricted Miscellaneous Revenues					6,825,375	6,825,375
Total general revenues, special items, extraordinary items and transfers					13,358,126	13,358,126
Change in Net Position					(1,470,347)	(1,470,347)
Net Position—beginning					(646,161)	(646,161)
Net Position—ending					(2,116,508)	(2,116,508)

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

\*\* Includes the interest earnings on the unemployment compensation bank account

## **FUND FINANCIAL STATEMENTS**

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2024**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents			
Checking	859,577	1,685	861,262
Accounts Receivable -			
Intergovernmental - State	18,884		18,884
Intergovernmental - Other	4,065,755		4,065,755
Security Deposits	38,406		38,406
Restricted cash and cash equivalents:			
Payroll deductions and withholdings	115,106 *		115,106
Summer Pay	147,607 *		147,607
Flexible spending	2,461 *		2,461
Unemployment compensation	38,053 *		38,053
Total assets	<u>5,285,849</u>	<u>1,685</u>	<u>5,287,534</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	3,079,149		3,079,149
Due to PC Partnership	5,356		5,356
Unearned revenue	76,542	1,685	78,227
Payroll deductions and withholdings payable	259,819 **		259,819
Total liabilities	<u>3,420,866</u>	<u>1,685</u>	<u>3,422,551</u>
Fund Balances:			
Committed to:			
Unemployment compensation	38,053		38,053
Assigned to:			
Year-end Encumbrances	109,892		109,892
Unassigned:			
General Fund	1,717,038		1,717,038
Total Fund balances	<u>1,864,983</u>	<u>-</u>	<u>1,864,983</u>
Total liabilities and fund balances	<u>5,285,849</u>	<u>1,685</u>	

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2024**

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 \$710,933 and the accumulated depreciation, is \$356,413	354,520
Right to use lease assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Right to use lease assets at historical cost	5,228,317
Accumulated amortization	(999,054)
Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds	(22,275)
Accounts payable for subsequent Pension payment is not a payable in the funds	(321,597)
Deferred outflows and inflows of resources are applicable to future periods and therefore are not reported in the funds.	
Deferred outflows of resources related to PERS Pension Liability	1,193,069
Deferred inflows of resources related to PERS Pension Liability	(1,102,904)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	<u>(8,311,567)</u>
Net position of governmental activities	<u><u>(2,116,508)</u></u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

\* Include former fiduciary fund cash and cash equivalents

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

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Fiscal Year Ended June 30, 2024**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Local sources:			
Tuition from Individuals	403,870		403,870
Tuition from Other LEAs Within the State	4,927,299		4,927,299
Tuition from Summer School	179,592		179,592
Transportation Fees from Other LEAs	28,050,174		28,050,174
Interest on Investments	68,670		68,670
Rentals	24,956		24,956
Restricted Miscellaneous Income	732		732
Unrestricted Miscellaneous Revenues	6,825,375		6,825,375
Total - Local Sources	40,480,668	-	40,480,668
State sources	2,993,166		2,993,166
Federal sources	927,632	608	928,240
Total revenues	44,401,466	608	44,402,074
<b>EXPENDITURES</b>			
Current:			
Regular instruction	1,048,962		1,048,962
Special education instruction	446,402		446,402
Other special instruction	1,257,321		1,257,321
Support services and undistributed costs:			
Health services	315,610		315,610
Student & instruction related services	4,284,577		4,284,577
General administrative services	601,238		601,238
School administrative services	707,356		707,356
Central services	587,953		587,953
Administrative information tech.	1,148,639	608	1,149,247
Plant operations and maintenance	366,919		366,919
Pupil transportation	27,563,127		27,563,127
Health Services Employee Benefits	44,084		44,084
Central Services Employee Benefits	1,492		1,492
Administrative Information Tech Employee Benefits	218,443		218,443
Student Transportation Services Employee Benefits	150,539		150,539
Unallocated benefits	1,454,232		1,454,232
On-behalf contributions	2,993,166		2,993,166
Debt Service:			
Principal	529,491		529,491
Interest and charges	165,684		165,684
Capital outlay	1,078,392		1,078,392
Special Schools	1,231,967		1,231,967
Total expenditures	46,195,594	608	46,196,202
Excess (Deficiency) of revenues over expenditures	(1,794,128)	-	(1,794,128)
Net change in fund balances	(1,794,128)	-	(1,794,128)
Fund balance—July 1	3,659,111		3,659,111
Fund balance—June 30	1,864,983	-	1,864,983

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**Fiscal Year Ended June 30, 2024**

**Total net change in fund balances - governmental funds (from B-2)** (1,794,128)

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

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

Depreciation expense	(17,671)	
Depreciable outlays	<u>58,234</u>	40,563

Right to use leased assets used in governmental activities are not financial resources and therefore are not present in the funds.

Right to Use Leased Assets at historical cost	3,187,206	
Accumulated amortization	<u>(601,033)</u>	2,586,173

Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. In the current year, these amounts consist of:

Right to Use Leased Assets	529,491	
Cancellation of Right to Use Leased Assets	<u>2,024,517</u>	2,554,008

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.

Proceeds of lease liability	<u>(3,187,206)</u>	(3,187,206)
-----------------------------	--------------------	-------------

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. The change in interest is an adjustment in the reconciliation.

Current Year - Right to Use Leased Assets	<u>(22,275)</u>	(22,275)
---	-----------------	----------

In the statement of activities, only the gain on the disposal of Right to Use Leased assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net position will differ from the change in fund balance by the cost of the asset removed. (-)

Right to Use Leased Assets at historical cost	(2,611,600)	
Accumulated amortization	<u>728,445</u>	(1,883,155)

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 (+).

Increase in compensated absences payable		(50,400)
--	--	----------

District pension contributions are reported as expenditures in the governmental funds when made. However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changed in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

District Pension Contributions	331,325	
Less: Pension Expense	<u>(45,252)</u>	286,073

Per GASB No. 68, Non-employer contributing entities are required to record any increases in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements.

Decrease in On-behalf State Aid TPAF Pension		(1,527,533)
Decrease in On-behalf TPAF Pension Expense		1,527,533

Per GASB No. 75 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF post employment medical payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements

Increase in On-behalf State Aid TPAF Post Employment Medical Revenue		666,701
Increase in On-behalf State Aid TPAF Post Employment Medical Expense		<u>(666,701)</u>

<b>Change in net position of governmental activities</b>		<u><u>(1,470,347)</u></u>
--	--	---------------------------

## **NOTES TO THE FINANCIAL STATEMENTS**

**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the School District and Reporting Entity**

The financial statements of the Commission have been prepared in conformity with accounting principles generally accepted in the United States of America (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 Northern Region Educational Services Commission (the "Commission") is an instrumentality of the State of New Jersey, established for the purpose of providing educational and administrative service as may be authorized by the State Board of Education. The Board of Directors (the "Board") consists of appointed officials from the member school districts and is responsible for the fiscal control of the Commission. A superintendent is appointed by the Board and is responsible for the administrative control of the Commission. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the Commission over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Commission is not includable in any other reporting entity on the basis of such criteria.

**B. Basis of Presentation**

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



**Northern Region Educational Services Commission  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**B. Basis of Presentation, (continued)**

**District-wide Financial Statements**

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

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

**Fund Financial Statements**

During the fiscal year, the Commission segregates transactions related to certain Commission functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the Commission's funds, including its fiduciary funds. Separate statements for each fund category - *government* and *fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models. The various funds of the Commission are grouped into the categories governmental and fiduciary.

**GOVERNMENTAL FUNDS**

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

**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**B. Basis of Presentation, (continued)**

**General Fund** - The General Fund is the general operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

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

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

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government and local appropriations that are legally restricted to expenditures for specified purposes.

**FIDUCIARY FUNDS**

**Fiduciary Fund** - Fiduciary Fund reporting focuses on net position and charges in net position. The Fiduciary Funds are used to account for assets held by the Commission on behalf of individuals, private organizations, other governments and/or other funds. The Commission does not have any activities that are required to be included in the Fiduciary Fund.

**C. Measurement Focus:**

**District-wide Financial Statements**

The District-wide statements (i.e., the statement of net position and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Commission are included on the statement of net position, except for fiduciary funds.

**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**C. Measurement Focus, (continued)**

**Fund Financial Statements**

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

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**Revenues - Exchange and Non-exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Nonexchange transactions, in which the Commission receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Commission on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**D. Basis of Accounting, (continued)**

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: transportation fees, tuition, unrestricted grants and interest.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**E. Budgets/Budgetary Control**

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year.

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 of America with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**F. Encumbrances**

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

Open encumbrances in the special revenue fund, for which the Commission has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

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

**G. Cash, Cash Equivalents and Investments**

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

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 Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2024, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

**I. Short-Term Interfund Receivables/Payables**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**J. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district -wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net position and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated capital assets are valued at their acquisition value on the date received. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. The Commission maintains a capitalization threshold of \$2,000. The Commission does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Buildings and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**K. Compensated Absences**

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

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

**L. Advanced Revenue**

Advanced revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Advanced revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 1(F) regarding the special revenue fund.

**M. Accrued Liabilities and Long-term Obligations**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**N. Accounting and Financial Reporting for Pensions**

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

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

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

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



**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**N. Accounting and Financial Reporting for Pensions, (continued)**

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

**O. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the Commission has only one item that qualifies for reporting in this category, deferred amounts related to pension.

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

**P. Fund Balances**

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.

**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**P. Fund Balances, (continued)**

- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

In the general operating fund and other governmental funds (special revenue, capital projects and debt service fund types), it is the Commission's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned and unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

**Q. Net Position**

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Commission applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Commission and that are either unusual in nature or infrequent in occurrence. The Commission did not have any extraordinary or special items during the year.

**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**S. Allocation of Indirect Expenses**

The Commission reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. TPAF on-behalf contributions and changes in compensated absences have not been allocated and have been reported as unallocated benefits on the Statement of Activities. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**T. Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

**U. Right to Use Leased Assets**

The Commission has recorded right to use lease assets as a result of implementing GASB 87. The right to use leased assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives plus ancillary charges necessary to place the lease into service. The right to use leased assets are amortized on a straight-line basis over the life of the related issue.

**V. Recently Issued Accounting Pronouncements**

The GASB has issued the following statements that will become effective for the School District for fiscal years ending June 30, 2025 and 2026:

GASB Statement No. 101, Compensated Absences, will be effective beginning with the fiscal year ending June 30, 2025. 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. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the School District.

**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**V. Recently Issued Accounting Pronouncements, (continued)**

In December 2023, the Government Accounting Standards Board issued GASB Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the District.

In April 2024, the Government Accounting Standards Board issued GASB Statement No. 103, *Financial Reporting Model Improvements*. 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. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter, though, earlier application is encouraged. Management is currently reviewing the provisions of this Statement and plans to implement, as needed, before the effective date.

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**Cash**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Commission's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2024, \$-0- of the Commission's bank balance of \$4,200,875 was exposed to custodial credit risk.

**Investments**

**Investment Rate Risk**

The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS, (continued)**

**Credit Risk**

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk**

The Commission places no limit on the amount the Commission may invest in any one issuer.

**NOTE 3. RECEIVABLES**

Receivables at June 30, 2024, consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	Governmental Fund Financial Statements	District Wide Financial Statements
State Aid	\$18,884	\$18,884
Other Receivables	<u>4,065,755</u>	<u>4,065,755</u>
Gross Receivables	4,084,639	4,084,639
Less: Allowance for Uncollectibles	_____	_____
Total Receivables, Net	<u>\$84,084,639</u>	<u>\$4,084,639</u>

**NOTE 4. INTERFUND BALANCES AND ACTIVITY**

Balance due to/from other funds at June 30, 2024, consist of the following:

Not Applicable

There were no interfund transfers for the year ended June 30, 2024.

**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2024 was as follows:

	<u>Balance</u> <u>6/30/23</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/24</u>
<b>Governmental Activities</b>				
Capital Assets Being Depreciated				
Site Improvements	\$152,137	\$58,234	\$	\$210,371
Building and Building Improvements	326,794			326,794
Machinery and Equipment	173,768			173,768
Right to use Leased Assets	<u>4,652,711</u>	<u>3,187,206</u>	<u>(2,611,600)</u>	<u>5,228,317</u>
Totals at Historical Cost	<u>5,305,410</u>	<u>3,245,440</u>	<u>(2,611,600)</u>	<u>5,939,250</u>
Less Accumulated Depreciation for:				
Site Improvements	(110,459)			(110,459)
Building and Building Improvements	(154,682)	(6,536)		(161,218)
Machinery and Equipment	(73,601)	(11,135)		(84,736)
Right to use Leased Assets	<u>(1,126,466)</u>	<u>(601,033)</u>	<u>728,445</u>	<u>(999,054)</u>
Total Accumulated Depreciation	<u>(1,465,208)</u>	<u>(618,704)</u>	<u>728,445</u>	<u>(1,355,467)</u>
Total Capital Assets, Being Depreciated, Net of Accumulated Depreciation	<u>3,840,202</u>	<u>2,626,736</u>	<u>(1,883,155)</u>	<u>4,583,783</u>
<b>Governmental Activities Capital Assets, Net</b>	<u><u>\$3,840,202</u></u>	<u><u>\$2,626,736</u></u>	<u><u>\$(1,883,155)</u></u>	<u><u>\$4,583,783</u></u>

**NOTE 6. LONG-TERM OBLIGATIONS/ACTIVITY**

Changes in long-term obligations for the year ended June 30, 2024 were as follows:

	<u>Balance</u> <u>June 30, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Amounts</u> <u>Due Within</u> <u>One year</u>
<b>Governmental Activities:</b>					
Other Liabilities:					
Compensated Absences Payable	\$285,800	\$180,372	\$129,972	\$336,200	\$
Net Pension Liability PERS	3,990,530		(399,855)	3,590,675	
Lease Liability	<u>3,751,494</u>	<u>3,187,206</u>	<u>(2,554,008)</u>	<u>4,384,692</u>	<u>425,038</u>
Total Other Liabilities	<u>8,027,824</u>	<u>3,367,578</u>	<u>(3,083,835)</u>	<u>8,311,567</u>	<u>425,038</u>
Total Government Activities	<u><u>\$8,027,824</u></u>	<u><u>\$3,367,578</u></u>	<u><u>\$(3,083,835)</u></u>	<u><u>\$8,311,567</u></u>	<u><u>\$425,038</u></u>

**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 6. LONG-TERM OBLIGATIONS/ACTIVITY, (continued)**

**A. Bonds Payable**

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

There were no outstanding bonds payable at June 30, 2024.

**B. Bonds Authorized But Not Issued**

As of June 30, 2024 the Board has no authorized but not issued bonds.

**C. Lease Purchases Agreements**

As of June 30, 2024 the Commission has no lease purchase agreements.

**D. Compensated Absences**

Compensated absences will be paid from the fund which the employee's salaries are paid.

**E. Net Pension Liability**

For details on the net pension liability, refer to Note 7. The Commission's annual required contribution to the Public Employee's Retirement System is budgeted and paid from the general fund on an annual basis.

**F. Leases**

The Commission has entered into multiple leases as a lessee of buildings for instructional and office space. An initial lease liability was recorded in the amount of \$4,228,184 in fiscal year 2022 with an additional lease recorded in 2024 of \$3,187,206.

**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 6. LONG-TERM OBLIGATIONS/ACTIVITY, (continued)**

**F. Leases, (continued)**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2024 were as follows:

<u>Fiscal Year</u>			
<u>Ending</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
<u>June 30,</u>			
2025	\$598,549	\$425,038	\$173,511
2026	580,006	423,844	156,162
2027	584,548	446,549	137,999
2028	589,188	470,339	118,849
2029	604,127	505,550	98,577
2030-2034	<u>2,293,226</u>	<u>2,113,372</u>	<u>179,854</u>
	<u>\$5,249,644</u>	<u>\$4,384,692</u>	<u>\$864,952</u>
Total Minimum Lease payments			\$5,249,644
Less: Amount representing interest			<u>(864,952)</u>
Present value of lease payments			<u>\$4,384,692</u>

**NOTE 7. EQUIPMENT LEASES**

The Commission has commitments to lease copying equipment under equipment leases which expire in June, 2026. Total operating lease payments made during the year ended June 30, 2024 were \$12,612. Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2025	\$13,210
2026	<u>9,731</u>
Total future minimum lease payments	<u>\$22,441</u>



**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 8. PENSION PLANS**

**Description of Plans** - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or reports can be accessed on the internet at: [http://www.state.nj.us/treasury/pensions/annrpts\\_archive.htm](http://www.state.nj.us/treasury/pensions/annrpts_archive.htm).

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

**Benefits Provided**

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement

**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 8. PENSION PLANS, (continued)**

**Benefits Provided, (continued)**

benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of

**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 8. PENSION PLANS, (continued)**

Benefits Provided, (continued)

service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Contributions Requirements Fund Based Statements

The Board's contribution to PERS AND DCRP, equal to the required contributions for each year as reported in the fund based statements, were as follows:

Year		
<u>Ending</u>	<u>PERS</u>	<u>DCRP</u>
6/30/24	\$331,325	\$37,322
6/30/23	333,452	30,174
6/30/22	253,077	34,680

**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 8. PENSION PLANS, (continued)**

**Contributions Requirements Fund Based Statements, (continued)**

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits have been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13, as follows:

Year	Pension	Post-Retirement	NCGI	LTD
<u>Ending</u>	<u>Contributions</u>	<u>Medical</u> <u>Contributions</u>	<u>Premium</u>	<u>Liability</u>
6/30/2024	\$2,027,844	\$558,199	\$23,126	\$1,625
6/30/2023	1,706,789	454,590	23,680	1,449
6/30/2022	1,693,210	401,184	23,889	1,469

In addition, the post-retirement medical benefits are included in the district-wide financial statements.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$382,372 during the year ended June 30, 2023 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68**

**Public Employees Retirement System (PERS)**

At June 30, 2024, the District had a liability of \$3,590,675 for its proportionate share of the PERS 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 that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2023, the District's proportion was 0.0247899920 percent, which was a decrease of 0.00165246 percent from its proportion measured as of June 30, 2022.

**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 8. PENSION PLANS, (continued)**

For the year ended June 30, 2024, the District recognized pension expense of \$45,253. At June 30, 2024, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$34,331	\$14,678
Changes of Assumptions	7,888	217,610
Net difference between projected and actual earnings on pension plan investments	16,536	
Changes in proportion and differences between the District's contributions and proportionate share of contributions	812,717	870,616
District contributions subsequent to the measurement date	<u>321,597</u>	<u>                    </u>
Total	<u>\$1,193,064</u>	<u>\$1,102,904</u>

The \$321,597 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2024, the plan measurement date is June 30, 2023) will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2024	(\$189,574)
2025	(105,813)
2026	147,866
2027	(26,462)
2028	450

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.08, 5.04, 5.13, 5.16, 5.21 and 5.63 years for 2023, 2022, 2021, 2020, 2019 and 2018 amounts, respectively.

**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 8. PENSION PLANS, (continued)**

**Additional Information**

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2023 and June 30, 2022 are as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Collective deferred outflows of resources	\$1,080,204,730	\$1,660,772,008
Collective deferred inflows of resources	1,780,216,457	3,236,303,935
Collective net pension liability	14,484,374,047	15,091,376,611
District's Proportion	0.0247899920%	0.0264424506%

**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 rolled forward to June 30, 2023. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

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 Percent

The actuarial assumptions used in the June 30, 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.

**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 8. PENSION PLANS, (continued)**

**Mortality Rates**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Market 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%

**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 8. PENSION PLANS, (continued)**

**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 nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate**

The following presents the collective net pension liability of the participating employers as of June 30, 2023 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	<u>June 30, 2023</u>		
	<u>1%</u> <u>Decrease</u> <u>6.00%</u>	<u>At Current</u> <u>Discount Rate</u> <u>7.00%</u>	<u>1%</u> <u>Increase</u> <u>8.00%</u>
District's proportionate share of the pension liability	\$4,683,431	\$3,590,675	\$2,660,596

**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 (PERS). The financial report may be accessed at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).



**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 8. PENSION PLANS, (continued)**

**Teachers Pensions and Annuity Fund (TPAF)**

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 local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the 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 portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2024 was as follows:

Net Pension Liability:	
District's proportionate share	\$    -0-
State's proportionate share	
associated with the District	<u>21,306,435</u>
	<u>\$21,306,435</u>

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 June 30, 2022 rolled forward to June 30, 2023. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2023, the proportion of the TPAF net pension liability associated with the District was 0.0417505785%.

For the year ended June 30, 2024, the District recognized on-behalf pension expense and revenue of \$523,437 for contributions provided by the State in the District-Wide Financial Statements.

**Actuarial Assumptions**

The 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, applied to all periods 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%

**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 8. 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 Health 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 a 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 expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Market 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%

**Northern Region Educational Services Commission  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2024**

**NOTE 8. PENSION PLANS, (continued)**

**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 based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

**NOTE 9. POST-RETIREMENT BENEFITS**

**General Information about the OPEB Plan**

**State Health Benefit State Retired Employees Plan**

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 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 accepted 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, 2021, 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 Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or

**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 9. POST-RETIREMENT BENEFITS, (continued)**

**General Information about the OPEB Plan, (continued)**

**State Health Benefit State Retired Employees Plan, (continued)**

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>.

**Total OPEB Liability**

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

The portion of the OPEB Liability that was associated with the District recognized at June 30, 2023 was as follows:

OPEB Liability:	
District's proportionate share	\$ -0-
State's proportionate share	
associated with the District	<u>11,327,886</u>
	<u><u>\$11,327,886</u></u>

**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 9. POST-RETIREMENT BENEFITS, (continued)**

*Actual Assumptions and Other Imputes*

The total OPEB liability in the June 30, 2023 actuarial valuation reported by the State in the State's Report of Total Nonemployer OPEB Liability for the State Health Benefit Local Education Retired Employee's Plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

**Total Nonemployer OPEB Liability**

The total nonemployer OPEB liability as of June 30, 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:

	<u><b>TPAF/ABP</b></u>	<u><b>PERS</b></u>
Salary increases:	2.75 - 4.25%	2.75 - 6.55%
	based on service years	based on service years

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of the TPAF, PERS, and PFRS actuarial experience studies prepared for July 1, 2018 to June 30, 2021.

***(a) 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 nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO, the trend is increasing to 17.4% 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 seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 9. POST-RETIREMENT BENEFITS, (continued)**

**(b) Discount Rate**

The discount rate used to measure the total OPEB Liability 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.

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

Because the District's proportionate share of the OPEB liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

**Sensitivity of the Total Nonemployer OPEB Liability to Changes in the Healthcare Cost Trend Rates:**

Because the District's proportionate share of the OPEB liability is zero, consideration of potential changes in the healthcare cost trend rates is not applicable to the District.

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

For the year ended June 30, 2024, the board of education/board of trustees recognized on-behalf OPEB expense of \$1,224,900 in the district-wide financial statements as determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75 and in which there is a special funding situation.

In accordance with GASB No. 75, the Northern Region Educational Services Commission's proportionate share of school retirees OPEB is zero; therefore, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

**NOTE 10. DEFERRED COMPENSATION**

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

Valic	American International Group, Inc.
	AXA Equitable

**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 11. RISK MANAGEMENT**

The Commission is exposed to various risks of loss related to general liability, automobile coverage; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has obtained insurance coverage to guard against these events to minimize the exposure to the Commission should they occur.

**Property and Liability Insurance** - The Commission is currently a member of the School Alliance Insurance Fund (the “Fund”). The Fund provides it’s members with General Liability, Auto Liability, Property, Employee Benefits Liability, Worker’s Compensation and Employer Liability Insurance. The Fund is a risk-sharing public entity risk pool that is both an insured and self-administered group of School District’s established for the purpose of providing low-cost insurance coverage for their respective members in order to keep insurance costs at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Funds are elected.

As a member of the Fund, the Commission could be subject to supplemental assessments in the event of deficiencies. If the assets of the Funds were to be exhausted, members would become responsible for their respective shares of the Fund’s liabilities. However, this Fund has fully reinsured the exposures above all limits subscribed to by its members. The Funds can declare and distribute dividends to members upon arrival of the State of New Jersey Department of Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverages.

**New Jersey Unemployment Compensation Insurance** - Effective January 1, 2012, the Commission elected to change from the “Benefit Reimbursement Method” to the “Contributory Method” whereby they will make quarterly contributions based on a percentage of covered wages. The following is a summary of the Commission’s Unemployment for the current and previous two years:

<u>Fiscal Year</u>	<u>Interest Earnings/ Commission Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023-2024	\$732	\$	\$	\$38,053
2022-2023	292		835	37,321
2021-2022	59			37,864

**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 12. REVOLVING LINE OF CREDIT**

The Commission entered into an agreement with Columbia Bank for a \$500,000 revolving line of credit. On June 11, 2020, this amount was increased to \$2,600,000. The line of credit is to be utilized for cash flow purposes. During the 2023-2024 school year, the Commission did not utilize this line of credit.

**NOTE 13. FUND BALANCE APPROPRIATED**

**General Fund [Exhibit B-1]** - Of the \$1,864,983 general fund balance at June 30, 2024, \$109,842 is reserved for encumbrances; \$38,053 is reserved for the unemployment claims; and \$1,717,038 is unreserved and undesignated.

**NOTE 14. RIGHT TO USE LEASED ASSETS**

The District has the right to use leased assets for instructional and office space for the District which are shown in the capital asset footnote (Note 5). The related leases are discussed in the Leases subsection of the Long-term obligations section of this report (Note 6). The right to use leased assets are amortized on a straight-line basis over the terms of the related leases.

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Right to use assets				
Leased Building	<u>\$4,652,711</u>	<u>\$3,187,206</u>	<u>\$2,611,600</u>	<u>\$5,228,317</u>
Total right to use assets	<u>4,652,711</u>	<u>3,187,206</u>	<u>2,611,600</u>	<u>5,228,317</u>
Less accumulated amortization for:				
Leased Building	<u>(1,126,466)</u>	<u>(601,033)</u>	<u>(728,445)</u>	<u>(999,054)</u>
Total accumulated amortization	<u>(1,126,466)</u>	<u>(601,033)</u>	<u>(728,445)</u>	<u>(999,054)</u>
Right to use leased asset, net	<u>\$3,526,245</u>	<u>\$2,586,173</u>	<u>\$1,883,155</u>	<u>\$4,229,263</u>

Lease Asset Quantitative Disclosure:

<u>Lease Description</u>	<u>Role</u>	<u>Classification</u>	<u>Net Asset Balance</u>	<u>Accumulated Amortization</u>	<u>Gross Asset Balance</u>
82 Totowa Road	Lessee	Office Space	\$1,190,638	\$451,621	\$1,642,259
Hope Academy	Lessee	Instructional Space	10,779	388,073	398,852
Second Home Day Habilitation Center	Lessee	Instructional Space	<u>3,027,846</u>	<u>159,360</u>	<u>3,187,206</u>
			<u>\$4,229,263</u>	<u>\$999,054</u>	<u>\$5,228,317</u>



**Northern Region Educational Services Commission**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2024**

**NOTE 15. CONTINGENT LIABILITIES**

**Pending or Threatening Litigation, Claims and Assessments**

- Jersey Kids Transportation Inc. v. Northern Region Education Services Commission Docket No.: PASL-3184-24

On October 23, 2024 Asaad K. Siddiqi, Esq. filed a Complaint on behalf of Jersey Kids Transportation, Inc., in the Superior Court, Passaic County, against the Commission alleging a breach of contract claim. More specifically, Plaintiff alleges they contracted with the Commission for transportation services for 88 routes for the 2023-2024 school year and summer programs. The contracts require payments for services within 30 to 60 days and the Commission failed to timely pay Plaintiff's invoices for the transportation services. Plaintiff agrees they are owed money per their contracts and the failure to pay is a breach of contract. Plaintiff asserts statutory and actual damages, attorneys' fees and any other relief the Court deems equitable and just.

This matter was referred to the Commission's insurance carrier and assigned to the law firm of Methfessel & Werbel. An answer was filed by insurance counsel on December 31, 2024. Any further details regarding the status of this matter should be referred to insurance counsel.

**NOTE 16. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through February 12, 2025, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

**REQUIRED SUPPLEMENTARY  
INFORMATION - PART II**

<b>BUDGETARY COMPARISON SCHEDULES</b>
---------------------------------------

Exhibit C-1

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2024**

	<b>Original Budget</b>	<b>Budget Transfers/ Adjustments</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
<b>REVENUES:</b>					
<b>General Fund:</b>					
Local Sources:					
Tuition from Individuals	627,540	(3,080)	624,460	403,870	(220,590)
Tuition from Other LEAs Within the State	4,773,185	-	4,773,185	4,927,299	154,114
Tuition from Summer School	118,210	-	118,210	179,592	61,382
Transportation Fees from Other LEAs	24,741,272	4,000,000	28,741,272	28,050,174	(691,098)
Interest on Investments	-	-	-	68,670	68,670
Rentals	-	-	-	24,956	24,956
Restricted Miscellaneous Income	-	-	-	732 *	732
Unrestricted Miscellaneous Revenues	10,216,131	(1,081,920)	9,134,211	6,825,375	(2,308,836)
Total - Local Sources	40,476,338	2,915,000	43,391,338	40,480,668	(2,910,670)
State Sources:					
On-behalf TPAF Post Retirement Medical Contributions (non-budgeted)	-	-	-	558,199	558,199
On-behalf TPAF Pension (non-budgeted)	-	-	-	2,027,844	2,027,844
On-behalf TPAF NCGI Premium (non-budgeted)	-	-	-	23,126	23,126
On-behalf TPAD LTDI	-	-	-	1,625	1,625
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	382,372	382,372
Total - State Sources	-	-	-	2,993,166	2,993,166
Federal Sources:					
Medicaid Reimbursement	-	1,085,000	1,085,000	927,632	(157,368)
Total - Federal Sources	-	1,085,000	1,085,000	927,632	(157,368)
<b>TOTAL REVENUES</b>	<b>40,476,338</b>	<b>4,000,000</b>	<b>44,476,338</b>	<b>44,401,466</b>	<b>(74,872)</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Kindergarten - Salaries of Teachers	59,500	(7,827)	51,673	51,673	-
Grades 6-8 - Salaries of Teachers	65,000	(65,000)	-	-	-
Grades 9-12 - Salaries of Teachers	858,242	(280,838)	577,404	577,404	-
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	-	186,770	186,770	92,804	93,966
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	631,125	(282,623)	348,502	306,054	42,448
Other Purchased Services (400-500 series)	500	(500)	-	-	-
General Supplies	27,431	(6,221)	21,210	21,027	183
Textbooks	2,550	(2,550)	-	-	-
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>1,644,348</b>	<b>(458,789)</b>	<b>1,185,559</b>	<b>1,048,962</b>	<b>136,597</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Multiple Disabilities</b>					
Salaries of Teachers	385,105	(83,287)	301,818	301,818	-
Other Salaries for Instruction	149,940	(7,556)	142,384	142,384	-
General Supplies	3,200	(1,000)	2,200	2,200	-
<b>Total Multiple Disabilities</b>	<b>538,245</b>	<b>(91,843)</b>	<b>446,402</b>	<b>446,402</b>	<b>-</b>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>538,245</b>	<b>(91,843)</b>	<b>446,402</b>	<b>446,402</b>	<b>-</b>
<b>Before/After School Programs - Instruction</b>					
Salaries of Teachers	603,176	(76,394)	526,782	526,782	-
Other Salaries of Instruction	415,000	18,267	433,267	433,267	-
Supplies and Materials	35,500	(22,062)	13,438	13,438	-
<b>Total Before/After School Programs - Instruction</b>	<b>1,053,676</b>	<b>(80,189)</b>	<b>973,487</b>	<b>973,487</b>	<b>-</b>
<b>Before/After School Programs - Support Services</b>					
Salaries	256,170	(149,775)	106,395	106,395	-
Purchased Professional and Technical Services	31,500	(9,725)	21,775	21,775	-
Supplies and Materials	16,500	(2,608)	13,892	13,892	-
Other Objects	21,477	44,409	65,886	65,886	-
<b>Total Before/After School Programs - Support Services</b>	<b>325,647</b>	<b>(117,699)</b>	<b>207,948</b>	<b>207,948</b>	<b>-</b>
<b>Summer School - Instruction</b>					
Salaries of Teachers	-	36,105	36,105	36,105	-
<b>Total Summer School - Instruction</b>	<b>-</b>	<b>36,105</b>	<b>36,105</b>	<b>36,105</b>	<b>-</b>
<b>Summer School - Support Services</b>					
Salaries	-	17,400	17,400	17,400	-
<b>Total Summer School - Support Services</b>	<b>-</b>	<b>17,400</b>	<b>17,400</b>	<b>17,400</b>	<b>-</b>
<b>Other Supplemental/At-Risk Programs - Instruction</b>					
Salaries of Teachers	24,090	(24,090)	-	-	-
<b>Total Other Supplemental/At-Risk Programs - Instruction</b>	<b>24,090</b>	<b>(24,090)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Alternative Education Program - Instruction</b>					
Salaries of Teachers	76,960	(2,988)	73,972	22,381	51,591
<b>Total Other Alternative Education Program - Instruction</b>	<b>76,960</b>	<b>(2,988)</b>	<b>73,972</b>	<b>22,381</b>	<b>51,591</b>
<b>TOTAL INSTRUCTION</b>	<b>3,662,966</b>	<b>(722,093)</b>	<b>2,940,873</b>	<b>2,752,685</b>	<b>188,188</b>

Exhibit C-1

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2024**

	<b>Original Budget</b>	<b>Budget Transfers/ Adjustments</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
<b>Undist. Expend. - Health Services</b>					
Salaries	318,825	(27,159)	291,666	291,666	-
Purchased Professional and Technical Services	4,000	(1,300)	2,700	2,700	-
Other Purchased Services (400-500 Series)	200	-	200	-	200
Supplies and Materials	2,929	20,199	23,128	21,244	1,884
Other Objects	306	-	306	-	306
<b>Total Undistributed Expenditures - Health Services</b>	<b>326,260</b>	<b>(8,260)</b>	<b>318,000</b>	<b>315,610</b>	<b>2,390</b>
<b>Undist. Expend. - Speech, OT, PT &amp; Related Services</b>					
Salaries	4,415,474	(705,007)	3,710,467	3,710,467	-
Purchased Professional - Educational Services	160,310	(124,440)	35,870	35,870	-
Supplies and Materials	10,000	(6,392)	3,608	3,608	-
<b>Total Undist. Expend. - Speech, OT, PT &amp; Related Services</b>	<b>4,585,784</b>	<b>(835,839)</b>	<b>3,749,945</b>	<b>3,749,945</b>	<b>-</b>
<b>Undist. Expend. - Other Supp. Serv. Students - Extra Serv.</b>					
Salaries	62,100	(5,832)	56,268	56,198	70
Purchased Professional - Educational Services	30,000	27,420	57,420	57,420	-
<b>Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.</b>	<b>92,100</b>	<b>21,588</b>	<b>113,688</b>	<b>113,618</b>	<b>70</b>
<b>Undist. Expend. - Guidance</b>					
Salaries of Other Professional Staff	146,480	22,028	168,508	168,508	-
Other Salaries	-	31,571	31,571	31,571	-
Purchased Professional - Educational Services	18,360	(18,360)	-	-	-
<b>Total Undist. Expend. - Guidance</b>	<b>164,840</b>	<b>35,239</b>	<b>200,079</b>	<b>200,079</b>	<b>-</b>
<b>Undist. Expend. - Child Study Teams</b>					
Salaries of Other Professional Staff	213,471	(129,818)	83,653	83,653	-
Other Purchased Services (400-500 Series)	2,000	348	2,348	2,273	75
Other Objects	1,020	(1,020)	-	-	-
<b>Total Undist. Expend. - Child Study Teams</b>	<b>216,491</b>	<b>(130,490)</b>	<b>86,001</b>	<b>85,926</b>	<b>75</b>
<b>Undist. Expend. - Improvement of Instructional Services</b>					
Salaries of Supervisors of Instruction	152,765	(46,235)	106,530	106,530	-
Salaries of Other Professional Staff	-	23,965	23,965	23,965	-
<b>Total Undist. Expend. - Improvement of Inst. Services</b>	<b>152,765</b>	<b>(22,270)</b>	<b>130,495</b>	<b>130,495</b>	<b>-</b>
<b>Undist. Expend. - Instructional Staff Training Serv.</b>					
Other Purchased Services (400-500 Series)	6,175	(1,586)	4,589	4,514	75
Other Objects	1,000	(1,000)	-	-	-
<b>Total Undist. Expend. - Instructional Staff Training Serv.</b>	<b>7,175</b>	<b>(2,586)</b>	<b>4,589</b>	<b>4,514</b>	<b>75</b>
<b>Undist. Expend. - Supp. Serv. - General Administration</b>					
Salaries	287,292	(33,083)	254,209	252,149	2,060
Legal Services	50,000	10,000	60,000	56,796	3,204
Audit Fees	20,000	(3,500)	16,500	16,500	-
Purchased Technical Services	188,240	(74,706)	113,534	107,241	6,293
Communications/Telephone	83,100	(15,250)	67,850	49,267	18,583
Miscellaneous Purchased Services (400-500) [Other than 530 and 585]	363,338	81,659	444,997	432,300	12,697
General Supplies	10,300	(2,000)	8,300	2,296	6,004
Miscellaneous Expenditures	11,000	6,497	17,497	16,628	869
<b>Total Undist. Expend. - Supp. Serv. - General Administration</b>	<b>1,013,270</b>	<b>(30,383)</b>	<b>982,887</b>	<b>933,177</b>	<b>49,710</b>
<b>Undist. Expend. - Support Serv. - School Administration</b>					
Salaries of Principals/Assistant Principals/Program Directors	109,497	111,535	221,032	216,216	4,816
Salaries of Other Professional Staff	233,852	5,400	239,252	239,170	82
Salaries of Secretarial and Clerical Assistants	158,601	(16,935)	141,666	136,210	5,456
Other Purchased Services (400-500 series)	135,400	(30,081)	105,319	102,361	2,958
Supplies and Materials	11,580	1,000	12,580	8,873	3,707
Other Objects	5,493	1,500	6,993	4,526	2,467
<b>Total Undist. Expend. - Support Serv. - School Administration</b>	<b>654,423</b>	<b>72,419</b>	<b>726,842</b>	<b>707,356</b>	<b>19,486</b>
<b>Undist. Expend. - Central Services</b>					
Salaries	394,360	61,200	455,560	430,676	24,884
Purchased Professional Services	47,600	(16,000)	31,600	24,424	7,176
Purchased Professional Services - Public Relations Costs	25,000	24,450	49,450	48,902	548
Miscellaneous Purchased Services (400-500) [Other than 594]	2,850	1,525	4,375	4,360	15
Supplies and Materials	29,300	20,075	49,375	47,900	1,475
Other Objects	27,589	5,735	33,324	31,691	1,633
<b>Total Undist. Expend. - Central Services</b>	<b>526,699</b>	<b>96,985</b>	<b>623,684</b>	<b>587,953</b>	<b>35,731</b>
<b>Undist. Expend. - Admin Info. Technology</b>					
Salaries	893,253	(68,061)	825,192	755,873	69,319
Purchased Professional Services	471,000	-	471,000	357,007	113,993
Purchased Technical Services	7,000	-	7,000	5,536	1,464
Supplies and Materials	50,450	(6,562)	43,888	30,223	13,665
<b>Total Undist. Expend. - Admin Info. Technology</b>	<b>1,421,703</b>	<b>(74,623)</b>	<b>1,347,080</b>	<b>1,148,639</b>	<b>198,441</b>
<b>Undist. Expend. - Required Maint. for School Facilities</b>					
Salaries	-	52,820	52,820	48,215	4,605
Cleaning, Repair, and Maintenance Services	13,424	(4,500)	8,924	5,805	3,119
General Supplies	5,550	(550)	5,000	495	4,505
<b>Total Undist. Expend. - Required Maint. for School Facilities</b>	<b>18,974</b>	<b>47,770</b>	<b>66,744</b>	<b>54,515</b>	<b>12,229</b>

Exhibit C-1

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2024**

	<b>Original Budget</b>	<b>Budget Transfers/ Adjustments</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
<b>Undist. Expend. - Custodial Services</b>					
Salaries	37,820	(18,384)	19,436	18,986	450
Cleaning, Repair, and Maintenance Services	49,138	17,704	66,842	55,279	11,563
Rental of Land and Building Other Than Lease Purchase Agreement	3,390	(3,390)	-	-	-
Other Purchased Property Services	-	20,700	20,700	16,742	3,958
Insurance	24,109	(17,600)	6,509	2,941	3,568
General Supplies	2,550	2,000	4,550	2,993	1,557
Energy (Electricity)	53,530	8,000	61,530	59,480	2,050
<b>Total Undist. Expend. - Custodial Services</b>	<b>170,537</b>	<b>9,030</b>	<b>179,567</b>	<b>156,421</b>	<b>23,146</b>
<b>Undist. Expend. - Security</b>					
Salaries	40,992	(15,999)	24,993	14,060	10,933
Purchased Professional and Technical Services	100,000	70,000	170,000	141,923	28,077
<b>Total Undist. Expend. - Security</b>	<b>140,992</b>	<b>54,001</b>	<b>194,993</b>	<b>155,983</b>	<b>39,010</b>
<b>Undist. Expend. - Student Transportation Services</b>					
Salaries of Non-Instructional Aides	9,000	-	9,000	6,415	2,585
Salaries for Pupil Transportation (Between Home & School) - Special Education	274,800	(15,548)	259,252	258,645	607
Other Purchased Professional and Technical Services	4,050	-	4,050	2,668	1,382
Contract Services (Between Home & School)-Vendors	5,358,375	(1,353,734)	4,004,641	3,954,903	49,738
Contract Services (Other than Between Home and School)-Vendors	1,839,481	2,119,341	3,958,822	3,909,187	49,635
Contract Services (Special Ed Students)-Vendors	14,631,148	4,916,064	19,547,212	19,401,356	145,856
Miscellaneous Purchased Services - Transportation	8,500	7,000	15,500	15,113	387
General Supplies	12,000	6,500	18,500	14,840	3,660
Other Objects	800	1,500	2,300	-	2,300
<b>Total Undist. Expend. - Student Transportation Services</b>	<b>22,138,154</b>	<b>5,681,123</b>	<b>27,819,277</b>	<b>27,563,127</b>	<b>256,150</b>
<b>ALLOCATED BENEFITS</b>					
Health Services					
Group Insurance	602	-	602	602	-
Social Security Contributions	10,956	33,036	43,992	43,482	510
Workmen's Compensation	20,422	(20,422)	-	-	-
Central Services					
Unemployment Compensation	25,853	5,000	30,853	1,492	29,361
Admin Info. Technology					
Social Security Contributions	65,925	(65,000)	925	-	925
Other Retirement Contributions - PERS	37,918	86,977	124,895	116,622	8,273
Health Benefits	136,000	(24,300)	111,700	101,821	9,879
Custodial Services					
Workmen's Compensation	24,130	(20,000)	4,130	-	4,130
Student Transportation Services					
Social Security Contributions	21,750	(6,751)	14,999	14,999	-
Other Retirement Contributions - PERS	12,500	32,602	45,102	45,102	-
Workmen's Compensation	7,950	(7,950)	-	-	-
Health Benefits	41,290	52,538	93,828	90,438	3,390
<b>TOTAL ALLOCATED BENEFITS</b>	<b>405,296</b>	<b>65,730</b>	<b>471,026</b>	<b>414,558</b>	<b>56,468</b>
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	622,118	(267,528)	354,590	320,935	33,655
Other Retirement Contributions - PERS	249,450	(115,811)	133,639	132,668	971
Pension Contributions	25,154	18,433	43,587	39,400	4,187
Unemployment Compensation	167,302	(101,513)	65,789	45,942	19,847
Workmen's Compensation	145,530	(128,007)	17,523	-	17,523
Health Benefits	1,220,494	(248,030)	972,464	883,113	89,351
Tuition Reimbursement	10,000	(6,259)	3,741	3,741	-
Other Employee Benefits	38,340	(9,907)	28,433	28,433	-
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>2,478,388</b>	<b>(858,622)</b>	<b>1,619,766</b>	<b>1,454,232</b>	<b>165,534</b>
On-behalf TPAF Post Retirement Medical Contributions (non-budgeted)	-	-	-	558,199	(558,199)
On-behalf TPAF Pension (non-budgeted)	-	-	-	2,027,844	(2,027,844)
On-behalf TPAF NCGI Premium (non-budgeted)	-	-	-	23,126	(23,126)
On-behalf TPAD LTDI	-	-	-	1,625	(1,625)
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	382,372	(382,372)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,993,166</b>	<b>(2,993,166)</b>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<b>2,883,684</b>	<b>(792,892)</b>	<b>2,090,792</b>	<b>4,861,956</b>	<b>(2,771,164)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>34,513,851</b>	<b>4,120,812</b>	<b>38,634,663</b>	<b>40,769,314</b>	<b>(2,134,651)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>38,176,817</b>	<b>3,398,719</b>	<b>41,575,536</b>	<b>43,521,999</b>	<b>(1,946,463)</b>
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
Undistributed Expenditures - Support Services - Instructional Staff	-	8,137	8,137	8,137	-
School Buses - Special	-	109,892	109,892	-	109,892
<b>Total Equipment</b>	<b>-</b>	<b>118,029</b>	<b>118,029</b>	<b>8,137</b>	<b>109,892</b>
<b>Facilities Acquisition and Construction Services</b>					
Architectural/Engineering Services	-	14,592	14,592	14,592	-
Construction Services	250,000	785,285	1,035,285	1,035,285	-
Supplies and Materials	30,000	(9,622)	20,378	20,378	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>280,000</b>	<b>790,255</b>	<b>1,070,255</b>	<b>1,070,255</b>	<b>-</b>
<b>TOTAL CAPITAL OUTLAY</b>	<b>280,000</b>	<b>908,284</b>	<b>1,188,284</b>	<b>1,078,392</b>	<b>109,892</b>

Exhibit C-1

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2024**

	<b>Original Budget</b>	<b>Budget Transfers/ Adjustments</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
Accredited Evening/Adult High School/Post-Graduate - Instruction					
Salaries of Teachers	343,300	(110,042)	233,258	233,258	-
<b>Total Accredited Evening/Adult High School/Post-Graduate - Instruction</b>	<b>343,300</b>	<b>(110,042)</b>	<b>233,258</b>	<b>233,258</b>	<b>-</b>
Accredited Evening/Adult High School/Post-Graduate - Support Services					
Other Purchased Services (400-500 series)	12,000	8,000	20,000	19,262	738
Supplies and Materials	-	255	255	198	57
<b>Total Accredited Evening/Adult High School/Post-Graduate - Support Services</b>	<b>12,000</b>	<b>8,255</b>	<b>20,255</b>	<b>19,460</b>	<b>795</b>
<b>Adult Education - Local - Instruction</b>					
Other Salaries for Instruction	258,000	(103,268)	154,732	154,732	-
General Supplies	7,212	(421)	6,791	6,791	-
Textbooks	-	1,100	1,100	1,100	-
<b>Total Adult Education - Local - Instruction</b>	<b>265,212</b>	<b>(102,589)</b>	<b>162,623</b>	<b>162,623</b>	<b>-</b>
<b>Adult Education - Local - Support Services</b>					
Salaries	348,450	(627)	347,823	267,128	80,695
Personnel Services - Employee Benefits	316,300	(130,546)	185,754	170,619	15,135
Purchased Professional and Technical Services	17,000	(5,000)	12,000	3,542	8,458
Other Purchased Services (400-500 series)	694,352	5,435	699,787	695,200	4,587
Supplies and Materials	15,788	21,111	36,899	29,598	7,301
Other Objects	7,300	7,000	14,300	13,775	525
<b>Total Adult Education - Local - Support Services</b>	<b>1,399,190</b>	<b>(102,627)</b>	<b>1,296,563</b>	<b>1,179,862</b>	<b>116,701</b>
<b>TOTAL EXPENDITURES</b>	<b>40,476,519</b>	<b>4,000,000</b>	<b>44,476,519</b>	<b>46,195,594</b>	<b>(1,719,075)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(181)</b>	<b>-</b>	<b>(181)</b>	<b>(1,794,128)</b>	<b>(1,793,947)</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>(181)</b>	<b>-</b>	<b>(181)</b>	<b>(1,794,128)</b>	<b>(1,793,947)</b>
<b>Fund Balance, July 1</b>	<b>3,659,111</b>	<b>-</b>	<b>3,659,111</b>	<b>3,659,111</b>	<b>-</b>
<b>Fund Balance, June 30</b>	<b>3,658,930</b>	<b>-</b>	<b>3,658,930</b>	<b>1,864,983</b>	<b>(1,793,947)</b>
<b>Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
Adjustment for Prior Year Encumbrances	(181)		(181)	(181)	-
Unemployment Compensation Activity				732	732
Budgeted Fund Balance	-	-	-	(1,794,679)	(1,793,947)
	<b>(181)</b>	<b>-</b>	<b>(181)</b>	<b>(1,794,128)</b>	<b>(1,793,215)</b>
<b>Recapitulation:</b>					
<b>Restricted Fund Balance:</b>					
Unemployment Compensation				38,053	
<b>Committed Fund Balance:</b>					
Year-end Encumbrances				109,892	
Unassigned Fund Balance				1,717,038	
<b>Total Fund Balance per Governmental Funds (Budgetary)</b>				<b>1,864,983</b>	
<b>Total Fund Balance per Governmental Funds (GAAP)</b>				<b>1,864,983</b>	

\* Include interest earnings on the unemployment compensation bank account

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**Fiscal Year Ended June 30, 2024**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Federal Sources		608	608	608	-
<b>Total Revenues</b>	-	608	608	608	-
<b>EXPENDITURES:</b>					
Support services:					
General Supplies		608	608	608	-
<b>Total support services</b>	-	608	608	608	-
<b>Total Expenditures</b>	-	608	608	608	-
<b>Excess (Deficiency) of Revenues Over (Under)</b>					
<b>Expenditures and Other Financing Sources (Uses)</b>	-	-	-	-	-



**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Note to Required Supplementary Information - Part II**  
**Fiscal Year Ended June 30, 2024**

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

		General Fund	Special Revenue Fund
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1]&[C-2]	44,401,466	608
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that			
encumbrances are recognized as expenditures, and the related			
revenue is recognized.			
Prior Year			
Current Year			
Total revenues as reported on the statement of revenues, expenditures			
and changes in fund balances - governmental funds.	[B-2]	44,401,466	608
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the			
budgetary comparison schedule	[C-1]&[C-2]	46,195,594	608
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but			
not received are reported in the year the order is placed for			
<i>budgetary</i> purposes, but in the year the supplies are received			
for <i>financial reporting</i> purposes.			
Prior Year			
Current Year			
Total expenditures as reported on the statement of revenues,			
expenditures, and changes in fund balances - governmental funds	[B-2]	46,195,594	608

**REQUIRED SUPPLEMENTARY  
INFORMATION - PART III**

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION**  
**Schedules of Required Supplementary Information**  
**Schedule of District's Share of Net Pension Liability - PERS**  
*Last 10 Fiscal Years*

Fiscal Year Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's		District's Covered Payroll - PERS Employee's	District's		Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
		Proportionate Share of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll		Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	
2015	0.0309571161%	\$	5,796,019	\$	985,059	588.39%	47.92%
2016	0.0333772694%		7,492,528		1,359,053	551.31%	52.07%
2017	0.0159475774%		4,723,215		1,613,589	292.71%	59.86%
2018	0.0219233042%		5,103,395		1,808,563	282.18%	51.90%
2019	0.0241568891%		4,756,371		1,949,691	243.96%	46.40%
2020	0.0236246238%		4,256,799		1,798,505	236.69%	43.43%
2021	0.0287277413%		4,684,743		1,767,603	265.03%	41.35%
2022	0.0216098961%		2,560,016		1,805,629	141.78%	29.35%
2023	0.0264424506%		3,990,530		1,883,659	211.85%	36.78%
2024	0.0247899920%		3,590,675		1,865,004	192.53%	34.48%

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION**  
**Schedules of Required Supplementary Information**  
**Schedule of District's Contributions - PERS**  
*Last 10 Fiscal Years*

Fiscal Year Ending June 30,	Contributions in Relations to the		Contribution Deficiency (Excess)	District's PERS Covered- Employee Payroll	Contributions as a Percentage of PERS Covered- Employee Payroll
	Contractually Required Contribution	Contractually Required Contributions			
2015	\$ 255,206	\$ (255,206)	\$ -	\$ 985,059	25.91%
2016	\$ 286,955	\$ (286,955)	\$ -	\$ 1,359,053	21.11%
2017	\$ 141,676	\$ (141,676)	\$ -	\$ 1,613,589	8.78%
2018	\$ 203,096	\$ (203,096)	\$ -	\$ 1,808,563	11.23%
2019	\$ 240,283	\$ (240,283)	\$ -	\$ 1,949,691	12.32%
2020	\$ 229,798	\$ (229,798)	\$ -	\$ 1,798,505	12.78%
2021	\$ 314,267	\$ (314,267)	\$ -	\$ 1,767,603	17.78%
2022	\$ 253,077	\$ (253,077)	\$ -	\$ 1,805,629	14.02%
2023	\$ 333,452	\$ (333,452)	\$ -	\$ 1,883,659	17.70%
2024	\$ 331,325	\$ (331,325)	\$ -	\$ 1,865,004	17.77%

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION**  
**Schedules of Required Supplementary Information**  
**Schedule of District's Share of Net Pension Liability - TPAF**  
*Last 10 Fiscal Years*

Fiscal Year Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	State's		District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	State's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
			Proportionate Share of the Net Pension Liability Associated with the District (Asset)	District's Covered Payroll - TPAF Employee's			
2015	0.0179978910%	\$	\$ 9,619,287	\$ 1,664,871	0.00%	577.78%	33.64%
2016	0.0180331853%	-	11,397,743	1,623,055	0.00%	702.24%	28.71%
2017	0.0178992070%	-	14,080,656	1,428,496	0.00%	985.70%	22.33%
2018	0.0169049893%	-	11,397,953	1,461,414	0.00%	779.93%	25.41%
2019	0.0156171329%	-	9,935,285	3,364,813	0.00%	295.27%	26.49%
2020	0.0136319316%	-	8,366,045	4,041,201	0.00%	207.02%	26.95%
2021	0.0148236889%	-	9,761,221	4,610,940	0.00%	211.70%	24.60%
2022	0.0333878419%	-	16,051,268	5,050,436	0.00%	317.82%	35.52%
2023	0.0411307244%	-	21,221,157	4,846,244	0.00%	437.89%	32.29%
2024	0.0417505785%	-	21,306,435	4,787,333	0.00%	445.06%	34.68%

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION**  
**Note to Required Schedules of Supplementary Information - Part III**  
**Fiscal Year Ended June 30, 2024**

This schedule is not applicable.

The School District is not required to make any contribution towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION**  
**Note to Required Schedules of Supplementary Information - Part III**  
**Fiscal Year Ended June 30, 2024**

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

Assumptions used in calculating the net pension liability and  
statutorily required employer contribution are presented in  
Note 7 of the Notes to the Financial Statements.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

None

Change in assumptions

Assumptions used in calculating the net pension liability and  
statutorily required employer contribution are presented in  
Note 7 of the Notes to the Financial Statements.

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION**  
**Schedule of Required Supplementary Information**  
**Schedule of Changes in the District's Proportionate Share of the State OPEB Liability**  
*Last 10 Fiscal Years \**

	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>							
Service Costs	\$ 986,617	\$ 1,164,022	\$ 1,375,402	\$ 462,131	\$ 441,074	\$ 512,075	\$ 612,558
Interest on Total OPEB Liability	398,954	293,124	331,047	268,821	295,168	321,288	269,322
Change of Benefit Terms			(13,583)				
Difference between Expected and Actual Expenditures	(840,585)	90,366	(2,442,985)	3,407,114	(587,789)	(1,069,613)	(1,067,324)
Changes in Assumptions	22,832	(2,967,168)	12,590	2,511,901	109,344	(837,045)	(198,170)
Gross Benefit Payments	(310,991)	(290,348)	(260,773)	(239,400)	(225,118)	(195,044)	
Contribution from the Member	10,224	9,315	8,463	7,256	6,673	6,741	7,297
<b>Net Changes in total Share of OPEB Liability</b>	<b>267,051</b>	<b>(1,700,689)</b>	<b>(989,839)</b>	<b>6,417,823</b>	<b>39,352</b>	<b>(1,261,598)</b>	<b>(376,317)</b>
<b>Total OPEB Liability - Beginning</b>	<b>11,060,835</b>	<b>12,761,524</b>	<b>13,751,363</b>	<b>7,333,540</b>	<b>7,294,188</b>	<b>8,555,786</b>	<b>8,932,103</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 11,327,886</b>	<b>\$ 11,060,835</b>	<b>\$ 12,761,524</b>	<b>\$ 13,751,363</b>	<b>\$ 7,333,540</b>	<b>\$ 7,294,188</b>	<b>\$ 8,555,786</b>
District's Proportionate Share of OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of OPEB Liability	11,327,886	11,060,835	12,761,524	13,751,363	7,333,540	7,294,188	8,555,786
Total OPEB Liability - Ending	<u>\$ 11,327,886</u>	<u>\$ 11,060,835</u>	<u>\$ 12,761,524</u>	<u>\$ 13,751,363</u>	<u>\$ 7,333,540</u>	<u>\$ 7,294,188</u>	<u>\$ 8,555,786</u>
District's Covered Employee Payroll	<u>\$ 6,652,337</u>	<u>\$ 6,729,903</u>	<u>\$ 6,856,065</u>	<u>\$ 6,378,543</u>	<u>\$ 5,839,706</u>	<u>\$ 5,314,504</u>	<u>\$ 3,269,977</u>
Districts' Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%	0%	0%

**Notes to Schedule:**

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

Change in benefit terms

Decrease in liability due to employers adopting provisions of Chapter 44.

Change in assumptions

Assumptions used in calculating the OPEB liability are presented in Note 8.

\* GASB requires that ten years of information be presented. However, since fiscal year 2018 was the first year of GASB 75 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.



## **Other Supplementary Information**

**SPECIAL REVENUE FUND**

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**Fiscal Year Ended June 30, 2024**

	<b>CRRSA- ESSER II</b>	<b>Totals 2024</b>
<b>REVENUES</b>		
Federal Sources	608	608
<b>Total Revenues</b>	608	608
<b>EXPENDITURES:</b>		
<b>Support services:</b>		
General Supplies	608	608
<b>Total support services</b>	608	608
<b>Total Expenditures</b>	608	608
<b>Excess (Deficiency) of Revenues Over (Under)</b>		
<b>Expenditures and Other Financing Sources (Uses)</b>	-	-

## STATISTICAL SECTION

## **STATISTICAL SECTION (UNAUDITED)**

### **Introduction to the Statistical Section**

#### **Financial Trends**

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

#### **Revenue Capacity**

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

#### **Debt Capacity**

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

#### **Demographic and Economic Information**

- J-14 Demographic and Economic Statistics
- J-15 Principal Employers

#### **Operating Information**

- J-16 Full-time Equivalent District Employees by Function/Program
- J-17 Operating Statistics
- J-18 School Building Information\*
- J-19 Schedule of Allowable Maintenance Expenditures by School Facility
- J-20 Insurance Schedule

## STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

### J SERIES

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time.	<b>J-1 to J-5</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax.	<b>J-6 to J-9</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	<b>J-10 to J-13</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	<b>J-14 to J-15</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	<b>J-16 to J-20</b>
<b>Sources:</b> Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports (ACFR) for the relevant year.	

**Northern Region Educational Services Commission**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities										
Invested in capital assets	265,794	254,465	249,518	232,767	241,876	226,937	251,114	313,346	88,707	4,583,783
Restricted	(2,796,608)	(3,237,869)	(2,154,664)	(1,693,826)	(1,866,685)	(237,017)	(1,653,150)	37,864	37,321	147,945
Unrestricted	(2,530,814)	(2,983,404)	(1,905,146)	(1,461,059)	(1,624,809)	(10,080)	(1,363,443)	(1,030,407)	(772,189)	(6,848,236)
Total governmental activities net assets/position										
District-wide										
Invested in capital assets	265,794	254,465	249,518	232,767	241,876	226,937	251,114	313,346	88,707	4,583,783
Restricted	-	-	-	-	-	-	38,593	37,864	37,321	147,945
Unrestricted	(2,796,608)	(3,237,869)	(2,154,664)	(1,693,826)	(1,866,685)	(237,017)	(1,653,150)	(1,030,407)	(772,189)	(6,848,236)
Total district net assets/position										

Source: ACFR Schedule A-1

**Northern Region Educational Services Commission**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	998,066	1,255,491	944,251	1,017,122	1,218,820	1,305,542	1,292,822	1,255,590	1,040,708	1,041,000
Special education	504,044	543,419	497,247	572,230	526,809	552,736	431,145	513,811	289,693	442,961
Other instruction	1,248,656	1,114,457	1,248,808	1,210,039	1,227,058	1,122,724	677,981	1,213,723	1,436,583	1,248,473
Support Services:										
Health services:										
Student & instruction related services	1,876,136	2,069,073	2,102,656	2,365,731	5,280,309	5,969,846	6,202,262	6,076,475	6,260,580	313,351
School administrative services	456,285	530,819	334,953	450,627	504,467	677,131	710,272	664,882	664,762	4,252,195
General administrative services	1,078,273	1,037,499	963,549	1,063,792	1,043,095	979,157	1,030,159	728,483	697,343	599,285
Central Services & Admin Info Technology	611,686	744,109	566,433	605,253	337,147	431,836	401,239	300,811	454,376	702,774
Plant operations and maintenance	529,815	357,412	346,979	341,682	425,563	595,421	531,322	683,956	469,013	1,728,009
Pupil transportation	11,467,213	10,603,907	21,117,930	20,431,910	18,257,680	16,149,185	12,288,270	22,453,629	28,356,520	366,290
Health Services Employee Benefits										27,561,073
Central Services Employee Benefits										44,084
Administrative Information Tech Employee Benefits										1,492
Student Transportation Services Employee Benefits										218,443
Unallocated benefits	806,662	996,916	1,334,151	1,675,450	1,380,628	1,261,433	2,030,012	2,499,806	2,477,871	150,539
Capital Outlay - non-depreciable										3,424,194
Special Schools										878,796
Interest on long-term debt	15,776	13,838	14,019	16,751	16,636	20,831	24,184	1,067,775	66,449	1,231,967
Unallocated depreciation										187,959
Amortization Right to Use Leased Assets										17,671
Total governmental activities expenses	19,592,612	19,266,941	29,470,996	29,749,587	30,221,212	29,065,842	26,185,587	37,493,362	44,130,838	583,761
Total district expenses	19,592,612	19,266,941	29,470,996	29,749,587	30,221,212	29,065,842	26,185,587	37,493,362	44,130,838	601,033
<b>Program Revenues</b>										
Governmental activities:										
Charges for services	11,766,969	10,840,810	21,740,442	20,876,072	18,365,739	16,441,530	12,353,270	23,297,817	29,396,112	28,050,174
Operating grants and contributions	789,393	984,883	1,322,118	1,690,626	1,377,447	1,237,397	2,037,763	2,530,911	2,250,475	2,132,942
Total governmental activities program revenues	12,556,362	11,825,693	23,062,560	22,566,698	19,743,186	17,678,926	14,391,033	25,828,728	31,646,588	30,183,116
Total district program revenues	12,556,362	11,825,693	23,062,560	22,566,698	19,743,186	17,678,926	14,391,033	25,828,728	31,646,588	30,183,116
<b>Net (Expense)/Revenue</b>										
Governmental activities	(7,036,249)	(7,441,248)	(6,408,435)	(7,182,889)	(10,478,026)	(11,386,916)	(11,794,554)	(11,664,634)	(12,484,250)	(14,828,473)
Total district-wide net expense	(7,036,249)	(7,441,248)	(6,408,435)	(7,182,889)	(10,478,026)	(11,386,916)	(11,794,554)	(11,664,634)	(12,484,250)	(14,828,473)
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Federal and State aid not restricted							51,386	343,788	533,998	927,632
State Aid - Capital Outlay									9,073	
Tuition Received	4,341,539	4,239,052	4,595,695	4,610,636	4,466,601	4,604,912	3,314,420	4,984,227	5,324,341	5,510,761
Investment earnings							127	59	292	68,670
Miscellaneous income	2,457,294	2,749,606	2,890,998	3,016,340	5,847,675	6,768,607	6,853,663	7,020,806	6,767,760	24,956
Rentals										732
Other Restricted Miscellaneous Revenue							183,129			6,825,375
Unrestricted Miscellaneous Revenues							10,402,725		12,635,464	13,358,126
Special Item - Federal PPP Loan Forgiven										
Total governmental activities	6,798,832	6,988,658	7,486,693	7,626,976	10,314,276	13,001,645	10,402,725	12,348,880	12,635,464	13,358,126
Total district-wide	6,798,832	6,988,658	7,486,693	7,626,976	10,314,276	13,001,645	10,402,725	12,348,880	12,635,464	13,358,126
<b>Change in Net Assets</b>										
Governmental activities	(337,417)	(452,590)	1,078,258	444,087	(163,750)	1,614,729	(1,391,829)	684,246	151,214	(1,470,347)
Total district	(337,417)	(452,590)	1,078,258	444,087	(163,750)	1,614,729	(1,391,829)	684,246	151,214	(1,470,347)

Source: ACTFR Schedule A-2



Northern Region Educational Services Commission  
Fund Balances, Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Restricted										
Assigned	258,527	37,934		90,866	1,924		38,592	37,864	37,321	38,053
Unassigned	1,899,823	2,169,669	3,264,485	3,674,403	3,596,652	5,176,292	427,768	448,239	181	109,892
Total general fund	2,158,350	2,207,603	3,264,485	3,765,269	3,598,576	5,176,292	3,174,807	3,026,877	3,621,609	1,717,038
							3,641,167	3,512,980	3,659,111	1,864,983

Source: ACFR Schedule B-1

**Northern Region Educational Services Commission**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenues</b>										
Tuition	4,341,539	4,239,052	4,595,695	4,610,636	4,466,601	4,604,912	3,314,420	4,984,227	5,324,341	5,510,761
Transportation fees	11,766,969	10,840,810	21,740,442	20,876,072	18,365,739	16,441,530	12,353,270	23,297,817	29,396,112	28,050,174
Interest earnings										68,670
Miscellaneous	2,457,294	2,749,606	2,890,998	3,016,340	5,847,675	6,768,607	6,853,663	7,020,806	6,767,760	24,956
Restricted Miscellaneous Revenues							127	59	292	732
Unrestricted Miscellaneous Revenues										6,825,375
State sources	369,279	432,256	454,301	496,558	642,372	749,075	1,639,346	2,492,985	2,537,658	2,993,166
Federal sources							55,356	381,729	543,696	928,240
Total revenue	18,935,081	18,261,724	29,681,436	28,999,606	29,322,387	28,564,124	24,216,182	38,177,623	44,569,859	44,402,074
<b>Expenditures</b>										
Instruction										
Regular Instruction	818,406	989,874	827,135	864,538	1,049,975	1,125,226	1,128,534	1,184,161	928,488	1,048,962
Special education	411,393	426,439	433,262	482,628	452,826	474,981	374,666	483,831	257,410	446,402
Other instruction	1,021,269	874,200	1,087,268	1,020,022	1,052,994	973,799	590,721	1,150,903	1,292,879	1,257,321
Support Services:										
Health services										315,610
Student & instruction related services	1,541,969	1,637,850	1,826,557	1,994,882	4,531,064	5,302,787	5,525,049	5,772,726	5,707,755	4,284,577
General administrative services	1,027,500	974,963	932,144	1,021,598	1,007,134	944,481	996,637	706,307	657,798	601,238
School administrative services	376,304	417,177	291,907	379,677	432,853	580,845	614,581	625,701	617,339	707,356
Central services & admin. info. technology	502,183	587,592	494,487	511,942	297,725	395,057	371,543	290,228	411,001	1,737,200
Plant operations and maintenance	506,653	319,955	324,374	315,333	407,626	577,447	513,863	679,573	704,102	366,919
Pupil transportation	11,403,015	10,533,944	21,044,673	20,352,258	18,159,610	16,053,522	12,200,123	22,364,215	28,353,298	27,563,127
Health services employee benefits	37,415	32,239	27,001	21,248	28,346	25,386	27,248	28,047	25,276	44,084
Central services employee benefits				4,604						1,492
Related services employee benefits										
Administrative information tech employee benefits	62,333	66,981	71,091	77,814	96,756	94,807	87,153	76,534	88,252	218,443
Student transportation services employee benefits	1,195,888	1,348,749	1,255,583	1,452,278	1,946,426	2,060,304	2,973,526	3,782,129	3,957,132	1,454,232
Unallocated employee benefits										2,993,166
On-behalf contributions										
Debt Service:										
Principal										529,491
Interest and charges										165,684
Capital outlay	2,250	2,508	9,072		25,745	5,892	48,361	120,872	95,739	1,078,392
Special Schools										1,231,967
Total expenditures	18,906,578	18,212,471	28,624,554	28,498,822	29,489,080	28,614,534	25,972,901	38,305,811	44,423,728	46,196,202
Excess (Deficiency) of revenues over (under) expenditures	28,503	49,253	1,056,882	500,784	(166,693)	(504,410)	(1,756,719)	(128,188)	146,131	(1,794,128)
<b>Other Financing sources (uses)</b>										
Transfers in						1,628,126	183,129			
Transfers out										
Total other financing sources (uses)						1,628,126	183,129			
Net change in fund balances	28,503	49,253	1,056,882	500,784	(166,693)	1,577,716	(1,573,590)	(128,188)	146,131	(1,794,128)

Source: ACFR Schedule B-2

Northern Region Educational Services Commission  
General Fund Other Local Revenue by Source  
Last Ten Fiscal Years

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Tuition	4,000,175	3,965,047	4,307,325	4,308,634	4,191,411	4,358,217	3,229,107	4,805,654	5,206,128	5,331,169
Tuition Summer School	341,364	274,005	288,371	302,002	275,190	246,695	85,313	178,573	118,213	179,592
Transportation	11,766,969	10,840,810	21,740,442	20,876,072	18,365,739	16,441,530	12,353,270	23,297,817	29,396,112	28,050,174
Non-public Nursing Services	200,704	174,420	168,358	175,278	191,769	197,579	213,425	216,162	177,184	306,960
Election Services	80,938	67,986	68,620	67,609	143,290	47,778	133,409	96,944	113,450	138,236
Contracted Services Ch. 192-193							184,766	199,019	167,952	177,353
Substitute Teacher Registry	60,363	53,838	65,745	61,412	63,842	63,647	67,630	65,990	63,296	61,428
Workshops					525	6,780	850	2,700	12,750	2,250
Home Instruction Services	79,546	38,227	37,030	40,025	43,617	28,833	15,047	51,958	5,480	
Interest Income	2,028	2,174	2,111	6,592	27,032	26,258	12,579	5,499	17,251	69,402
Cooperative Advertising	1,170	1,170	1,080	1,755	1,690	2,160	2,160	2,160	2,080	2,430
Other Miscellaneous			3,308	3,092	6,934	9,516	39,106	17,118	144,280	156,783
Shared/Contracted Services	1,787,849	2,159,709	2,353,244	2,419,305	5,118,126	6,330,077	5,982,548	6,099,186	5,835,772	5,953,579
SES Program	193,200	199,815	138,450	187,425	195,970		145,173	205,890	169,154	26,356
Rental Office Building	51,496	52,267	53,051	53,847	54,880	55,978	57,097	58,239	59,404	24,956
	18,565,802	17,829,468	29,227,135	28,503,048	28,680,015	27,815,048	22,521,480	35,302,909	41,488,506	40,480,668

Source: District records.

**Northern Region Educational Services Commission  
Full-time Equivalent District Employees by Function/Program,  
Last Ten Fiscal Years**

<b><u>Function/Program</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>
Instruction										
Regular										
Other special education										
Vocational										
Other instruction										
Support Services:										
Student & instruction related services										
General administrative services										
School administrative services										
Business administrative services										
Plant operations and maintenance										
Pupil transportation										
Total	-	-	-	-	-	-	-	-	-	-

INFORMATION NOT AVAILABLE

**Source:** District Personnel Records

**Northern Region Educational Services Commission  
Operating Statistics  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Average Daily Enrollment (ADE) <sup>a</sup></b>	<b>Average Daily Attendance (ADA) <sup>a</sup></b>	<b>% Change in Average Daily Enrollment</b>	<b>Student Attendance Percentage</b>
2015	69.4	61.6	-1.60%	88.76%
2016	58.2	54.8	-16.14%	94.16%
2017	52.8	40.8	-9.28%	77.27%
2018	68.8	56.0	30.30%	81.40%
2019	72.0	53.0	4.65%	73.61%
2020	133.4	105.7	85.28%	79.26%
2021	74.3	44.3	-44.30%	59.66%
2022	96.7	78.0	30.11%	80.66%
2023	135.2	113.6	39.86%	84.02%
2024	110.4	97.1	-18.34%	87.95%

**Sources:** District records.

**Note:** Enrollment based on annual October district count.

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

**Northern Region Educational Services Commission**  
**Insurance Schedule**  
**For the Fiscal Year Ended June 30, 2024**  
**Unaudited**

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund	School Package Policy - School Alliance Insurance Fund		
	Property:		
	Blanket Building and Contents	1,000,079	
	Deductible		2,500
	Boiler & Machinery:		
	Coverage	100,000,000	
	Deductible		2,500
	General Liability:		
	Each Occurrence	5,000,000	
	Crime:		
	Employee Theft - Per Loss	500,000	
	Inside the Premises - Theft of Money & Securities/Robbery or safe		
	Burglary	50,000	
	Loss Outside	50,000	
	Forgery or Alterations	50,000	
	Funds Transfer Fraud	50,000	
	Deductible		1,000
	Flood:		
	Per Occurrence/Per Member	10,000,000	
	Excluding Zones A&V		
	Per Occurrence/Per Member	25,000,000	
	Excess Liability	5,000,000	
	Automobile Coverage:		
	Combined Single Limit	5,000,000	
	Comprehensive	1,000	
	Collision	1,000	
ACE American Insurance Company	School Leaders:		
	Limit of Liability	5,000,000	
	IEP Hearing Limit	10,000	
	Crisis Fund	25,000	
	Deductible		15,000
	Cyber Liability:		
	Limit of Liability	2,000,000	
	Workers Compensation:		
	Part I	Statutory	
	Part II	5,000,000	
ACE American Insurance Company	Environmental:		
	Each Claim Limit	1,000,000	
	Aggregate	10,000,000	
	Deductible		100,000
RLI Insurance Company	Position Bond - Business Administrator	300,000	

Source: District Records

**SINGLE AUDIT SECTION**



**WIELKOTZ & COMPANY <sup>LLC</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA  
MATTHEW B. WIELKOTZ, CPA, PSA  
DAVID BOTTGE, CPA, RMA, PSA  
PAUL J. CUVA, CPA, RMA, PSA  
KARI FERGUSON, CPA, RMA, CMFO, PSA  
ROBERT C. MCNINCH, CPA, CFE, PSA  
KEVIN REEVES, CPA, PSA

401 WANAQUE AVENUE  
POMPTON LAKES, NEW JERSEY 07442  
PHONE: (973)-835-7900  
FAX: (973)-835-6631  
EMAIL: [OFFICE@W-CPA.COM](mailto:OFFICE@W-CPA.COM)  
[WWW.W-CPA.COM](http://WWW.W-CPA.COM)

**K-1**  
**Page 1 of 2**

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

Honorable President and  
Members of the Board of Education  
Northern Region Educational Services Commission  
82 Totowa Road  
Wayne, NJ 07470

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Northern Region Educational Services Commission, in the County of Passaic, New Jersey, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 12, 2025.

***Internal Control Over Financial Reporting***

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





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

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

### ***Compliance and Other Matters***

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

We noted certain matters that were required to be reported to the Board of Education of the Northern Region Educational Services Commission in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated February 12, 2025.

### ***Purpose of this Report***

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

*Steven D. Wielkotz*

Steven D. Wielkotz, C.P.A.  
Licensed Public School Accountant  
No. 816

*Wielkotz & Company, LLC*

WIELKOTZ & COMPANY, LLC  
Certified Public Accountants  
Pompton Lakes, New Jersey

February 12, 2025





**WIELKOTZ & COMPANY <sup>LLC</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA  
MATTHEW B. WIELKOTZ, CPA, PSA  
DAVID BOTTGE, CPA, RMA, PSA  
PAUL J. CUVA, CPA, RMA, PSA  
KARI FERGUSON, CPA, RMA, CMFO, PSA  
ROBERT C. MCNINCH, CPA, CFE, PSA  
KEVIN REEVES, CPA, PSA

401 WANAQUE AVENUE  
POMPTON LAKES, NEW JERSEY 07442  
PHONE: (973)-835-7900  
FAX: (973)-835-6631  
EMAIL: OFFICE@W-CPA.COM  
WWW.W-CPA.COM

**K-2**  
**Page 1 of 4**

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

Honorable President and  
Members of the Board of Education  
Northern Region Educational Services Commission  
82 Totowa Road  
Wayne, NJ 07470

**Report on Compliance for Each Major Federal and State Program**

***Opinion on Each Major Federal and State Program***

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

In our opinion, the Northern Region Educational Services Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 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; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and N.J. OMB Circular 15-08. Our responsibilities under those standards



and the Uniform Guidance and N.J. OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

### **Responsibilities of Management for Compliance**

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

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Northern Region Educational Services Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance and N.J. 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Northern Region Educational Services Commission's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance, 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 Northern Region Educational Services Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.



- Obtain an understanding of Northern Region Educational Services Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and N.J. OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of Northern Region Educational Services Commission's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

Honorable President and  
Members of the Board of Education

K-2  
Page 4 of 4

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 N.J. OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

*Steven D. Wielkatz*

Steven D. Wielkatz, C.P.A.  
Licensed Public School Accountant  
No. 816

*Wielkatz & Company, LLC*

WIELKOTZ & COMPANY, LLC  
Certified Public Accountants  
Pompton Lakes, New Jersey

February 12, 2025

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Federal Grant/Pass-Through Grantor Program Title	Assistance Listing Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period	Balance at June 30, 2023	Carryover/ Walkover Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2024			MEMO Cumulative Total Expenditures
											Accounts Receivable	Deferred Revenue	Due To Grantor at	
<b>U.S. Department of Health and Human Services Passed-through State Department of Education General Fund</b>														
Medical Assistance Program	93.778		N/A	927,632	7/1/23 - 6/30/24	-	-	927,632	927,632	-	-	-	-	*
<b>Total General Fund</b>								927,632	927,632	-	-	-	-	927,632
<b>U.S. Department of Education Passed-through State Department of Education Special Revenue Fund</b>														
CRSSA - ESSER II	84.425D	S425D210027		17,405	3/13/20 - 9/30/23	-	-	608	608	-	-	-	-	*
<b>Total Special Revenue Fund</b>								608	608	-	-	-	-	17,405
<b>Total Federal Financial Awards</b>						\$	-	928,240	928,240	-	-	-	-	945,037

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

NORTHERN REGION EDUCATIONAL SERVICES COMMISSION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Period	Balance at June 30, 2023		Carryover/ Walkover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2024			MEMO	
				Deferred Revenue/ (Accts. Receivable)	Due To Grantor						Accounts Receivable	Deferred Revenue	Due To Grantor at	Budgetary Receivable	Cumulative Total Expenditures
<b>General Fund:</b>															
<b>State Department of Education</b>															
Reimbursed TPAF Social Security	495-034-5094-003	382,372	7/1/23 - 6/30/24				363,488	382,372			(18,884)			*	
Reimbursed TPAF Social Security	495-034-5094-003	351,150	7/1/22 - 6/30/23	(31,346)			31,346							*	
On Behalf TPAF - Post Retirement Medical	495-034-5094-001	558,199	7/1/23 - 6/30/24				558,199	558,199						*	
On Behalf TPAF Pension Contributions	495-034-5094-002	2,027,844	7/1/23 - 6/30/24				2,027,844	2,027,844						*	
On Behalf TPAF NCGI Premium	495-034-5094-004	23,126	7/1/23 - 6/30/24				23,126	23,126						*	
On Behalf TPAF - LTDI	495-034-5094-004	1,625	7/1/23 - 6/30/24				1,625	1,625						*	
<b>Total General Fund</b>				(31,346)	-	-	3,005,628	2,993,166	-	-	(18,884)	-	-	-	
<b>Total State Financial Assistance</b>				<u>\$ (31,346)</u>	<u>-</u>	<u>-</u>	<u>3,005,628</u>	<u>2,993,166</u>	<u>-</u>	<u>-</u>	<u>(18,884)</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Less: On-Behalf TPAF Pension System Contributions															
On Behalf TPAF - Post Retirement Medical	495-034-5094-001	558,199	7/1/23 - 6/30/24				558,199	558,199						*	
On Behalf TPAF Pension Contributions	495-034-5094-002	2,027,844	7/1/23 - 6/30/24				2,027,844	2,027,844						*	
On Behalf TPAF NCGI Premium	495-034-5094-004	23,126	7/1/23 - 6/30/24				23,126	23,126						*	
On Behalf TPAF - LTDI	495-034-5094-004	1,625	7/1/23 - 6/30/24				1,625	1,625						*	
<b>Total State Financial Assistance</b>							<u>2,610,794</u>	<u>2,610,794</u>						*	
							<u>394,834</u>	<u>382,372</u>						*	
<b>Local Awards:</b>															
Special Revenue Fund														*	
Donations							1,685	-		-		1,685	-	*	
<b>Total Local Awards</b>							<u>1,685</u>	<u>-</u>		<u>-</u>		<u>1,685</u>	<u>-</u>	*	
<b>Total State/Local Financial Assistance</b>				<u>\$ (31,346)</u>	<u>-</u>	<u>-</u>	<u>396,519</u>	<u>382,372</u>	<u>-</u>	<u>-</u>	<u>(18,884)</u>	<u>1,685</u>	<u>-</u>	<u>-</u>	

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

**NOTE 1. GENERAL**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the activity of all federal and state award programs of the Northern Region Educational Services Commission. The Commission is defined in Note 1 to the Commission's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(D) and 1(E) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of *2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ in amounts presented in or used in the preparation of the basic financial statements.

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. 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 special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.



**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS, (continued)**

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$927,632	\$2,993,166	\$3,920,798
Special Revenue Fund	<u>608</u>	<u>          </u>	<u>608</u>
Total Awards and Financial Assistance	<u>\$928,240</u>	<u>\$2,993,166</u>	<u>\$3,921,406</u>

**NOTE 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.

**NOTE 5. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amount reported as TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2024.

**NOTE 6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, the amount of \$2,610,794 of on-behalf payments is excluded from major program determination.

**NOTE 7. INDIRECT COST RATE**

The Northern Region Educational Services Commission has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

***Section I - Summary of Auditor's Results***

**Financial Statements**

Type of auditor's report issued: unmodified

Internal control over financial reporting:

1. Material weakness(es) identified? \_\_\_\_\_ yes      X none reported
2. Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      X no

Noncompliance material to basic financial statements noted? \_\_\_\_\_ yes      X no

**Federal Awards**

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

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes      X no

1. Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      X none reported
2. Material weaknesses identified? \_\_\_\_\_ yes      X no

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200 section .516(a) of the Uniform Guidance? \_\_\_\_\_ yes      X no

Identification of major programs:

**Assistance Listing  
Number(s)**

**FAIN Number(s)**

**Name of Federal Program or Cluster**

93.778 (A)

Medical Assistance Program

Note: (A) - Tested as Major Type A Program.

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(continued)**

## Section I - Summary of Auditor's Results, (continued)

## State Awards

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes        X   no

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

Internal Control over major programs:

1. Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes          X     none reported

2. Material weakness(es) identified?                      yes                      X                      no

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08 as applicable? \_\_\_\_\_ yes        X   no

Identification of major programs:

**GMIS Number(s)**

495-034-5094-003

(B)

**Name of State Program**

Reimbursed TPAF Social Security

Note: (B) - Tested as Major Type B Program.

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(continued)**

***Section II - Financial Statement Findings***

None

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

**Federal Awards**

None

**State Awards**

None

**NORTHERN REGION EDUCATIONAL SERVICES COMMISSION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Status of Prior Year Findings**

There were no prior year audit findings related to Federal or State Awards.