

**Annual Comprehensive
Financial Report**

of the

Union County Educational Services Commission

County of Union

Westfield, New Jersey

For the Fiscal Year Ended June 30, 2023

Prepared by

**Union County Educational Services Commission
Business Office**

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INTRODUCTORY SECTION



Carrie Dattilo
Superintendent
cdattollo@ucesc.org

Eric Larson
Business Administrator/
Board Secretary
clarson@ucesc.org

Lorraine Vitiello
Transportation Coordinator
lvitiello@ucesc.org

February 26, 2024

Honorable President and Members of the Board of Directors
Union County Educational Services Commission
45 Cardinal Drive
Westfield, NJ 07090

Dear Board Members:

The comprehensive annual financial report of the Union County Educational Services Commission (UCESC) for the fiscal year ending June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Directors (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the UCESC. All disclosures necessary to enable the reader to gain an understanding of UCESC's financial activities have been included.

In an effort to advance the educational environment, the Union County Educational Services Commission schools set the following Professional Learning Committee (PLC) goals for the 2022-2023 school year. All schools aligned their PLC goals with Social Emotional Learning (SEL) initiatives & practices, tied to the theme of "Superheroes" and fostering environments where both students and staff harness and develop their "superpowers." This work culminated with each school representing their collective superhero powers with amazing bulletin boards – created by the students and staff – featured at the Commission's Central Office.

Crossroads School

During the 2022-2023 school year, faculty at Crossroads Schools engaged in a multi-year Professional Learning Community plan, in addition to its continued focus on social-emotional learning. The faculty embodied "superpowers" of collaboration and vulnerability, in which they engaged in work where they would share their students' progress books. The books were shared "as is" with their colleagues, and pairs would provide and accept meaningful and respectful feedback to implement and return to the following meeting with another peer. Then, the process would repeat and each session would deepen and expand their collaborative student-centered work. At Crossroads School, students embodied superpowers such as Communication, Self-Advocacy, and making the community a better place. Staff proudly cited their superpowers of fostering a positive school culture and climate, building respectful and caring relationships, as well as providing students with a supportive academic environment.

Hillcrest Academy North and Hillcrest Academy South

Students from Hillcrest Academy North and Hillcrest Academy South unequivocally characterized their biggest “superpower” as teamwork. At these schools, setting and achieving goals, problem-solving, and celebrating individual and group success were always done collaboratively. Teamwork is further exemplified in their students’ Community Service work, as well as staff Advocate Meetings. In these meetings, staff provide one-on-one feedback to students in a less formal setting, but with the goal of ensuring each student is provided the tools and resources they need to be successful in school and after graduation.

Hillcrest Academy North and South campuses dedicated their Professional Learning Community time to developing, implementing, and reviewing monthly social-emotional learning celebrations that aligned with district-wide topics and themes. Themes included Goal Setting, Character, Respect, Diversity, Strength, and Feelings. For example, in the month of February, Hillcrest Academy South participated in a “Black History Month Film Festival” in which students watched movies with Black History themes and completed a reflective essay afterward: “How did the movie you watched deepen or challenge your understanding of Black history?”. Staff continued to train in integrating social-emotional learning activities into the classroom to help revitalize student commitment to math and ELA skills. Hillcrest students cited superpowers such as Leadership, Creativity, Perseverance, Support, Creativity, Respect, and Collaboration that were developed in their schools over the past year.

Lamberts Mill Academy

During the 2022-2023 school year, Lamberts Mill Academy highlighted students’ interpersonal development and continued the use of behavior management by incorporating daily point sheets so that students were able to see, discuss, and process their daily/weekly progress. Monthly Social-Emotional Learning themes were incorporated into all Life Skills (Group Therapy) courses. Group Therapy periods offer a unique time for students to engage in relevant topics such as Self-Awareness, Self-Management, Social Awareness, Relationship Skills, and Decision-Making Skills, working with clinicians on one competency at a time. There, students collaborated and created presentations, such as door decorating, bulletin board contests, creative writing prompts, and videos of different monthly SEL themes. Further, students utilized therapeutic journals each day to gain insight into the needs of the student for teachers and therapists to best support the student. Students at Lamberts Mill Academy widely cited their classroom-organized involvement in Fine and Performing Arts as a source for their “superpowers,” such as fostering their Coping Skills, Creativity, Resilience, and Reflection.

Non-Public Services

During the 2022-23 school year, the Non-Public certified staff participated in a series of faculty-led mini-workshops, which were aligned to Commission goals, and took advantage of the “superpowers” and strengths of their own peers. Collaborating with their colleagues, faculty-led workshops included Tops on Teaching ELL/ESL Students; Maximizing the IXL Mathematics and English Language Arts software program to differentiate instruction; Utilizing Useful Educational Websites; Working with Students Receiving Speech Services and Knowing When to Refer to an SLP; Executive Functioning Skills; Mindfulness Practices for Students and Teachers; The Evolving Non-Public Teacher’s Role; Addressing Student Difficulties in Math; Behavior Charts and Rubrics for All Grade Levels. Non-Public staff took pride in a variety of “superpowers,” anchored to bring the most out of students: making positive connections, rapport building with students and colleagues, flexibility, patience, cooperation, and caring.

Westlake School

During the 2022-2023 school year, faculty at Westlake School continued to infuse their classroom instruction with social-emotional learning activities and experiences. These activities touched on themes such as Independence, Organizational Skills, Collaboration, Self-Confidence, Communication, and Critical Thinking. To further incorporate Social-Emotional Learning, weekly “SEL Groups” were held and promoted students’ development of these themes and skills. Many Westlake students helped run the Sunshine Café, in which they utilized many of these skills to offer the staff and students in their building a weekly opportunity to unwind, have a hot drink and a warm snack, and enjoy each other in coffee house-style setting. Students at Westlake School, when asked, cited “superpowers” of Leadership, Reflection, Hard Work, Goal Setting, Kindness, Organization, Teamwork, Mentorship, Problem Solving, and Kindness—all of which can be seen on display each day in the classrooms and hallways.

Work Readiness Academy

During the 2022-23 school year, staff in the Work Readiness Academy worked to provide ample opportunities for students to experience content geared toward improving their social and emotional health. The pillars of Communication, Productivity, Accepting Feedback, Self-Care, Building Friendships, Giving Back, and Using Coping Strategies were highlighted in development of students’ inter and intrapersonal skills. WRA continued its weekly Community Meetings in which students participated in “shoutouts” and thematic SEL activities, touching upon topics such as Active Listening Skills, Self-Management, Decision-Making, Healthy Relationships, and Self-Awareness. These “superheroes” would then apply these skills by serving their communities by way of their internship placements, demonstrating their independence and character. SEL themes would continue to be presented within the context of students’ internship rotations, bridging the classroom to the workplace.

We would like to express our appreciation to the members of the UCESC Board of Directors and Representative Assembly for their attention to providing fiscal accountability to the members of UCESC 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 business office staff.

Respectfully submitted,



Carrie M. Dattilo
Superintendent of Schools



Eric Larson
Business Administrator/Board Secretary

UNION COUNTY EDUCATIONAL SERVICES COMMISSION

Director of Curriculum & Instruction	Director of Nonpublic Services	Principal Westlake School	Principal Crossroads School	Principal HAN	Principal HAS	Principal LMA	Work Readiness Academy	School Business Administrator	Technology
	Supervisor of Instruction	Supervisor of Instruction	Supervisor of Instruction	Supervisor of Instruction	Supervisor of Instruction	Supervisor of Instruction	Director of Special Projects	Assistant Business Administrator	Technology Coordinator
	Secretaries	Secretary	Secretary	Secretary	Secretary	Secretary	Teachers	Business Office Staff	Network Adm/Webmaster
	Teachers/Paraprofessionals	Teachers	Teachers	Teachers	Teachers	Teachers	Para-Professionals	Transportation Office Staff	
	Therapists	Paraprofessionals	Paraprofessionals	Paraprofessionals/Security Monitors	Paraprofessionals/Security Monitors	Paraprofessionals/Security Monitors	Social Workers	Operations & Maintenance Staff	
	Non Public Nurses	Therapists	Social Worker	Social Worker	Social Worker	Social Worker	Trinitas Bedside Instruction Teachers/Tutors		
	Child Study Team	Social Worker	Therapists	Nursing Consultant/Physician	Nursing Consultant/Physician	Nursing Consultant/Physician	Trinitas Hospital Clerical Staff		
	Contracted Services	Nursing Consultant/Physician	Nursing Consultant/Physician	Custodian	Custodian	Custodian			
	Custodian	Custodian	Kitchen Staff	District Data Specialist	District Data Specialist				
			Custodian	Emergency Management	Emergency Management				

**UNION COUNTY EDUCATIONAL SERVICES COMMISSION
 ROSTER OF OFFICIALS
 JUNE 30, 2023**

<u>Members of the Representative Assembly</u>	<u>District</u>	<u>Term Expires</u>
Ms. Gale Bradford	Berkeley Heights	6/30/2023
Mr. Brett Dreyer	Cranford	6/30/2023
Ms. Lorraine J. Aklonis, President	Clark	6/30/2023
Ms. Rosa Moreno Ortega	Elizabeth	6/30/2023
Mr. Linda Koenig	Garwood	6/30/2023
Ms. Laquana Best	Hillside	6/30/2023
Dr. Michelle Panichi, Executive Committee	Kenilworth	6/30/2023
Ms. Marlene Berghammer	Linden	6/30/2023
Dr. Dana Guidiciopietro	Mountainside	6/30/2023
Ms. Stacy Gunderman	New Providence	6/30/2023
Ms. Carmencita Pile	Plainfield	6/30/2023
Ms. Jennifer Moteiro	Rahway	6/30/2023
Dr. Courtney Washington, Alternate Executive Committee	Roselle	6/30/2023
Mr. Chris Monroe	Roselle Park	6/30/2023
Ms. Deb Brody	Scotch Plains/Fanwood	6/30/2023
Mr. Hector Munoz	Springfield	6/30/2023
Ms. Walidah Justice	Summit	6/30/2023
Ms. Chastity Santana	Union	6/30/2023
Ms. Leila Morrelli	Westfield	6/30/2023
Ms. Vanessa Schroeder	Winfield	6/30/2023
Ms. Gwendolyn Ryan, Vice President	Union County Vo-Tech	6/30/2023

Other Officials

Carrie Dattilo, Acting Superintendent
 Eric Larson, Board Secretary/Business Administrator
 Eric Harrison, Attorney

**UNION COUNTY EDUCATIONAL SERVICES COMMISSION
CONSULTANTS AND ADVISORS
JUNE 30, 2023**

Audit Firm

Suplee, Clooney & Company
Certified Public Accountants
308 East Broad Street
Westfield, New Jersey 07090-2122

Attorney

Methfessel & Werbel
2025 Lincoln Highway
Suite 200
Edison, NJ 08818

Official Depository

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

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FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Directors
Union County Educational Services Commission
County of Union
Westfield, New Jersey 07090

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Union County Educational Services Commission, in the County of Union, State of New Jersey (the "Commission") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, 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 (the "Uniform Guidance") the audit requirements of State of New Jersey OMB Circular 15-08 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." 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 and provisions are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, for the year ended June 30, 2023, the Commission adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, the Uniform Guidance, the State of New Jersey OMB Circular 15-08 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards the Uniform Guidance, the State of New Jersey OMB Circular 15-08 and *Government Auditing Standards*, we:

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

SUPLEE, CLOONEY & COMPANY LLC

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information in Exhibit C-1 through C-3, the schedules related to accounting and reporting for pensions in Exhibit L-1 through L-4 and the schedules related to accounting and reporting for postretirement benefits other than pensions (OPEB) in Exhibits M-1 and M-2 are presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

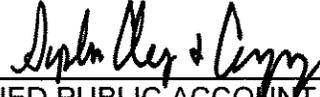
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying supplementary information schedules and data such as the combining statements and individual fund financial statements, and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

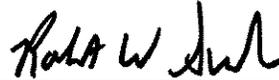
SUPLEE, CLOONEY & COMPANY LLC

Other Information

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



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

February 26, 2024

REQUIRED SUPPLEMENTARY INFORMATION – Part I

MANAGEMENT'S DISCUSSION AND ANALYSIS

**UNION COUNTY EDUCATIONAL SERVICES COMMISSION
WESTFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
UNAUDITED**

The Management's Discussion and Analysis of the Union County Educational Services Commission (the "Commission") offers readers of the Commission's financial statements a narrative overview of the financial activities for the fiscal year ended June 30, 2023. The intent of this discussion is to look at the Commission's financial performance as a whole; therefore readers should also review the transmittal letter at the front of this report, along with the Commission's financial statements and notes to the financial statements to enhance their understanding of the Commission's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements-Management's Discussion and Analysis-for the State and Local Governments*. Certain comparative information between the current fiscal year (2022-2023) and the prior fiscal year (2021-2022) is required to be presented in the MD&A. In fiscal year 2023 the District implemented GASB Statement No. 96- SBITAs.

Financial Highlights

- Revenue from governmental activities accounted for \$100,781,640 or 99 percent of total Commission revenue. The other 1 percent of revenue was generated by the business type activities.
- Total assets of governmental activities increased by \$7,341,713 as cash and cash equivalents decreased \$7,806,240, receivables increased \$13,137,422, net investment in capital assets increased by \$2,552,002.
- Total net position of the governmental activities of the Commission increased by \$8,851,336.
- Business-type activities expenditures exceeded by revenues by \$26,511.

**UNION COUNTY EDUCATIONAL SERVICES COMMISSION
WESTFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
UNAUDITED**

Overview of the Financial Statements

This Annual Comprehensive Financial Report ("ACFR") consists of three parts: Management's Discussion and Analysis (this section), The Basic Financial Statements, and Required Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the Commission, Commission-wide Financial Statements and Fund Financial Statements.

- Commission-wide Financial Statements provide both short-term and long-term information about the Commission's overall financial status.
- Fund Financial Statements report the Commission's operations in more detail than the Commission-wide statements on individual parts of the Commission, the Governmental Funds and Proprietary Funds.
- Governmental Funds Statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- Proprietary Funds Statements offer short and long-term financial information about the activities the Commission operates like a business, which include food services.

The notes to financial statements are also included, which are an integral part of the financial statements. The information in the notes provides detailed data on the Commission's financial operations.

Required supplementary information further explains and supports the financial statements with a comparison of the Commission's budget for the year. Exhibit A-1 reflects how the various parts of this annual report are arranged and related to one another.

**UNION COUNTY EDUCATIONAL SERVICES COMMISSION
WESTFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
UNAUDITED**

Commission-wide Financial Statements

The Commission-wide Financial Statements report information about the Commission as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Commission's assets and liabilities. All current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or disbursed.

The Commission-wide Financial Statements report the Commission's net position and how they have changed. Net position, the difference between the Commission's assets and liabilities, is one way to measure the Commission's financial health or position. Over time, increases or decreases in the Commission's net position are an indicator of whether its financial position has improved or diminished. The causes of this change may be a result of many factors, some financial and some not. Non-financial factors include current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Commission-wide Financial Statements, the Commission's activities are divided into two categories, governmental and business-type activities.

- Governmental activities - All of the Commission's programs and services are reported here including, but not limited to regular and special education instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type activities - These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Commission charges fees to help it cover the costs of certain services it provided. The food service activities are reported as business activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Commission's funds, focusing on major funds. Funds are accounting devices the Commission uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. The Commission establishes other funds to control and manage money for particular purposes (i.e. long-term debt) or to show that it is properly using certain restricted revenues (i.e. entitlement grants).

**UNION COUNTY EDUCATIONAL SERVICES COMMISSION
WESTFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
UNAUDITED**

Fund Financial Statements (Continued)

The Commission maintains two financial funds:

- **Governmental Funds:** The Commission's activities reported in governmental funds focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting that measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Commission's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the government-wide Statement of Net Position and Statement of Activities) and governmental funds statements is reconciled in the financial statements.
- **Proprietary Funds:** Services for which the Commission charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the Commission-wide financial statements. The Commission's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flow.

Financial Analysis of the Commission as a Whole

The Commission's combined net position has increased from the 2021-2022 fiscal year. The net position from governmental activities increased \$8,851,336. Net position from business-type activities decreased \$26,511. Table 1 below reflects the Commission's net position as a whole. Table 2 reflects the changes in net position from operating results.

**UNION COUNTY EDUCATIONAL SERVICES COMMISSION
WESTFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
UNAUDITED**

**Table 1
Condensed Statement of Net Position**

	2023	(As restated) 2022
Assets		
Current and Other Assets	\$37,418,717.21	\$32,548,365.08
Capital Assets	<u>9,304,391.00</u>	<u>8,015,832.00</u>
Total Assets	<u>46,723,108.21</u>	<u>40,564,197.08</u>
Deferred Outflows of Resources		
Related to Pensions	<u>1,085,590.00</u>	<u>990,575.00</u>
Liabilities		
Long-Term Liabilities	6,795,246.01	6,085,226.08
Other Liabilities	<u>1,792,964.60</u>	<u>3,101,357.22</u>
Total Liabilities	<u>8,588,210.61</u>	<u>9,186,583.30</u>
Deferred Inflows of Resources		
Related to Pensions	<u>2,204,143.00</u>	<u>4,176,669.00</u>
Net Position		
Net Investment in Capital Assets	9,175,357.06	7,823,665.68
Restricted	5,699,527.01	1,839,310.74
Unrestricted	<u>22,141,460.53</u>	<u>18,528,543.36</u>
Total Net Position	<u><u>\$37,016,344.60</u></u>	<u><u>\$28,191,519.78</u></u>

**UNION COUNTY EDUCATIONAL SERVICES COMMISSION
WESTFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
UNAUDITED**

Table 2

Changes in Net Position from Operating Results

	2023	2022
Revenues		
Program Revenues:		
Charges for Services	\$64,001,838.25	\$45,722,225.43
Operating Grants and Contributions	8,845,148.51	11,115,010.56
General Revenues:		
Tuition	20,595,216.19	18,824,760.96
Other	<u>7,590,874.28</u>	<u>4,891,938.37</u>
Total Revenues	<u>101,033,077.23</u>	<u>80,553,935.32</u>
Program Expenses		
Instruction	14,567,818.01	19,286,456.13
Support Services:		
General and School Administration and Business Operations and Maintenance	16,693,444.33	10,465,492.27
Pupil Transportation	59,488,562.39	44,966,937.95
Business Type Activities	277,948.31	173,914.84
Special Schools	881,286.62	862,837.51
Other	<u>299,192.75</u>	<u>290,834.73</u>
Total Expenses	<u>92,208,252.41</u>	<u>76,046,473.43</u>
Change in Net Position	<u><u>\$8,824,824.83</u></u>	<u><u>\$4,507,461.89</u></u>

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

**UNION COUNTY EDUCATIONAL SERVICES COMMISSION
WESTFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
UNAUDITED**

Table 3

Net Cost of Services

Table 3 shows the total cost of services and the net cost of services. The total costs include compensating absences, unallocated benefits, and depreciation and is reduced by grants and specific state aid. In accordance with GASB Statement 34, a comparison to fiscal year 2022 is presented.

	<u>Total Cost of Services 2023</u>	<u>Total Cost of Services 2022</u>	<u>Net Cost of Services 2023</u>	<u>Net Cost of Services 2022</u>
Instruction	\$14,567,818.01	\$19,286,456.13	\$9,016,323.94	\$12,274,849.55
Support Services:				
Pupils and Instructional Staff				
General and School Administration				
and Business and Maintenance	16,693,444.33	10,465,492.27	13,940,779.85	7,096,819.61
Pupil Transportation	59,488,562.39	44,966,937.95	(4,680,830.61)	(1,050,981.02)
Business Type Activities	277,948.31	173,914.84	26,511.39	(87,883.22)
Special Schools	881,286.62	862,837.51	759,288.32	685,597.79
Other	299,192.75	290,834.73	299,192.75	290,834.72
Total Expenses	<u>\$92,208,252.41</u>	<u>\$76,046,473.43</u>	<u>\$19,361,265.64</u>	<u>\$19,209,237.43</u>

Governmental Activities

Tuition and transportation are the foundation for the Commission's revenue for governmental activities during fiscal year 2023.

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

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

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

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

Pupil transportation includes activities involved with the conveyance of students to and from various schools through parts of Northern and Central New Jersey as well as to and from school activities as provided by state law.

**UNION COUNTY EDUCATIONAL SERVICES COMMISSION
WESTFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
UNAUDITED**

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

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund and capital projects fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues and financing sources amounted to \$101,945,683.31 and net expenditures were \$95,697,629.19.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management, which required significant budget adjustments to contend with state aid reductions. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2023, and the amount and percentage of increase or decrease in relation to prior year revenues and financial sources.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase(Decrease) from FY 2022</u>	<u>Percent Increase (Decrease)</u>
Tuition	\$20,595,216.19	20.20%	\$1,770,455.23	9.40%
Transportation	63,955,895.97	62.74%	18,248,146.51	39.92%
Local educational	4,784,833.00	4.69%	(1,608,769.55)	-25.16%
Miscellaneous	7,616,177.77	7.47%	2,681,794.06	54.35%
State Sources	4,214,000.52	4.13%	(155,048.43)	-3.55%
Federal Sources	779,559.86		779,559.86	N/A
Total	\$101,945,683.31	\$0.99	\$21,716,137.68	27.07%

The following schedule represents a summary of general fund, special revenue fund and capital projects fun expenditures for the fiscal year ended June 30, 2023, and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase(Decrease) from FY 2022</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$10,976,406.40	11.47%	(\$59,256.72)	-0.54%
Support Services	77,222,087.20	80.69%	15,407,729.38	16.63%
Capital Outlay	7,499,135.59	7.84%	2,821,926.11	27.34%
Total	\$95,697,629.19	100.00%	\$18,170,398.77	23.44%

**UNION COUNTY EDUCATIONAL SERVICES COMMISSION
WESTFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
UNAUDITED**

General Fund Budgeting Highlights

The Commission's budget is prepared according to New Jersey Statutes and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

Over the course of the year, the Commission revised the annual operating budget 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 due to the fluctuation in student enrollment.

Capital Assets

Table 4 reflects the comparative balances of capital assets net of depreciation. The detail of the changes in capital assets is reflected in Note 3 to the financial statements.

**Table 4
Capital Assets (Net of Depreciation)**

	2023	(As restated) 2022
Governmental Activities Capital Assets, Net:		
Land	\$773,250.00	\$773,250.00
Site Improvements	7,801.00	9,285.00
Building and Building Improvements	7,532,132.00	6,132,968.00
Machinery and Equipment	<u>744,010.00</u>	<u>840,313.98</u>
Total Governmental Activities Capital Assets, Net	<u>9,057,193.00</u>	<u>7,755,816.98</u>
Business Type Activities Capital Assets, Net:		
Machinery and Equipment	<u>247,198.00</u>	<u>260,015.02</u>
Total Business Type Activities Capital Assets, Net:	<u>247,198.00</u>	<u>260,015.02</u>
Total Capital Assets, Net	<u><u>\$9,304,391.00</u></u>	<u><u>\$8,015,832.00</u></u>

**UNION COUNTY EDUCATIONAL SERVICES COMMISSION
WESTFIELD, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
UNAUDITED**

Debt Administration

At June 30, 2023, the Commission had \$129,033.94 of outstanding long-term liabilities. This amount is for installment purchase contracts. For more detailed information on the District's long-term liabilities, please refer to the Notes to the Basic Financial Statements.

Contacting the Commission's Financial Management

This financial report is designed to provide UCESC member schools, Commission Board members and the general public with an overview of the Union County Educational Services Commission's business activities for the fiscal year. To contact the business office, call or write to Eric Larson, Business Administrator, Union County Educational Services Commission, 45 Cardinal Drive, Westfield, NJ 07090 or (908)-233-9317.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the Commission's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2023.

COMMISSION-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the Commission. These statements include the financial activities of the overall Commission.

Eliminations have been made to minimize the double counting of internal activities.

These statements distinguish between the governmental and business-type activities of the Commission.

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:			
Cash and cash equivalents	\$10,593,358.78	\$54,716.08	\$10,648,074.86
Receivables, net	26,728,866.99	31,583.64	26,760,450.63
Internal balances	(5,118.48)	5,118.48	
Capital assets:			
Land	773,250.00		773,250.00
Other capital assets, net	8,283,943.00	247,198.00	8,531,141.00
Total assets	<u>46,374,300.29</u>	<u>348,807.92</u>	<u>46,723,108.21</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Related to pensions	1,085,590.00		1,085,590.00
LIABILITIES:			
Accounts payable	1,090,105.02	10,191.27	1,100,296.29
Unearned revenue	2,000.00	4,324.15	6,324.15
Payroll Deductions and Withholdings Payable	623,211.78		623,211.78
Noncurrent liabilities:			
Net pension liability	6,278,611.00		6,278,611.00
Due within one year	63,132.38		63,132.38
Due beyond one year	516,635.01		516,635.01
Total liabilities	<u>8,573,695.19</u>	<u>14,515.42</u>	<u>8,588,210.61</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to pensions	2,204,143.00		2,204,143.00
NET POSITION:			
Net investment in capital assets	8,928,159.06	247,198.00	9,175,357.06
Restricted for:			
Special revenue fund	26,192.60		26,192.60
Capital projects fund	523,334.41		523,334.41
Unrestricted	<u>22,054,366.03</u>	<u>87,094.50</u>	<u>22,141,460.53</u>
Total net position	<u>\$36,682,052.10</u>	<u>\$334,292.50</u>	<u>\$37,016,344.60</u>

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

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
STATEMENT OF ACTIVITIES
JUNE 30, 2023

FUNCTIONS/PROGRAMS	EXPENSES	INDIRECT EXPENSE ALLOCATION	CHARGES FOR SERVICES	PROGRAM REVENUES OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
						GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:								
Instruction:								
Regular	\$ 6,815,969.40	\$ 1,919,917.49	\$	\$ 4,819,504.27	\$	\$ (3,916,382.62)	\$	\$ (3,916,382.62)
Special	4,160,437.00	1,671,494.12		731,989.80		(5,099,941.32)		(5,099,941.32)
Support services:								
Student and instruction related services	3,391,713.22	923,013.61	15,776.49	1,943,899.03		(2,355,051.31)		(2,355,051.31)
General administrative services	1,134,884.39	444,778.28		182,997.45		(1,396,665.22)		(1,396,665.22)
School administrative services	1,205,955.99	793,030.25		335,495.33		(1,663,490.91)		(1,663,490.91)
Central services	677,260.78	348,004.27		152,497.88		(872,767.17)		(872,767.17)
Plant operations and maintenance	7,491,455.78	283,347.76		121,998.30		(7,652,805.24)		(7,652,805.24)
Student transportation services	58,990,106.08	498,456.31	63,955,895.97	213,497.03		4,680,830.61		4,680,830.61
Unallocated Benefits	7,065,830.34	(7,065,830.34)						
Special Schools	598,620.12	282,666.50		121,998.30		(759,288.32)		(759,288.32)
Interest on long term debt	2,558.02					(2,558.02)		(2,558.02)
Unallocated depreciation	395,512.98	(98,878.25)				(296,634.73)		(296,634.73)
Total governmental activities	91,930,304.10	63,971,672.46		8,623,877.38		(19,334,754.26)		(19,334,754.25)
Business-type activities:								
Food service	277,948.31		30,165.79	221,271.13		(26,511.39)		(26,511.39)
Total business-type activities	277,948.31		30,165.79	221,271.13		(26,511.39)		(26,511.39)
Total primary government	\$ 92,208,252.41	\$	\$ 64,001,838.25	\$ 8,845,148.51	\$	\$ (19,334,754.26)	\$	\$ (19,361,265.64)
General Revenues:								
Tuition								
Miscellaneous income								
Total general revenues								
Change in net position								
Net Position-beginning (As restated)								
Net Position-ending								

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

MAJOR FUND FINANCIAL STATEMENTS

The Individual fund financial statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

ASSETS AND OTHER DEBITS:	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
Assets:				
Cash and cash equivalents	\$10,126,005.83	\$421,287.98	\$46,064.97	\$10,593,358.78
Accounts receivable:				
Local agency fees		1,455,893.91		1,455,893.91
Transportation fees - other lea's	18,240,219.80			18,240,219.80
Tuition fees - other lea's	5,312,337.24			5,312,337.24
State	61,991.56			61,991.56
Federal		90,880.39		90,880.39
Other	305,046.50	7,900.50	1,254,597.09	1,567,544.09
Interfund	2,409,041.52		7,159.00	2,416,200.52
Total assets	36,454,642.45	1,975,962.78	1,307,821.06	39,738,426.29
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	186,628.71	238,728.66	84,486.65	509,844.02
Unearned revenue		2,000.00		2,000.00
Payroll Deductions and Withholdings Payable	623,211.78			623,211.78
Interfunds payable	12,277.48	1,709,041.52	700,000.00	2,421,319.00
Total liabilities	822,117.97	1,949,770.18	784,486.65	3,556,374.80
Fund balances:				
Restricted for:				
Capital projects fund			523,334.41	523,334.41
Student activities		26,192.60		26,192.60
Assigned for year-end encumbrances	117,260.00			117,260.00
Assigned for subsequent years expenditures	5,150,000.00			5,150,000.00
Unassigned	30,365,264.48			30,365,264.48
Total fund balances	35,632,524.48	26,192.60	523,334.41	36,182,051.49
Total liabilities and fund balances	\$36,454,642.45	\$1,975,962.78	\$1,307,821.06	\$39,738,426.29

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

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

Total Fund Balances (Brought Forward)		\$36,182,051.49
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.		
Cost of Assets	\$15,665,779.00	
Accumulated Depreciation	<u>(6,608,586.00)</u>	9,057,193.00
Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Net Pension Liability	(6,278,611.00)	
Compensated Absences	(450,733.45)	
Installment Purchases	<u>(129,033.94)</u>	(6,858,378.39)
Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.		
Pensions:		
Deferred Outflows		1,085,590.00
Deferred Inflows:		
Pension related		(2,204,143.00)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.		
Accounts Payable - Pension Related	<u>(580,261.00)</u>	<u>(580,261.00)</u>
Net Position of Governmental Activities		<u>\$36,682,052.10</u>

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

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Local sources:				
Tuition	\$20,595,216.19			\$20,595,216.19
Transportation fees from other lea's	63,955,895.97			63,955,895.97
Local educational agency sources		\$4,784,833.00		4,784,833.00
Miscellaneous	990,514.69	25,303.49		1,015,818.18
Total revenues-local sources	85,541,626.85	4,810,136.49		90,351,763.34
State sources	4,214,000.52			4,214,000.52
Federal sources		779,559.86		779,559.86
Total revenues	89,755,627.37	5,589,696.35		95,345,323.72
EXPENDITURES:				
Current expense:				
Instruction:				
Regular instruction	3,111,416.54	3,704,552.86		6,815,969.40
Special education instruction	4,160,437.00			4,160,437.00
Support services:				
Student and instruction related services	1,986,050.00	1,405,663.22		3,391,713.22
General administrative services	1,134,884.39			1,134,884.39
School administrative services	1,205,955.99			1,205,955.99
Central services	677,260.78			677,260.78
Plant operations and maintenance	1,689,209.19			1,689,209.19
Student transportation services	59,055,796.48			59,055,796.48
Employee benefits	8,983,432.03	485,215.00		9,468,647.03
Capital outlay	898,776.00		\$6,600,359.59	7,499,135.59
Special schools	598,620.12			598,620.12
Total expenditures	83,501,838.52	5,595,431.08	6,600,359.59	95,697,629.19
Excess (deficiency) of revenues over (under) expenditures	6,253,788.85	(5,734.73)	(6,600,359.59)	(352,305.47)
Other financing sources (uses):				
Insurance proceeds			6,600,359.59	6,600,359.59
Total financing sources (uses):			6,600,359.59	6,600,359.59
Net change in fund balances	6,253,788.85	(5,734.73)		6,248,054.12
Fund balances, July 1,	29,378,735.63	31,927.33	523,334.41	29,933,997.37
Fund balances, June 30,	\$35,632,524.48	\$26,192.60	\$523,334.41	\$36,182,051.49

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

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Total net change in fund balances - governmental funds (from B-2)		\$6,248,054.12
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.		
Depreciation expense		(\$395,512.98)
Capital outlays	\$7,499,135.59	
Less: Capital outlays not capitalized	<u>(5,802,246.59)</u>	
		1,696,889.00
Repayment of long-term debt is 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.		
Payment of installment purchase principal		63,132.38
Commission pension contributions are reported as expenditures in the governmental funds when made. However, 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 changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.		
Commission pension contributions	524,646.00	
Add: Pension benefit	<u>713,295.00</u>	
		1,237,941.00
In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In 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 a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		<u>832.69</u>
Change in net position of governmental activities		<u><u>\$8,851,336.21</u></u>

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

OTHER FUNDS

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
PROPRIETARY FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2023

	<u>BUSINESS TYPE ACTIVITIES ENTERPRISE FUND FOOD SERVICE</u>
ASSETS:	
Current assets:	
Cash	\$54,716.08
Accounts receivable:	
State	482.26
Federal	12,223.93
Other	18,877.45
Interfunds	12,277.48
Inventories	10,191.72
Total current assets	108,768.92
Noncurrent assets:	
Furniture, machinery & equipment	274,367.00
Less accumulated depreciation	(27,169.00)
Total noncurrent assets	247,198.00
TOTAL ASSETS	355,966.92
LIABILITIES:	
Current liabilities:	
Accounts payable	10,191.27
Unearned revenue	4,324.15
Interfunds	7,159.00
Total current liabilities	21,674.42
NET POSITION:	
Net investment in capital assets	247,198.00
Unrestricted	87,094.50
TOTAL NET POSITION	\$334,292.50

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

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>BUSINESS TYPE ACTIVITIES ENTERPRISE FUND FOOD SERVICE</u>
OPERATING REVENUES:	
Local sources:	
Daily sales-reimbursable programs	\$28,219.88
Daily sales-non reimbursable programs:	1,183.00
Miscellaneous	762.91
	30,165.79
Total operating revenue	30,165.79
OPERATING EXPENSES:	
Cost of sales-reimbursable	97,192.27
Cost of sales-non-reimbursable	1,141.00
Salaries	13,005.30
Employee benefits	17,925.69
General supplies	47,948.36
Management fee	11,596.67
Depreciation	12,817.02
Miscellaneous	76,322.00
	277,948.31
Total operating expenses	277,948.31
Operating (loss)	(247,782.52)
Nonoperating revenues:	
State sources:	
State school lunch program	2,787.33
State school breakfast program	633.90
Breakfast after the bell	2,400.60
Federal sources:	
National school lunch program	105,486.64
National school lunch program - HHFKA	2,533.34
National school breakfast program	62,042.95
National food distribution commodities	16,868.54
Supply chain assistance program	28,517.83
	221,271.13
Total nonoperating revenues	221,271.13
Income/(loss) before contributions and transfers	(26,511.39)
Change in net position	(26,511.39)
Net position - July 1 (As restated)	360,803.89
Net position - June 30	\$334,292.50

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

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
PROPRIETARY FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>BUSINESS TYPE</u> <u>ACTIVITIES</u> <u>ENTERPRISE FUND</u> <u>FOOD SERVICE</u>
Cash flows from operating activities:	
Receipts from customers	\$11,255.44
Payments to employees	(13,005.30)
Payments to suppliers	(234,802.12)
	(236,551.98)
Net cash provided (used) by operating activities	(236,551.98)
Cash flows from noncapital financing activities:	
State sources	5,646.91
Federal sources	207,484.55
	213,131.46
Net cash provided by noncapital financing activities	213,131.46
Net increase/(decrease) in cash and cash equivalents	(23,420.52)
Cash and cash equivalents, July 1	78,136.60
Cash and cash equivalents, June 30	\$54,716.08
Operating (loss)	(\$247,782.52)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:	
Depreciation	12,817.02
Federal commodities	16,868.54
Change in assets and liabilities:	
(Increase) Decrease in inventory	(10,191.72)
Increase (Decrease) in unearned revenue	3,706.45
(Increase) Decrease in accounts receivable	(18,877.45)
Increase (Decrease) in accounts payable	6,907.70
	6,907.70
Net cash (used) by operating activities	(\$236,551.98)

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Union County Educational Services Commission is an instrumentality of the State of New Jersey, established to function as an educational institution in one or more counties for the purpose of carrying on programs of education, research and development, and providing to public Commissions administrative services as may be authorized pursuant to the rules of the State Board of Education. The Commission consists of representatives of the membership Commissions and is responsible for the fiscal control of the commission. A superintendent is appointed by the Board of Directors of the Commission and is responsible for the administrative control of the Commission.

The primary criterion for including activities within the Commission's reporting entity, are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "*Determining Whether Certain Organizations are Component Units*" (GASB 39) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and that meet *all* of the following criteria should be discretely presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the organization.
3. The economic resources received or held by an *individual organization* that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The combined financial statements include all funds of the Commission over which the Board exercises operating control. The operations of the Commission include two elementary schools, and three high schools. 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.

Basis of Presentation

The Commission's basic financial statements consist of Commission-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.

Commission-Wide 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 Commission. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish generally between the governmental and business-type activity of the Commission. Governmental activities generally are financed through tuition charges, transportation charges, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Net Position presents the financial condition of the governmental and business-type activity of the Commission at fiscal year end. The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity of the Commission and for each function of the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the Commission.

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Separate statements for each fund category - governmental, proprietary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey Commissions 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 public Commission financial reporting models.

Governmental Fund Types

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 non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey State Department of Education, the Commission includes budgeted capital outlay in this fund. Generally accepted accounting principles 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 charges for services 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 and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the State to offset the cost of approved capital projects.

Proprietary Fund

Enterprise Fund - The enterprise fund accounts for all revenues and expenses pertaining to the food service operations. These funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Basis of Accounting - Measurement Focus

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

Commission-Wide and Proprietary Fund Financial Statements: The Commission-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting - Measurement Focus

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements.

Commission-Wide and Proprietary Fund Financial Statements: The Commission-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt, leases and acquisitions under installment purchases are reported as other financing sources.

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county superintendent of schools' office and are approved by the Board of School Estimates. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments and transfers must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures. Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated recognition of deferred state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

Encumbrance Accounting

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 assigned 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 unearned 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.

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfunds

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the Commission's available expendable resources.

Tuition and Transportation Fees

Tuition is based on estimates made by the Commission. Transportation fees are based on actual costs incurred plus an administrative fee.

Inventories and Prepaid Expenses

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

Prepaid expenses which benefit future periods, other than those recorded in the enterprise fund, are recorded as expenditures in the year of purchase.

Capital Assets

The Commission has established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994 are recorded at actual cost. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated fixed assets are valued at their acquisition value on the date received. The cost of normal repairs and maintenance are not capitalized. Interest is not capitalized on Capital Assets.

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method and the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	6-8
Office and Computer Equipment	5-20
Instructional Equipment	5-20
Grounds Equipment	5-15
Food Service Equipment	7-20

Accrued Salaries and Wages

Certain Commission employees who provide services to the Commission over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned, but undisbursed, amounts be retained in a separate bank account. As of June 30, 2023, the amounts earned by these employees, but not disbursed, was \$364,601.15.

Compensated Absences

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

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

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave and vacation days that are expected to become eligible for payment upon termination. The Commission estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments.

For the Commission-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 governmental fund level and Commission-wide presentations.

Fund Equity

Fund balance restrictions are used to indicate that portion of the fund balance that is not available for expenditures or is legally segregated for a specific future use. Designations of portions of the fund balances are established to indicate tentative plans for financial utilization in a future period. The unassigned fund balances represent the amount available for future budgetary operations.

Unassigned net position represents the remains of the District's equity in the cumulative earnings of the food service fund.

Unearned Revenue

Unearned revenue in the general, special revenue and capital projects funds represents funds which have been received but not yet earned. A corresponding accounts receivable has also been established for any open encumbrances at year end which is allowable under Generally Accepted Accounting Principles.

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the Commission-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, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing 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 Commission or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Commission's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Fund Balance Restrictions

Under GASB 54, in the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation. The District reports the Student Activities as Restricted Fund Balance.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the Commission's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Commission.

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Restrictions (Continued)

Assigned – includes amounts that the Commission intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the Commission’s policy, amounts may be assigned by the Business Administrator. The Commission reports Year End Encumbrances and amounts Designated for Subsequent Year’s Expenditures as Assigned Fund Balance.

Unassigned - is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Commission considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the Commission considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

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 the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means 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. For the Commission, available means within sixty days of the fiscal year end.

Non-exchange transactions, in which the Commission receives value without directly giving equal value in return, include grants, entitlements, and donations. 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 fiscal year when use is first permitted; matching requirements, in which the Commission must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the Commission on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues - Exchange and Non-Exchange Transactions (Continued)

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: transportation, interest, and tuition.

Proprietary Funds Revenues and Expenses

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

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 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 the program. Depreciation expense, where practicable, is specifically identified by function and is included in 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.

Extraordinary and Special Items

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

Management Estimates

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

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions

In the Commission-wide financial statements for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Jersey Public Employees Retirement System ("PERS") and the Teachers' Pension and Annuity Fund ("TPAF") and the additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they were reported by PERS and TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements net pension liabilities are reflected based on amounts that are normally expected to be liquidated with available financial resources for required pension contributions. Expenditures for PERS are recognized based upon billings made by the State of New Jersey due April 1st of each fiscal year. TPAF contributions are paid on the Commission's behalf by the State of New Jersey. The governmental fund financial statements reflect both a revenue and expense for this pension contribution.

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 pensions.

Deferred Outflows/Inflows of Resources (Continued)

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 pensions.

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Lease receivables are measured at the present value of the lease payments expected to be received during the lease term. The District may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized in a systematic and rational manner over the lease term.

Lease liabilities represent obligations to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of the expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Payments for short-term leases with a term of 12 months or less are expensed as incurred and these leases are not included as lease liabilities or right-to-use assets on the statements of net position.

Right to Use Assets

Right to use 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 incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized in a systematic and rational manner over the life of the related lease.

Recently Adopted Accounting Pronouncements

Beginning with the year ended June 30, 2023, the District has implemented GASB Statement 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. GASB Statement No. 96 defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding liability; provides capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosure regarding SBITAs.

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Commission considers petty cash, change funds, cash in banks, certificates of deposits, and short term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at fair value.

The Commission considers petty cash, change funds, cash in banks, certificates of deposits, and short term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at fair value.

Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. Each depository participating in the GUDPA system must pledge collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds. No collateral is required for amounts covered by FDIC insurance. The collateral which may be pledged to support these deposits includes obligations of the State and federal governments, insured securities and other collateral approved by the Department.

When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, the Department of Banking and Insurance requires additional collateral to be pledged. Under (GUDPA), 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 the deposits to the governmental unit.

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

The Commission had the following cash and cash equivalents at June 30, 2023:

Fund Type:	Bank	Reconciling Items:		Reconciled
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>
Governmental	\$15,714,905.48	\$10,062.29	\$5,131,608.99	\$10,593,358.78
Proprietary	<u>54,816.08</u>	<u> </u>	<u>100.00</u>	<u>54,716.08</u>
	<u>\$15,769,721.56</u>	<u>\$10,062.29</u>	<u>\$5,131,708.99</u>	<u>\$10,648,074.86</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Commission does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2023, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$250,000.00 was covered by Federal Depository Insurance and \$15,519,721.56 was covered under the provisions of NJGUDPA.

Investments

The purchase of investments by the Commission is strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of Commissions. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. These funds are also required to be rated by a nationally recognized statistical rating organization.

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of Commissions of which the Local Unit is a part or within which the Commission is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Commissions;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 the Commission is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risk for its deposits and investments.

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 3: CHANGE IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	(As restated)			
	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Retirements/ Transfers</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Capital Assets not being depreciated				
Sites	\$773,250.00			\$773,250.00
Total Capital Assets not being depreciated	\$773,250.00			\$773,250.00
Capital Assets being depreciated				
Site Improvements	198,667.00			198,667.00
Building & Building Improvements	11,555,750.00	\$1,662,750.00		13,218,500.00
Machinery & Equipment	1,441,223.00	34,139.00		1,475,362.00
Total Capital Assets being depreciated	13,195,640.00	1,696,889.00		14,892,529.00
Less: Accumulated Depreciation for:				
Site Improvements	(189,382.00)	(\$1,484.00)		(190,866.00)
Building & Building Improvements	(5,422,782.00)	(263,586.00)		(5,686,368.00)
Machinery & Equipment	(600,909.02)	(130,442.98)		(731,352.00)
Total depreciation	(6,213,073.02)	(395,512.98)		(6,608,586.00)
Total capital assets being depreciated net of accumulated depreciation	6,982,566.98	1,301,376.02		8,283,943.00
Governmental activities capital assets, net	\$7,755,816.98	\$1,301,376.02		\$9,057,193.00
<u>Business-type activities:</u>				
Equipment	\$274,367.00			\$274,367.00
Less: Accumulated Depreciation	(14,351.98)	(12,817.02)		(27,169.00)
Proprietary fund capital assets, net	\$260,015.02	(\$12,817.02)		\$247,198.00

Depreciation expense was charged to governmental expenses as follows:

Regular Instruction	\$79,102.60
General administration	19,775.65
Direct Expense of various functions	296,634.73
	\$395,512.98

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 4: LONG-TERM LIABILITIES

The following is a summary of changes in liabilities that effect other long-term obligations for the year ended June 30, 2023.

	Net Pension <u>Liability</u>	Compensated Absences <u>Payable</u>	Installment Purchase <u>Agreements</u>	<u>Total</u>
Balance, July 1, 2022	\$5,504,626.00	\$451,566.14	\$192,166.32	\$6,148,358.46
Additions	<u>773,985.00</u>			<u>773,985.00</u>
	6,278,611.00	451,566.14	192,166.32	6,922,343.46
Deletions		<u>832.69</u>	<u>63,132.38</u>	<u>63,965.07</u>
Balance, June 30, 2023	<u>\$6,278,611.00</u>	<u>\$450,733.45</u>	<u>\$129,033.94</u>	<u>\$6,858,378.39</u>
Amounts due within one year			<u>\$63,132.38</u>	<u>\$63,132.38</u>

Installment Purchases

The Commission has financed the acquisition buses through an installment purchase agreement. The agreement is for a term of five years. Future annual debt service payments on installment purchases as of June 30, 2023 including interest of \$2,346.86 is as follows:

Fiscal Year <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$64,050.98	\$1,639.42	\$65,690.40
2025	<u>64,982.96</u>	<u>707.44</u>	<u>65,690.40</u>
	<u>\$129,033.94</u>	<u>\$2,346.86</u>	<u>\$131,380.80</u>

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 5: PENSION PLANS

Description of Plans - All required employees of the Commission are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of 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.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Commission and the system's other related 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.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provision 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, Commission, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 5: PENSION PLANS (CONTINUED)

Significant Legislation

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

Pension Plan Design Changes

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Vesting and Benefit Provisions The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A, 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 years of service.

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

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 5: PENSION PLANS (CONTINUED)

Contribution Requirements The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement.

<u>Year</u> <u>June 30,</u>	<u>Three-Year Trend Information for PERS</u>		<u>Net Pension</u> <u>Obligation</u>
	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	
2023	\$524,626.00	100.00%	\$524,626.00
2022	\$544,174.00	100.00%	\$544,174.00
2021	\$535,299.00	100.00%	\$535,299.00

During the fiscal years ended June 30, 2023, 2022 and 2021, the State of New Jersey contributed \$2,836,165.00, \$3,091,152.00 and \$2,280,154.00 respectively, excluding post-retirement medical and long-term disability insurance, to the TPAF pension system on behalf of the Commission.

Also, in accordance with N.J.S.A. 18A:66-66 during the years ended June 30, 2023, 2022 and 2021, the State of New Jersey reimbursed the Commission \$631,523.52, 554,278.95 and \$561,159.37 respectively for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 6: ACCOUNTING AND REPORTING FOR PENSIONS – GASB 68 (CONTINUED)

Other local amounts reported by the State as the District's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2023	(\$747,239.00)
2024	(483,051.00)
2025	(342,478.00)
2026	83,261.00
2027	(209,307.00)
	<u>(\$1,698,814.00)</u>

Actuarial Assumptions

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

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases	
Through 2026	2.75-6.55%
	Based on
	Years of Service
Investment Rate of Return	7.00%

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.

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 6: ACCOUNTING AND REPORTING FOR PENSIONS – GASB 68 (CONTINUED)

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

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major assets class included in PERS's target assets allocation as of June 30, 2022 asset are summarized in the following table:

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

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 6: ACCOUNTING AND REPORTING FOR PENSIONS – GASB 68 (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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

The following presents the District's proportionate share of the net pension liability of the participating employers as of June 30, 2022 respectively, calculated using the discount rate as disclosed above as well as what the District's proportionate share of 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:

	1%	June 30, 2022	1%
	Decrease	At Current Discount Rate	Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
District's proportionate share of the pension liability	\$8,066,176.00	\$6,278,611.00	\$4,757,321.00

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 report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 6: ACCOUNTING AND REPORTING FOR PENSIONS – GASB 68 (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, 2023 was as follows:

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	38,202,696.00
	\$38,202,696.00

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 which was rolled forward to June 30, 2022. 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, 2022, the proportion of the TPAF net pension liability associated with the District was .0740442453% which was a decrease of .0029311336 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2023, the District recognized on-behalf pension expense and revenue of \$1,028,141.00 in the government-wide financial statements for contributions provided by the State. This pension expense and revenue was based on the pension plans June 30, 2022 measurement date.

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 6: ACCOUNTING AND REPORTING FOR PENSIONS – GASB 68 (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases	1.55%-5.65%
	Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rate

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

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries.

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 6: ACCOUNTING AND REPORTING FOR PENSIONS – GASB 68 (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return (Continued)

The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 6: ACCOUNTING AND REPORTING FOR PENSION - GASB 68 (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

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.

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 Teachers Public and Annuity Fund (TPAF). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 by visiting <http://www.state.nj.us/treasury/pensions>.

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS – GASB 75

Plan Description and Benefits Provided

The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan, which is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP).

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS – GASB 75

Plan Description and Benefits Provided (Continued)

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

Employees Covered by Benefit Terms

The State Health Benefit Local Education Retired Employees Plan Membership covered by the benefit terms consisted of the following:

Active Plan Members	213,148
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	151,669
Inactive Plan Members or Beneficiaries Not Yet Receiving Benefits	<u>- 0 -</u>
Total Plan Members	<u>364,817</u>

Total Non-Employer OPEB Liability

The portion of the total Non-Employer OPEB Liability that was associated with the District at June 30, 2023 was as follows:

Total OPEB Liability:	
District's Proportionate Share	\$-0-
State's Proportionate Share associated with the District	<u>41,326,986</u>
	<u>\$41,326,986</u>

The total Non-Employer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

The total Non-Employer OPEB liability was determined separately based on actual data of the District.

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

For the year ended June 30, 2023, the District recognized on-behalf post-employment expense and revenue of \$1,389,035.00 in the government-wide financial statements for contributions provided by the State. This expense and revenue was based on the plans June 30, 2022 measurement date.

At June 30, 2023, the District's proportion was .0815989579 percent, which was a decrease of .0005595022 from its proportion measured as of June 30, 2022.

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, TPAF/ABP and PFRS participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Consequently, the District did not recognize any portion of the collective Non-Employer OPEB liability on the Statement of Net Position.

Actuarial Assumptions and Other Inputs

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

	<u>June 30, 2022</u>		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PERS</u>
Inflation – 2.5%			
Salary Increases	2.75-4.25%*	2.75-6.55%*	3.25-16.25%*

*- Based on Years of Service

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

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

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

Health Care Trend Assumptions

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

Discount Rate

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

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Changes in the Total Non-Employer OPEB Liability

Shown below are details regarding The Total OPEB non-employer Liability associated with the District for the measurement period from June 30, 2021 to June 30, 2022.

Balance at 6/30/21		\$49,301,362
Changes for the year:		
Service cost	\$2,612,566	
Interest	1,095,211	
Changes of Benefit Terms		
Differences between expected and actual experience	454,219	
Changes in assumptions or other inputs	(11,086,335)	
Membership Contributions	34,802	
Benefit payments - Net	(1,084,839)	
Net changes		(7,974,376)
Balance at 6/30/22		\$41,326,986

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the total Non-Employer OPEB liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage point higher than the current rate:

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate (Continued)

	June 30, 2022		
	<u>1.00% Decrease (2.54%)</u>	<u>At Discount Rate (3.54%)</u>	<u>1.00% Increase (4.54%)</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$48,575,525	\$41,326,986	\$35,517,645

Sensitivity of the Total Non-Employer OPEB Liability to Changes in Healthcare Trends

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2022, calculated using the healthcare trend rate as disclosed above as well as what the total Non-Employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1- percentage point higher than the current rate:

	June 30, 2022		
	<u>1.00% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$34,159,280	\$41,326,986	\$50,742,203

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Non-Employer OPEB Liability

At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's Non-Employer OPEB Liability associated with the District from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 7,378,506	\$ 12,617,607
Changes of assumptions	7,152,655	14,065,448
Changes in proportion	<u>184,284</u>	<u>2,156,990</u>
	<u>\$ 14,715,445</u>	<u>\$ 28,840,045</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total Non-Employer OPEB Liability associated with the District will be recognized in OPEB expense as follows:

Measurement Period Ended	<u>Amount</u>
<u>June 30,</u>	
2023	(\$2,448,510)
2024	(\$2,448,510)
2025	(\$2,448,510)
2026	(\$2,169,685)
2027	(\$1,409,592)
Total Thereafter	<u>(\$3,199,792)</u>
	<u>(\$14,124,600)</u>

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Non-Employer OPEB Liability (Continued)

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero. There is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources in the financial statements.

State Health Benefit Local Education Retired Employee Plan Information

The New Jersey Division of Pension and Benefits issues publicly available reports on the OPEB plan. Those reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295 or on their website at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

NOTE 8: LITIGATION

The Commission attorney's letter advises that there is no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the Commission and which might materially affect the Commission's financial position.

NOTE 9: CONTINGENCIES

The Commission receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2022-2023 fiscal year were subject to the U.S. OMB Uniform Guidance and New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the Board's annual audit. Findings and questioned costs, if any, relative to federal awards and state financial assistance programs will be discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. Further, the School Child Nutrition Program is a recipient of federal reimbursements and is subject to certain related federal regulations. These federal reimbursements are subject to subsequent audit and interpretation by the New Jersey Department of Education. The Board management does not believe such an audit would result in material amounts of disallowed costs.

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 10: RISK MANAGEMENT

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

Property and Liability Insurance

The Commission maintains commercial coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the Commission. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

New Jersey Unemployment Compensation Insurance

The Commission has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the Commission is required to calculate and pay the amount required on a quarterly basis based upon rates as determined by the New Jersey Department of Labor.

NOTE 11: FOUNDATION

Since this Foundation operates under an independent Board of Trustees and independent management, the financial statement of the Foundation are not included in the accompanying financial statements. As of June 30, 2023, the Commission estimated that the Foundation had net position of approximately \$144,079.60. Revenue and support received by the Foundation, and not reflected in the financial statements of the Commission, aggregated approximately \$9,526.66 to June 30, 2023.

NOTE 12: FUND BALANCE APPROPRIATED

General Fund - Of the \$35,632,524.48 in General Fund Balance at June 30, 2023, \$117,260.00 has been assigned for encumbrances; \$5,150,000.00 has been assigned - subsequent years' expenditures and \$30,365,264.48 is unassigned.

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 13: INTERFUNDS RECEIVABLE AND PAYABLE

The following interfund balances remained on the balance sheet at June 30, 2023:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
General Fund	\$ 2,409,041.52	\$ 12,277.48
Special Revenue Fund		1,709,041.52
Capital Projects Fund	7,159.00	700,000.00
Proprietary Fund	<u>12,277.48</u>	<u>7,159.00</u>
	<u>\$ 2,428,478.00</u>	<u>\$ 2,428,478.00</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between the funds were returned.

NOTE 14: DEFERRED COMPENSATION

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

Vanguard
AIG Valic
Lincoln Investments

Union County Educational Services Commission
Notes to the Financial Statements
June 30, 2023

NOTE 15: PRIOR PERIOD ADJUSTMENT

The District made prior year adjustments in the District Wide Financial Statements for a new Capital Asset inventory to adjust the value of Capital Assets and Net Assets - Invested in Capital Assets, Net of Related Debt reported in its Governmental and Proprietary type activities as of June 30, 2022:

	<u>Governmental Activities</u>	<u>Proprietary Activities</u>
Beginning Net Position 06/30/22	\$26,580,089.87	\$109,472.19
Adjustments:		
Capital Assets, Net of Accumulated Depreciation	1,250,626.02	251,331.70
Beginning Net Position 06/30/22 (As restated)	\$27,830,715.89	\$360,803.89

NOTE 16: SUBSEQUENT EVENTS

The Commission has evaluated subsequent events occurring after the financial statement date through February 26, 2024 which is the date the financial statements were available to be issued. The Commission has determined that there are no material subsequent events needed to be disclosed

REQUIRED SUPPLEMENTARY INFORMATION – Part II

BUDGETARY COMPARISON SCHEDULES

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
REVENUES					
Local sources:					
Tuition	\$19,114,436.00		\$19,114,436.00	\$20,595,216.19	\$1,480,780.19
Transportation fees from other LEA's	46,371,120.00	\$14,997,765.00	61,368,885.00	63,955,895.97	2,587,010.97
Miscellaneous	414,249.00		414,249.00	920,514.69	506,265.69
Total-local sources	65,899,805.00	14,997,765.00	80,897,570.00	85,471,626.85	4,574,056.85
Intermediate sources:					
Restricted sources	70,000.00		70,000.00	70,000.00	
Total-intermediate sources	70,000.00		70,000.00	70,000.00	
State sources:					
On-behalf TPAF pension (non-budgeted)				2,797,355.00	2,797,355.00
On-behalf TPAF N.C.G.I. (non-budgeted)				38,810.00	38,810.00
On-behalf TPAF post retirement medical (non-budgeted)				745,054.00	745,054.00
On-behalf TPAF long-term disability insurance (non-budgeted)				1,258.00	1,258.00
Reimbursed TPAF social security contributions (non-budgeted)				631,523.52	631,523.52
Total - state sources				4,214,000.52	4,214,000.52
Total revenues	65,969,805.00	14,997,765.00	80,967,570.00	89,755,627.37	8,788,057.37

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
EXPENDITURES					
CURRENT EXPENSE:					
Instruction - regular programs:					
Salaries of teachers:	\$2,306,661.00	\$473,427.00	\$2,780,108.00	\$2,220,865.54	\$559,242.46
Grades 9-12					
Regular programs - home instruction:					
Salaries of teachers	502,961.00	(107,402.00)	395,559.00	364,134.00	31,425.00
Regular programs - undistributed instruction:					
Other salaries for instruction	119,349.00	44,082.00	163,431.00	155,598.00	7,833.00
Purchased professional-educational services	86,000.00	196,948.00	282,948.00	270,357.00	12,591.00
General supplies	217,000.00	(28,250.00)	188,750.00	87,769.00	100,981.00
Other objects	9,500.00	6,400.00	15,900.00	12,693.00	3,207.00
Total regular programs	3,241,491.00	585,205.00	3,826,696.00	3,111,416.54	715,279.46
Special Education- Instruction					
Behavioral Disabilities					
Salaries of Teachers	652,471.00	(4,200.00)	648,271.00	579,422.00	68,849.00
Other Salaries	176,586.00	26,135.00	202,721.00	190,133.00	12,588.00
Total Behavioral Disabilities	829,057.00	21,935.00	850,992.00	769,555.00	81,437.00
Multiple Disabilities					
Salaries of Teachers	632,379.00	37,541.00	669,920.00	645,587.00	24,333.00
Other Salaries	548,592.00	164,379.00	712,971.00	672,840.00	40,131.00
Total Multiple Disabilities	1,180,971.00	201,920.00	1,382,891.00	1,318,427.00	64,464.00
Autism					
Salaries of Teachers	922,329.00	121,965.00	1,044,294.00	1,009,747.00	34,547.00
Other Salaries	969,491.00	105,705.00	1,075,196.00	965,263.00	109,933.00
Total Autism	1,891,820.00	227,670.00	2,119,490.00	1,975,010.00	144,480.00

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Preschool Handicapped Full Time	\$91,874.00	\$10,444.00	\$102,318.00	\$97,445.00	\$4,873.00
Salaries of Teachers	91,874.00	10,444.00	102,318.00	97,445.00	4,873.00
Total Preschool Handicapped- Full Time	3,993,722.00	461,969.00	4,455,691.00	4,160,437.00	295,254.00
Total Special Education					
Total - instruction	7,235,213.00	1,047,174.00	8,282,387.00	7,271,853.54	1,010,533.46
Undistributed Expenditures:					
Health services:					
Salaries	436,833.00	(10,171.00)	426,662.00	385,643.00	41,019.00
Purchased professional and technical services	383,713.00	6,705.00	390,418.00	386,864.00	3,554.00
Supplies and materials	13,500.00	(3,300.00)	10,200.00	7,579.00	2,621.00
Total health services	834,046.00	(6,766.00)	827,280.00	780,086.00	47,194.00
Other support services - students - special services:					
Salaries of other professional staff	578,991.00		578,991.00	527,090.00	51,901.00
Purchased professional - educational services	26,042.00	33,335.00	59,377.00	39,377.00	20,000.00
Total other support services - students - special services	605,033.00	33,335.00	638,368.00	566,467.00	71,901.00

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Improvement of instruction services/ other support services-instructional staff:					
Salaries of supervisors of instruction	\$333,246.00	\$18,091.00	\$351,337.00	\$307,321.00	\$44,016.00
Total improvement of instruction services/ other support services-instructional staff	333,246.00	18,091.00	351,337.00	307,321.00	44,016.00
Educational media services/school library:					
Salaries of technology coordinators	225,876.00	(16,515.00)	209,361.00	206,429.00	2,932.00
Purchased professional and technical services	75,000.00	50,747.00	125,747.00	125,747.00	
Total educational media services/school library	300,876.00	34,232.00	335,108.00	332,176.00	2,932.00
Support services general administration:					
Salaries	688,869.00	(86,154.00)	602,715.00	602,714.21	0.79
Legal services	40,000.00	(29,352.00)	10,648.00	6,524.50	4,123.50
Audit fees	34,000.00	(480.00)	33,520.00	33,520.00	
Architectural/Engineer Services	50,000.00	(16,885.00)	33,115.00	33,114.93	0.07
Other purchased professional services	85,995.00	17,554.00	103,549.00	83,219.65	20,329.35
Communications/telephone	87,192.00	10,111.00	97,303.00	90,670.63	6,632.37
Other purchased services (400-500 series)	224,228.00	41,123.00	265,351.00	260,279.66	5,071.34
Supplies and materials	27,805.00		27,805.00	7,828.48	19,976.52
Miscellaneous expenditures	25,000.00	(5,000.00)	20,000.00	17,012.33	2,987.67
Total support services general administration	1,263,089.00	(69,083.00)	1,194,006.00	1,134,884.39	59,121.61

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Support services school administration:					
Salaries of principals/asst. principals	\$891,991.00	\$79,447.00	\$971,438.00	\$888,036.87	\$83,401.13
Salaries of secretarial and clerical assistants	239,654.00	19,177.00	259,031.00	249,389.14	9,641.86
Other purchased services (400-500 series)	6,750.00	50.00	6,800.00	2,450.42	4,349.58
Supplies and materials	29,500.00	3,751.00	33,251.00	13,104.92	20,146.08
Other objects	62,400.00	(2,975.00)	59,425.00	52,974.64	6,450.36
Total support services school administration	1,230,495.00	99,450.00	1,329,945.00	1,205,955.99	123,989.01
Central services:					
Salaries	473,369.00	16,311.00	489,680.00	489,679.35	0.65
Purchased technical services	175,000.00	30,669.00	205,669.00	173,131.80	32,537.20
Misc. purchased services (400-500 series)	1,500.00		1,500.00		1,500.00
Supplies and materials	15,000.00	(2,780.00)	12,220.00	10,800.08	1,419.92
Interest on lease purchase agreements	11,486.00	(10,600.00)	886.00		886.00
Miscellaneous Expenditures	5,000.00		5,000.00	3,649.55	1,350.45
Total central services	681,355.00	33,620.00	714,975.00	677,260.78	37,714.22
Other operation and maint. of plant:					
Salaries	540,834.00	540.00	541,374.00	431,545.30	109,828.70
Cleaning, repair and maint. services	296,500.00	181,037.00	477,537.00	454,745.39	22,791.61
Rental of land & building other than lease pur agrmt	294,289.00	154,515.00	448,804.00	405,300.08	43,503.92
General supplies	65,000.00	48,369.00	113,369.00	106,952.73	6,416.27
Energy (natural gas)	68,500.00	19,204.00	87,704.00	86,438.64	1,265.36
Energy (electricity)	217,600.00	(4,841.00)	212,759.00	204,227.05	8,531.95
Total other operation and maint. of plant	1,482,723.00	398,824.00	1,881,547.00	1,589,209.19	192,337.81

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Student transportation services:					
Sal. for pupil trans. (bet. home & sch) - sp. Ed.	\$350,071.00	\$55,802.00	\$405,873.00	\$380,416.90	\$25,456.10
Sal. for pupil trans. (other than bet. home & sch) - vendors	365,959.00	(26,840.00)	339,119.00	335,986.27	3,132.73
Cleaning, repair, & maint. services	132,000.00	58,391.00	190,391.00	170,771.33	19,619.67
Lease Purchase Buses	65,691.00	(65,691.00)			
Contr. serv. (bet. home & sch) - vendors	44,628,000.00	13,524,499.00	58,152,499.00	58,132,287.28	20,211.72
Contracted svcs (Sp Ed Stds) - Joint Agrmnts	1,000.00		1,000.00		1,000.00
Supplies and materials	10,000.00	(150.00)	9,850.00	6,000.14	3,849.86
Transportation supplies	40,000.00	1,000.00	41,000.00	25,162.56	15,837.44
Other objects	2,500.00	2,750.00	5,250.00	5,172.00	78.00
Total student transportation services	45,595,221.00	13,549,761.00	59,144,982.00	59,055,796.48	89,185.52
Unallocated benefits - employee benefits:					
Social security contributions	399,300.00	6,192.00	405,492.00	350,966.09	54,525.91
Other retirement contributions - regular	548,708.00	(24,850.00)	524,058.00	520,610.12	3,447.88
Unemployment compensation	54,600.00	7,070.00	61,670.00	50,017.09	11,652.91
Workmen's compensation	183,700.00	(3,016.00)	180,684.00	178,500.00	2,184.00
Health benefits	4,106,366.00	(124,283.00)	3,982,083.00	3,606,523.61	375,559.39
Unused Sick Payment to Term/Retired Staff	50,000.00	12,815.00	62,815.00	62,814.60	0.40
Total unallocated benefits - employee benefits:	5,342,674.00	(125,872.00)	5,216,802.00	4,769,431.51	447,370.49

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
On-behalf TPAF pension (non-budgeted)				\$2,797,355.00	(\$2,797,355.00)
On-behalf TPAF N.C.G.I. (non-budgeted)				38,810.00	(38,810.00)
On-behalf TPAF post retirement medical (non-budgeted)				745,054.00	(745,054.00)
On-behalf TPAF long-term disability insurance (non-budgeted)				1,258.00	(1,258.00)
Reimbursed TPAF social security contributions (non-budgeted)				631,523.52	(631,523.52)
				4,214,000.52	(4,214,000.52)
Total undistributed expenditures	\$57,668,758.00	\$13,965,592.00	\$71,634,350.00	\$74,732,588.86	(3,098,238.86)
TOTAL EXPENDITURES - CURRENT EXPENSE	64,903,971.00	15,012,766.00	79,916,737.00	82,004,442.40	(2,087,705.40)
CAPITAL OUTLAY:					
Equipment:					
Undistributed expenditures - instruction	115,000.00	50,986.00	165,986.00	159,906.00	6,080.00
Undistributed expenditures - general admin.	5,000.00	(5,000.00)			
Undistributed expenditures - central services	30,000.00	(30,000.00)			
Total equipment	150,000.00	15,986.00	165,986.00	159,906.00	6,080.00
Facilities acquisition and construction svcs.:					
Architectural/engineering services	110,000.00	(110,000.00)			
Construction Services	490,000.00	412,842.00	902,842.00	738,870.00	163,972.00
Lease purchase agreements - principal	525,000.00	(15,986.00)	509,014.00		509,014.00
Capital outlay-transfer to capital projects	302,842.00	(302,842.00)			
Total facilities acquisition and const. serv.	1,427,842.00	(15,986.00)	1,411,856.00	738,870.00	672,986.00

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
(Continued from prior page)					
TOTAL CAPITAL OUTLAY	\$1,577,842.00		\$1,577,842.00	898,776.00	679,066.00
SPECIAL SCHOOLS					
Summer school - instruction:					
Salaries of teachers	293,036.00		293,036.00	244,427.50	48,608.50
Other salaries for instruction	227,587.00	(1,421.00)	226,166.00	170,582.25	55,583.75
General supplies	2,281.00	1,001.00	3,282.00	2,572.89	709.11
Total summer school - instruction	522,904.00	(420.00)	522,484.00	417,582.64	104,901.36
Summer school - support services:					
Salaries	136,376.00	19,080.00	155,456.00	137,246.69	18,209.31
Personal services - employee benefits	57,128.00	(17,660.00)	39,468.00	33,753.59	5,714.41
Purchased professional and technical services	37,466.00	(1,824.00)	35,642.00	6,510.00	29,132.00
Other purchased services (400-500 series)	3,166.00	824.00	3,990.00	3,527.20	462.80
Total summer school - support services	234,136.00	420.00	234,556.00	181,037.48	53,518.52
TOTAL SPECIAL SCHOOLS	757,040.00		757,040.00	598,620.12	158,419.88
TOTAL EXPENDITURES	67,238,853.00	15,012,766.00	82,251,619.00	83,501,838.52	(1,250,219.52)
Excess (deficiency) of revenues over (under) expenditures	(1,269,049.00)	(15,001.00)	(1,284,049.00)	6,253,788.85	7,537,837.85

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Other financing sources(uses)					
Transfer of funds - enterprise fund	\$15,000.00	(\$15,000.00)			
Total other financing sources	15,000.00	(15,000.00)			
Excess of revenues and other financing sources over expenditures and other financing sources	(\$1,254,048.00)		(\$1,284,049.00)	\$6,253,788.85	\$7,537,837.85
Fund balances, July 1	29,378,735.63		29,378,735.63	29,378,735.63	
Fund balances, June 30	\$28,124,687.63		\$28,094,686.63	\$35,632,524.48	\$7,537,837.85
Recapitulation:					
Assigned - year-end encumbrances				\$117,260.00	
Assigned - designated for subsequent years expenditures				\$5,150,000.00	
Unassigned fund balance				30,365,264.48	
Reconciliation to governmental funds statements (GAAP):				35,632,524.48	
Fund balance per governmental funds (GAAP)				\$35,632,524.48	

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
Local education agency sources	\$3,970,582.00	\$1,872,263.00	\$5,842,845.00	\$4,784,833.00	(\$1,058,012.00)
Other sources		47,703.82	47,703.82	25,303.49	(22,400.33)
Federal sources		829,042.00	829,042.00	829,042.00	
Total revenues	\$3,970,582.00	\$2,749,008.82	\$6,719,590.82	\$5,639,178.49	(\$1,080,412.33)
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$1,041,714.00	\$517,090.00	\$1,558,804.00	\$1,547,987.00	\$10,817.00
Other salaries for instruction	5,000.00	72,862.00	77,862.00	72,594.00	5,268.00
Purchased professional educational services	193,619.00	760,380.00	760,380.00	760,380.00	
Supplies	203,166.00	818,470.00	1,012,089.00	401,179.00	610,910.00
Textbooks	674,319.00	53,818.00	257,004.00	168,852.00	88,152.00
Other objects		319,111.00	993,430.00	803,043.00	190,387.00
Total instruction	2,117,838.00	2,541,731.00	4,659,569.00	3,754,035.00	905,534.00
Support services:					
Salaries of supervisor's of instruction	474,169.00	266,999.00	741,168.00	715,127.00	26,041.00
Salaries of secretarial and clerical assistants	73,562.00		73,562.00	69,787.00	3,775.00
Purchased professional educational services	293,329.00	57,243.00	350,572.00	347,643.00	2,929.00
Other purchased professional services	14,998.00	(7,279.00)	7,719.00	7,719.00	
Personal services - employee benefits	536,369.00	(48,910.00)	487,459.00	485,215.00	2,244.00
Rentals	10,203.00	51,233.00	61,436.00	61,435.00	1.00
Other purchased services	124,171.00	(27,512.00)	96,659.00	76,891.00	19,768.00
Supplies and materials	218,943.00	(110,922.00)	108,021.00	76,372.00	31,649.00
Indirect costs - administrative fees	62,000.00	(18,778.00)	43,222.00	25,396.00	17,826.00
Other objects	45,000.00	(2,500.00)	42,500.00	11,501.00	30,999.00
Student activities		47,703.82	47,703.82	21,511.22	26,192.60
Total support services	1,852,744.00	207,277.82	2,060,021.82	1,890,876.22	169,145.60
Total expenditures	\$3,970,582.00	\$2,749,008.82	\$6,719,590.82	\$5,644,913.22	\$1,074,677.60
Excess (Deficiency) of Revenues Over (Under) Expenditures				\$ (5,734.73)	
Fund Balances, July 1,				\$31,927.33	
Fund Balances, June 30				\$26,192.60	
Recapitulation:					
Restricted:					
Student Activities				\$26,192.60	

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/inflows of resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$89,755,627.37	\$5,639,178.49
Difference - budget to GAAP Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and related revenue is recognized.	-0-	(49,482.14)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$89,755,627.37	\$5,589,696.35
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules	\$83,501,838.52	\$5,644,913.22
Difference - budget to GAAP Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial purposes	-0-	(49,482.14)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$83,501,838.52	\$5,595,431.08

REQUIRED SUPPLEMENTARY INFORMATION - PART III

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Measurement Date Ending June 30,	Commission's Proportion of the Net Pension Liability (Asset)	Commission's Proportionate Share of the Net Pension Liability (Asset)	Commission's Covered-Employee Payroll	Commission's Proportion of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.0483272556%	\$ 9,236,299	\$ 3,479,367	265.46%	48.72%
2014	0.0515311053%	9,648,032	3,312,707	291.24%	52.08%
2015	0.0511659564%	11,485,732	3,423,912	335.46%	47.92%
2016	0.0501693118%	14,858,711	3,088,201	481.14%	40.14%
2017	0.0465837832%	10,843,960	3,125,455	346.96%	48.09%
2018	0.0476470300%	9,381,463	3,426,712	273.77%	53.60%
2019	0.0505717334%	9,112,259	3,518,730	258.96%	56.27%
2020	0.0489326033%	7,979,628	3,403,692	234.44%	58.32%
2021	0.0464662677%	5,504,626	3,021,753	182.17%	70.33%
2022	0.0416039668%	6,278,611	3,159,954	198.69%	62.91%

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
SCHEDULE OF THE COMMISSION'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Fiscal Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Commission's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2014	\$ 424,815	\$ 364,136	-0-	\$ 3,312,707	10.99%
2015	439,890	424,815	-0-	3,423,912	12.41%
2016	445,697	439,890	-0-	3,088,201	14.24%
2017	447,925	445,697	-0-	3,125,455	14.26%
2018	470,487	470,487	-0-	3,426,712	13.73%
2019	491,918	491,918	-0-	3,518,730	13.98%
2020	535,299	535,299	-0-	3,403,692	15.73%
2021	544,174	544,174	-0-	3,021,753	18.01%
2022	524,646	524,646	-0-	3,159,954	16.60%
2023	580,261	580,261	-0-	3,416,202	16.99%

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
 SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHERS PENSION AND ANNUITY FUND
 LAST TEN YEARS

Measurement Date Ending June 30,	Commission's Proportion of the Net Pension Liability (Asset)	Commission's Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	Commission's Covered-Employee Payroll	Commission's Proportion of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	State's Proportionate Share of the Total Net Pension Liability associated with the Commission as a percentage of the Commission's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.0927846028%	\$ -0-	\$ 46,892,608.00	8,870,701.00	-0-	528.62%	33.76%
2014	0.0894788484%	-0-	47,823,532.00	8,921,587.00	-0-	536.04%	33.64%
2015	0.0900519867%	-0-	56,916,701.00	8,367,792.00	-0-	680.19%	28.71%
2016	0.0886702938%	-0-	69,753,699.00	8,588,894.00	-0-	812.14%	22.33%
2017	0.0830714603%	-0-	56,009,774.00	8,432,495.00	-0-	664.21%	25.41%
2018	0.0845957885%	-0-	53,818,024.00	8,414,491.00	-0-	639.59%	26.49%
2019	0.0816674030%	-0-	50,058,685.00	8,276,718.00	-0-	604.81%	26.95%
2020	0.0762691546%	-0-	50,222,321.00	8,268,304.00	-0-	607.41%	24.60%
2021	0.0769753789%	-0-	37,006,059.00	7,923,937.00	-0-	467.02%	35.52%
2022	0.0740442453%	-0-	38,202,696.00	8,541,282.00	-0-	447.27%	35.52%

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms:

None

Change in assumptions:

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount Rate	Long-Term Expected Rate of Return	Actuarial Experience Study Period
2022	7.00%	7.00%	07/01/18-06/30/21
2021	7.00%	7.00%	07/01/14-06/30/18
2020	7.00%	7.00%	07/01/14-06/30/18
2019	6.28%	7.00%	07/01/14-06/30/18
2018	5.66%	7.00%	07/01/11-06/30/14
2017	5.00%	7.00%	07/01/11-06/30/14
2016	3.98%	7.65%	07/01/11-06/30/14
2015	4.90%	7.90%	07/01/08-06/30/11
2014	5.39%	7.90%	07/01/08-06/30/11
2013	5.55%	7.90%	07/01/08-06/30/11

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms:

None

Change in assumptions:

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount Rate	Long-Term Expected Rate of Return	Actuarial Experience Study Period
2022	7.00%	7.00%	07/01/18-06/30/21
2021	7.00%	7.00%	07/01/15-06/30/18
2020	5.40%	7.00%	07/01/15-06/30/18
2019	5.60%	7.00%	07/01/15-06/30/18
2018	4.86%	7.00%	07/01/12-06/30/15
2017	4.25%	7.00%	07/01/12-06/30/15
2016	3.22%	7.65%	07/01/12-06/30/15
2015	4.13%	7.90%	07/01/09-06/30/12
2014	4.68%	7.90%	07/01/09-06/30/12

REQUIRED SUPPLEMENTARY INFORMATION - PART IV

**SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN
PENSIONS (GASB 75)**

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
 SCHEDULE OF CHANGES IN THE TOTAL
 TOTAL OPEB LIABILITY AND RELATED RATIOS
 LAST SIX YEARS

	Measurement Date Ended June 30,					
	2022	2021	2020	2019	2018	2017
Total Non-Employer OPEB Liability - State's Proportionate Share of Total OPEB Liability Associated with the School District						
Balance at 6/30	\$49,301,362	\$57,181,339	\$35,702,455	\$39,788,554	\$46,292,941	\$49,348,101
Changes for the year:						
Service cost	2,612,566	2,974,251	1,731,289	1,800,676	1,971,163	2,351,295
Interest	1,095,211	1,278,929	1,293,433	1,589,120	1,709,630	1,458,819
Changes of benefit terms		(52,475)				
Differences between expected and actual experience	454,219	(11,154,580)	8,974,403	(6,944,750)	(4,592,083)	
Changes in assumptions or other inputs	(11,086,335)	48,640	10,445,066	532,327	(4,565,936)	(5,832,514)
Benefit payments	(1,084,839)	(1,007,438)	(995,480)	(1,095,959)	(1,063,932)	(1,072,243)
Contributions from Members	34,802	32,696	30,173	32,487	36,771	39,483
Net changes	<u>(7,974,376)</u>	<u>(7,879,977)</u>	<u>21,478,884</u>	<u>(4,086,099)</u>	<u>(6,504,387)</u>	<u>(3,055,160)</u>
Balance at 6/30	<u>\$41,326,986</u>	<u>\$49,301,362</u>	<u>\$57,181,339</u>	<u>\$35,702,455</u>	<u>\$39,788,554</u>	<u>\$46,292,941</u>
Covered Employee Payroll	11,701,236.00	10,945,690.00	11,671,996.00	11,795,448.00	11,841,203.00	11,557,950
District's Proportionate Share of the Total Non-Employer OPEB Liability as a percentage of the District's Covered Employee Payroll	-0-	-0-	-0-	-0-	-0-	-0-
State's Proportionate Share of the Total Non-Employer OPEB Liability associated with the District as a percentage of the District's Covered Employee Payroll	353.18%	450.42%	489.90%	302.68%	336.02%	400.53%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION PART IV
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Change in benefit terms:

None.

Change in assumptions:

The following assumptions were used in calculating the net OPEB liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>
2022	3.54%
2021	2.16%
2020	2.21%
2019	3.50%
2018	3.87%

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	HOME INSTRUCTION	UCESC FOUNDATION	NON-PUBLIC TECHNOLOGY	NON-PUBLIC NURSING SERVICES	NON-PUBLIC TEXTBOOKS	IDEA PART B PROGRAM
REVENUES:						
Local education agency sources	\$16,756.00		\$202,980.00	\$521,897.00	\$168,585.00	\$640,582.00
Other sources		\$9,527.00				
Federal sources						
Total revenues	\$16,756.00	\$9,527.00	\$202,980.00	\$521,897.00	\$168,585.00	\$640,582.00
EXPENDITURES:						
Instruction:						
Salaries of teachers						\$373,898.00
Other salaries for instruction						42,138.00
Purchased professional educational services			\$202,980.00	16,293.00	168,585.00	181,903.00
Supplies						267.00
Textbooks						8,249.00
Other objects						
Total instruction			202,980.00	16,293.00	168,585.00	606,455.00
Support services:						
Salaries of supervisor's of instruction				439,720.00		2,998.00
Salaries of secretarial and clerical assistants	16,756.00					25,960.00
Purchased professional educational services				45,620.00		5,169.00
Personal services - employee benefits						
Rentals						
Other purchased services						
Supplies and materials						
Indirect costs - administrative fees		\$9,527.00				
Miscellaneous expenditures						
Student activities						
Total support services	16,756.00	9,527.00		505,604.00		34,127.00
Facilities acquisition & construction services:						
Total expenditures	\$16,756.00	\$9,527.00	\$202,980.00	\$521,897.00	\$168,585.00	\$640,582.00
Excess (Deficiency) of Revenues Over (Under) Expenditures						
Fund Balances, July 1,						
Fund Balances, June 30	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>STUDENT ACTIVITIES</u>	<u>NON-PUBLIC CHAPTER 192</u>	<u>NON-PUBLIC CHAPTER 193</u>	<u>NON-PUBLIC SECURITY AID</u>	<u>EANS</u>	<u>TOTAL</u>
REVENUES:						
Local education agency sources		\$1,322,260.00	\$1,116,979.00	\$794,794.00		\$4,784,833.00
Other sources	\$15,776.49				\$829,042.00	25,303.49
State sources						829,042.00
Total revenues	\$15,776.49	\$1,322,260.00	\$1,116,979.00	\$794,794.00	\$829,042.00	\$5,639,178.49
EXPENDITURES:						
Instruction:						
Salaries of teachers		\$787,105.00	\$353,627.00		33,357.00	\$1,547,987.00
Other salaries for instruction					30,456.00	72,594.00
Purchased professional educational services					760,380.00	760,380.00
Supplies			3.00			401,179.00
Textbooks						168,852.00
Other objects				\$794,794.00		803,043.00
Total instruction		787,105.00	353,630.00	794,794.00	824,193.00	3,754,035.00
Support services:						
Salaries of supervisor's of instruction		187,962.00	84,447.00			715,127.00
Salaries of secretarial and clerical assistants		37,685.00	32,102.00			69,787.00
Purchased professional educational services			304,927.00			347,643.00
Personal services - employee benefits		209,055.00	220,522.00		4,849.00	485,215.00
Rentals		33,175.00	28,260.00			61,435.00
Other purchased services		41,521.00	35,370.00			76,891.00
Supplies and materials		10,977.00	45,131.00			76,372.00
Indirect costs - administrative fees		13,714.00	11,682.00			25,396.00
Miscellaneous expenditures		1,066.00	908.00			11,501.00
Student activities	21,511.22					21,511.22
Total support services	21,511.22	535,155.00	763,349.00	794,794.00	4,849.00	1,890,878.22
Facilities acquisition & construction services:						
Total expenditures	\$21,511.22	\$1,322,260.00	\$1,116,979.00	\$794,794.00	\$829,042.00	\$5,644,913.22
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,734.73)					(5,734.73)
Fund Balances, July 1,	31,927.33					31,927.33
Fund Balances, June 30	\$26,192.60	\$-0-	\$-0-	\$-0-	\$-0-	\$26,192.60

CAPITAL PROJECTS FUND DETAIL STATEMENTS

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

EXPENDITURES AND OTHER FINANCING USES:	
Purchased professional and technical services	\$171,326.00
Construction services	4,942,774.28
Supplies	499,442.25
Other objects	500,693.59
Equipment	486,123.47
	<hr/>
Total expenditures and other financing uses	6,600,359.59
	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(6,600,359.59)
	<hr/>
Other financing sources (uses):	
Insurance proceeds	6,600,359.59
	<hr/>
Total financing sources (uses):	6,600,359.59
	<hr/>
Net change in fund balances	
Fund balance - July 1	523,334.41
	<hr/>
Fund balance - June 30	\$523,334.41
	<hr/> <hr/>

EXHIBIT "F-2"

SOMERSET COUNTY EDUCATIONAL SERVICES COMMISSION
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<u>ISSUE / PROJECT TITLE</u>	<u>ORIGINAL DATE</u>	<u>APPROPRIATION</u>	<u>EXPENDITURES TO DATE</u>	<u>UNEXPENDED BALANCE</u>
		<u>PRIOR YEARS</u>	<u>CURRENT YEAR</u>	<u>JUNE 30, 2023</u>
BUILDING IMPROVEMENTS-IDA	07/01/22	\$10,752,569.07	\$4,152,209.48	\$6,600,359.59
		<u>\$10,752,569.07</u>	<u>\$4,152,209.48</u>	<u>\$6,600,359.59</u>

LONG-TERM LIABILITIES SCHEDULES

The Long-Term schedules are used to reflect the outstanding principal balances of the long-term liabilities of the Commission. This includes obligations under Installment Purchases.

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER INSTALLMENT PURCHASE AGREEMENTS
JUNE 30, 2023

<u>DESCRIPTION</u>	<u>INTEREST</u> <u>RATE PAYABLE</u>	<u>AMOUNT OF</u> <u>ORIGINAL</u> <u>ISSUE</u>	<u>AMOUNT</u> <u>OUTSTANDING</u> <u>JUNE 30, 2022</u>	<u>RETIRED</u> <u>CURRENT YEAR</u>	<u>AMOUNT</u> <u>OUTSTANDING</u> <u>JUNE 30, 2023</u>
Buses	1.45%	316,995.15	<u>\$192,166.32</u>	<u>\$63,132.38</u>	<u>\$129,033.94</u>
			<u>\$192,166.32</u>	<u>\$63,132.38</u>	<u>\$129,033.94</u>

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STATISTICAL SECTION
(UNAUDITED)

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
Financial Trends: These schedules contain trend information to help the reader understand how the Commission's financial performance and well being have changed over time.	J-1 to J-4
Revenue Capacity: These schedules contain information to help the reader assess the Commission's most significant local revenue source, the property tax.	J-5
Debt Capacity: These schedules present information to help the reader assess the affordability of the Commission's current levels of outstanding debt and the Commission's ability to issue additional debt in the future.	N/A
Demographic and Economic Information: These schedules offer demographic and economic indicators to help the reader understand the environment within which the Commission's financial activities take place.	N/A
Operating Information: These schedules contain service and infrastructure data to help the reader understand how the information in the Commission's financial report relates to the services the Commission provides and the activities it performs.	J-18 and J-20

Sources

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

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
NET POSITION BY COMPONENT
UNAUDITED

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities										
Net investment in capital assets	\$ 8,928,159.06	\$ 6,900,251.67	\$ 6,093,089.83	\$ 6,367,377.04	\$ 6,226,445.06	\$ 5,449,093.46	\$ 4,992,116.04	\$ 4,680,863.75	\$ 4,462,491.40	\$ 4,253,442.63
Restricted	5,699,527.01	1,839,310.74	4,021,771.78	3,022,540.29	3,015,826.88	921,428.39	709,389.47	497,359.34	661,723.89	587,192.13
Unrestricted	22,054,366.03	18,427,754.49	12,000,900.35	11,491,142.83	8,806,690.67	8,660,683.93	6,758,290.09	6,179,817.59	4,905,150.91	13,071,082.30
Total governmental activities net position	\$ 36,682,052.10	\$ 22,115,761.96	\$ 20,871,060.16	\$ 18,048,962.61	\$ 15,031,205.78	\$ 12,459,795.60	\$ 11,356,030.68	\$ 9,929,366.20	\$ 17,911,717.06	\$ 18,137,996.73
Business-type activities										
Net investment in capital assets	\$ 247,196.00	\$ 8,683.32	\$ 9,138.20	\$ 7,477.08	\$ 7,931.86	\$ 8,531.84	\$ 9,276.72	\$ 2,272.53	\$ 3,527.88	\$ 3,912.74
Unrestricted	87,094.50	100,788.87	12,450.77	24,069.34	22,824.25	40,661.13	50,562.12	57,280.48	66,469.22	58,020.01
Total business-type activities net position	\$ 334,292.50	\$ 109,472.19	\$ 21,588.97	\$ 31,546.42	\$ 30,756.21	\$ 49,192.97	\$ 59,838.84	\$ 59,563.01	\$ 69,997.10	\$ 61,932.75
Commission-wide										
Net investment in capital assets	\$ 9,175,357.06	\$ 6,908,934.89	\$ 6,102,228.03	\$ 6,374,854.12	\$ 6,234,377.02	\$ 5,457,625.30	\$ 5,001,392.76	\$ 4,683,126.28	\$ 4,466,019.28	\$ 4,257,355.37
Restricted	5,699,527.01	1,839,310.74	4,021,771.78	3,022,540.29	3,015,826.88	921,428.39	709,389.47	497,359.34	661,723.89	587,192.13
Unrestricted	22,141,460.53	18,528,543.96	12,013,351.12	11,505,212.17	8,829,514.92	8,701,345.06	6,808,852.21	6,237,096.07	4,871,620.13	13,129,102.31
Total Commission net position	\$ 37,016,344.60	\$ 27,276,788.99	\$ 22,137,350.93	\$ 20,902,606.58	\$ 18,079,718.82	\$ 15,080,398.75	\$ 12,519,634.44	\$ 11,417,583.69	\$ 9,998,363.30	\$ 17,873,849.81

Source: ACFR Schedule A-1

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
CHANGES IN NET POSITION
UNAUDITED

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
EXPENSES										
Governmental activities										
Instruction:										
Regular	\$ 8,735,886.89	\$ 13,550,373.45	\$ 7,857,729.64	\$ 11,540,337.05	\$ 13,421,937.94	\$ 14,615,818.70	\$ 14,229,493.72	\$ 16,678,556.51	\$ 15,477,454.09	\$ 14,624,522.84
Vocational	5,831,931.12	5,736,062.68	6,721,176.25	4,401,640.15	4,131,052.33	3,743,001.55	3,897,315.39	104,527.74	115,951.23	174,898.62
Support Services:										
Student & instruction related services	4,314,726.83	4,370,126.69	4,736,788.67	4,647,569.62	4,740,236.42	5,319,750.27	5,276,794.44	4,908,302.05	4,772,660.91	4,594,237.18
School administrative services	1,998,986.24	2,049,124.14	2,451,204.72	1,695,124.55	1,854,446.64	1,838,241.43	1,694,662.72	1,397,418.64	1,312,665.35	1,174,274.42
General administrative services	1,579,662.67	1,381,000.04	1,758,433.26	1,279,773.58	1,370,452.29	1,235,848.68	1,155,788.37	1,106,568.09	1,058,066.49	874,615.73
Plant operations and maintenance	7,774,803.54	1,524,790.93	1,691,197.64	1,274,748.66	1,292,835.74	1,237,444.46	1,317,749.83	1,325,563.21	1,209,082.22	1,134,719.27
Pupil transportation	59,488,562.39	44,966,937.95	28,241,791.11	32,458,273.27	28,595,303.38	27,478,389.38	27,443,283.40	24,804,258.03	23,255,261.59	21,756,668.20
Other support services	1,025,265.05	1,160,450.47	1,264,249.23	918,481.94	925,051.25	915,848.70	911,914.03	833,612.54	813,819.20	714,375.12
Special Schools	881,286.62	862,837.51	1,000,619.37	1,111,351.61	1,212,236.34	1,161,671.20	1,117,811.54	917,368.98	869,600.91	654,991.85
Amortization of bond issuance costs	2,556.02	2,544.72	3,232.87	54,348.39	99,024.88	97,088.36	119,262.62	133,754.04	150,637.80	408,540.07
Interest on long-term debt	296,634.73	(79,002.12)	289,290.00	367,262.12	289,747.88	291,747.88	293,640.19	298,736.83	298,736.83	(111,069.26)
Unallocated depreciation	91,930,304.10	75,505,266.46	56,014,714.76	59,748,940.94	57,643,577.22	57,835,151.61	57,227,736.25	52,508,666.66	49,344,936.62	45,980,794.04
Total governmental activities expenses	277,946.31	173,914.64	100,976.53	189,776.12	246,369.98	244,768.56	233,309.43	224,777.24	224,245.02	184,488.79
Business-type activities:										
Food Service	277,946.31	173,914.64	100,976.53	189,776.12	246,369.98	244,768.56	233,309.43	224,777.24	224,245.02	184,488.79
Total business-type activities expense	277,946.31	173,914.64	100,976.53	189,776.12	246,369.98	244,768.56	233,309.43	224,777.24	224,245.02	184,488.79
Total Commission expenses	\$ 92,208,252.41	\$ 75,679,181.30	\$ 56,115,691.29	\$ 59,936,717.06	\$ 57,869,947.20	\$ 58,179,920.17	\$ 57,461,045.68	\$ 52,733,443.90	\$ 49,569,181.64	\$ 46,185,282.83
PROGRAM REVENUES										
Governmental activities:										
Charges for Services:										
Instruction (tuition)	\$ 20,595,216.19	\$ 18,824,760.96	\$ 18,354,910.86	\$ 20,662,881.03	\$ 19,518,549.26	\$ 19,902,432.82	\$ 18,949,795.52	\$ 18,620,571.64	\$ 17,712,696.48	\$ 16,595,656.55
Pupil transportation	63,971,672.46	45,722,225.43	27,997,006.39	32,258,503.69	28,558,613.67	27,248,312.34	27,170,625.55	24,645,044.56	23,123,529.92	21,777,847.65
Operating grants and contributions	8,623,877.38	10,855,212.50	10,380,054.37	9,125,413.58	11,666,979.37	12,654,657.31	11,667,729.62	10,013,710.40	9,034,778.85	7,124,760.76
Capital grants and contributions						5,934.00				
Total governmental activities program revenues	93,190,766.03	75,400,198.89	56,731,971.62	62,046,798.20	59,742,142.30	59,811,336.47	57,688,150.69	53,279,326.60	49,871,003.25	45,498,264.96
Business-type activities:										
Charges for services:										
Food Service	30,165.79	261,798.06	167.22	18,800.06	24,871.70	30,041.46	33,065.05	28,613.55	30,061.44	32,399.52
Operating grants and contributions	221,271.13	261,798.06	77,851.86	134,796.27	175,061.52	194,081.23	195,940.21	185,719.60	172,247.93	160,542.05
Total business-type activities program revenues	251,436.92	261,798.06	78,019.08	153,596.33	199,933.22	224,122.69	228,595.26	214,333.15	202,309.37	192,941.57
Total Commission program revenues	\$ 93,442,202.95	\$ 75,661,996.95	\$ 56,809,990.70	\$ 62,200,394.53	\$ 59,942,075.52	\$ 60,035,459.16	\$ 57,916,745.95	\$ 53,493,659.75	\$ 50,073,312.62	\$ 45,691,206.53
NET (EXPENSE) REVENUE										
Governmental activities	\$ 1,260,461.93	\$ (105,067.57)	\$ 717,256.86	\$ 2,297,657.26	\$ 2,093,565.08	\$ 1,876,184.86	\$ 468,414.44	\$ 770,659.84	\$ 526,066.63	\$ (482,529.08)
Business-type activities	(26,511.39)	87,863.22	(22,557.45)	(36,208.79)	(46,436.76)	(20,645.87)	(4,714.17)	(10,444.09)	(21,935.65)	8,452.78
Total Commission-wide net expense	\$ 1,233,950.54	\$ (17,194.35)	\$ 694,299.41	\$ 2,261,448.47	\$ 2,052,128.32	\$ 1,855,538.99	\$ 455,700.27	\$ 760,215.85	\$ 504,130.98	\$ (474,076.30)

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
CHANGES IN NET POSITION
UNAUDITED

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Miscellaneous income	\$ 7,590,874.28	\$ 4,891,938.37	\$ 890,705.65	\$ 773,274.30	\$ 752,519.87	\$ 651,985.32	\$ 642,041.24	\$ 658,004.54	\$ 598,171.93	\$ 666,055.50
Cancellation of accounts payable			(13,000.00)	(37,000.00)	(28,000.00)	53,240.00	4,308.24		27,809.35	
Transfers		4,891,938.37	877,705.65	796,274.30	724,519.87	(10,000.00)	(5,000.00)		(30,000.00)	
Total governmental activities	<u>7,590,874.28</u>	<u>4,891,938.37</u>	<u>877,705.65</u>	<u>796,274.30</u>	<u>724,519.87</u>	<u>695,225.32</u>	<u>641,350.48</u>	<u>658,004.54</u>	<u>565,981.28</u>	<u>666,055.50</u>
Business-type activities:										
Transfers			13,000.00	37,000.00	28,000.00	10,000.00	5,000.00		30,000.00	
Total business-type activities			<u>13,000.00</u>	<u>37,000.00</u>	<u>28,000.00</u>	<u>10,000.00</u>	<u>5,000.00</u>		<u>30,000.00</u>	
Total Commission-wide	<u>\$ 7,590,874.28</u>	<u>\$ 4,891,938.37</u>	<u>\$ 890,705.65</u>	<u>\$ 773,274.30</u>	<u>\$ 752,519.87</u>	<u>\$ 705,225.32</u>	<u>\$ 646,350.48</u>	<u>\$ 658,004.54</u>	<u>\$ 625,981.28</u>	<u>\$ 666,055.50</u>
CHANGE IN NET POSITION										
Governmental activities	\$ 8,851,336.21	\$ 4,786,870.80	\$ 1,994,962.51	\$ 3,034,131.56	\$ 2,823,084.95	\$ 2,571,410.18	\$ 1,101,764.92	\$ 1,428,664.48	\$ 1,122,047.91	\$ 183,526.42
Business-type activities	(26,511.39)	87,893.22	(9,957.45)	790.21	(18,436.76)	(10,645.67)	285.83	(10,444.09)	8,054.35	8,452.78
Total Commission	<u>\$ 8,824,824.82</u>	<u>\$ 4,874,754.02</u>	<u>\$ 1,585,005.06</u>	<u>\$ 3,034,921.77</u>	<u>\$ 2,804,648.19</u>	<u>\$ 2,560,764.51</u>	<u>\$ 1,102,050.75</u>	<u>\$ 1,418,220.39</u>	<u>\$ 1,130,112.26</u>	<u>\$ 191,979.20</u>

Source: ACFR Schedule A-2

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
FUND BALANCES - GOVERNMENTAL FUNDS
 UNAUDITED

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Assigned	\$ 5,267,260.00	\$ 1,284,049.00	\$ 3,499,085.00	\$ 2,500,000.00	\$ 2,500,000.00	\$ 416,466.00	\$ 210,224.95	\$ 116.00	\$ 166,262.27	\$ 117,053.58
Unassigned	\$ 30,365,264.48	\$ 28,094,696.63	\$ 23,164,513.52	\$ 23,091,140.61	\$ 20,445,055.65	\$ 20,293,465.53	\$ 18,137,827.74	\$ 16,469,910.97	\$ 14,667,797.41	\$ 13,521,072.18
Total general fund	\$ 35,632,524.48	\$ 29,378,735.63	\$ 26,663,598.52	\$ 25,591,140.61	\$ 22,945,055.65	\$ 20,709,931.53	\$ 18,348,037.69	\$ 16,470,026.97	\$ 14,834,059.68	\$ 13,638,125.76
All Other Governmental Funds										
Unreserved, reported in:										
Restricted	\$ 549,527.01	\$ 555,261.74	\$ 522,686.78	\$ 522,540.29	\$ 515,826.88	\$ 499,389.47	\$ 497,359.34	\$ 496,723.89	\$ 496,522.13	\$ 847,279.48
	\$ 549,527.01	\$ 555,261.74	\$ 522,686.78	\$ 522,540.29	\$ 515,826.88	\$ 499,389.47	\$ 497,359.34	\$ 496,723.89	\$ 496,522.13	\$ 847,279.48

Source: ACFR Schedule B-1

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
UNAUDITED

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Commission charges	\$ 4,784,833.00	\$ 6,393,802.55	\$ 3,696,986.00	\$ 4,226,131.26	\$ 4,545,099.00	\$ 4,782,971.00	\$ 4,890,436.00	\$ 4,914,516.00	\$ 4,892,913.00	\$ 5,308,290.00
Tuition	20,595,216.19	18,824,760.96	18,354,910.86	20,662,891.03	19,518,549.26	19,902,432.82	18,849,795.52	18,620,571.64	17,712,696.48	16,595,656.55
Transportation fees from other lea's	63,945,895.97	45,707,749.46	27,985,525.89	32,258,503.59	28,556,613.67	27,248,312.34	27,170,625.55	24,645,044.56	23,123,529.92	21,777,947.65
Miscellaneous	1,015,818.18	782,821.86	930,840.15	796,488.31	773,633.87	679,140.32	655,674.24	674,715.54	638,310.93	676,108.50
State sources	4,214,000.52	4,369,048.95	3,610,323.37	3,069,122.31	3,115,157.37	2,841,643.31	2,457,030.62	2,317,135.40	2,015,223.85	1,806,417.76
Federal sources	779,559.86									
Total revenue	95,345,323.72	76,077,983.78	54,578,586.27	61,013,126.50	56,509,043.17	55,454,499.79	54,023,561.93	51,171,983.14	48,382,674.18	46,164,320.46
Expenditures										
Instruction										
Regular instruction	6,815,969.40	7,244,732.12	4,720,353.00	5,301,151.82	5,538,634.00	6,134,019.00	6,155,819.00	10,039,735.00	9,737,654.00	10,367,254.71
Special education instruction	4,160,437.00	3,780,931.00	3,827,676.00	4,301,312.00	4,017,376.00	3,624,306.00	3,413,896.00		25,880.00	109,649.00
Vocational education										
Undistributed										
Tuition	3,381,713.22	3,333,756.87	3,179,682.78	3,460,317.64	3,262,489.00	3,731,744.00	3,696,450.00	502.00	16.00	3,758,502.00
Student & instruction related services	1,134,894.39	866,151.71	1,034,316.00	977,403.00	994,136.00	816,045.00	750,979.00	741,066.00	771,743.00	678,263.00
General administrative services	1,205,955.99	1,156,940.54	1,156,940.54	1,131,330.00	1,093,730.00	1,018,649.00	903,746.00	760,779.00	769,596.00	835,040.00
School administrative services	677,260.78	748,037.97	661,820.00	670,238.04	689,182.00	616,203.72	642,127.00	656,957.00	696,201.00	684,650.00
Central services	1,689,209.19	1,204,122.59	1,210,492.00	1,147,310.53	1,110,398.00	1,038,966.00	1,116,270.00	1,181,523.00	1,096,550.00	1,075,545.00
Plant operations and maintenance	59,045,796.48	44,468,757.92	27,469,386.00	31,872,064.55	27,845,167.00	26,686,995.00	26,673,058.00	24,173,307.00	22,716,530.00	21,362,366.00
Student transportation services	9,468,647.03	9,497,514.64	9,354,293.37	8,131,218.44	8,353,986.56	8,015,618.31	7,518,383.62	7,291,046.40	6,754,543.85	6,524,961.76
Unallocated employee benefits										
Principal payment on lease	7,499,135.59	4,152,209.48	360,000.00	511,800.00	493,325.00	468,000.00	464,000.00	437,950.00	417,950.00	400,000.00
Capital outlay	598,620.12	539,675.58	342,983.15	135,258.11	117,839.00	294,368.00	204,127.70	97,558.00	520,316.00	3,989.00
Special schools										
Total expenditures	95,697,639.19	77,527,230.42	53,812,582.30	59,323,328.13	54,235,183.56	53,075,974.03	52,142,860.32	49,535,380.40	47,184,347.85	46,238,563.47
Excess (Deficiency) of revenues over (under) expenditures	(352,305.47)	(1,449,246.64)	765,903.97	2,689,798.37	2,273,859.61	2,377,625.76	1,880,701.61	1,636,602.74	1,198,326.33	(74,243.01)
Other Financing sources (uses)										
Transfers out										
Capital Leases (Non-Budgeted)										
Insurance Proceeds										
Cancellation of accounts payable										
Total other financing sources (uses)	6,600,359.59	4,152,209.48	303,995.15	(37,000.00)	(28,000.00)	(10,000.00)	(5,000.00)		(30,000.00)	
Net change in fund balances	\$ 6,246,054.12	\$ 2,702,962.84	\$ 1,069,899.12	\$ 2,652,798.37	\$ 2,245,859.61	\$ 2,367,625.76	\$ 1,880,010.65	\$ 1,636,602.74	\$ 1,196,135.68	\$ (74,243.01)
Debt service as a percentage of noncapital expenditures		0.72%	0.67%	0.88%	0.91%	0.89%	0.89%	0.89%	0.89%	0.87%

Source: ACFR Schedule B-2

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
GENERAL FUND OTHER MISCELLANEOUS REVENUE BY SOURCE
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30.</u>	<u>County</u> <u>Support</u>	<u>Commission</u> <u>Charges</u>	<u>Membership</u> <u>Fees</u>	<u>Miscellaneous</u>	<u>Total</u>
2023	\$ 70,000.00	\$ 97,386.93	\$ 19,936.56	\$ 803,191.00	\$ 990,514.49
2022	70,000.00	81,985.13	18,380.56	568,716.00	739,081.69
2021	70,000.00	27,647.64	24,633.96	768,278.00	890,559.60
2020	70,000.00	82,726.70	21,778.97	592,055.22	766,560.89
2019	70,000.00	89,337.13	19,837.55	562,609.70	741,784.38
2018	70,000.00	89,874.27	20,359.02	466,050.11	646,283.40
2017	70,000.00	93,933.00	19,317.30	456,760.81	640,011.11
2016	70,000.00	95,518.68	19,111.73	472,738.68	657,369.09
2015	70,000.00	85,448.42	17,895.00	424,626.75	597,970.17
2014	70,000.00	154,833.90	17,661.20	423,348.95	665,844.05

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
SCHOOL BUILDING INFORMATION
UNAUDITED

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Commission Building										
Elementary										
Crossroad (2001)										
Square Feet	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Capacity (students)	66	66	66	66	66	66	66	66	66	66
Enrollment	43	40	44	43	43	47	47	50	48	45
Westlake (1997)										
Square Feet	25,650	25,650	25,650	25,650	25,650	25,650	25,650	25,650	25,650	25,650
Capacity (students)	225	225	225	225	225	225	225	225	225	225
Enrollment	56	53	56	59	67	76	76	69	74	78
High School										
Lamberts Mill Academy(Beadleston) (1997)										
Square Feet	17,670	17,670	17,670	17,670	17,670	17,670	17,670	17,670	17,670	17,670
Capacity (students)	72	72	72	72	72	72	72	72	72	72
Enrollment	35	35	47	55	40	52	52	56	56	54
Hillcrest Academy - South (2005)										
Square Feet	13,680	13,680	13,680	13,680	13,680	13,680	13,680	13,680	13,680	13,680
Capacity (students)	108	108	108	108	108	108	108	108	96	160
Enrollment	68	77	85	89	86	100	100	106	84	80
Hillcrest Academy - North										
Square Feet	10,200	10,200	10,200	10,200	10,200	10,200	10,200	10,200	10,200	10,200
Capacity (students)	96	96	96	96	96	96	96	96	90	100
Enrollment	82	73	50	91	63	85	85	92	83	79

Number of Schools at June 30, 2023

- Elementary = 2
- Middle School = 0
- Senior High School = 3
- Other = 0

Source: Commission records
Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October Commission count.

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
INSURANCE SCHEDULE
JUNE 30, 2023
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
General Insurance		
Diploma Joint Insurance		
Blanket real and personal property	\$29,559,915.00	\$5,000.00
Electronic Data Processing	Included	
Automobile	5,000,000.00	
General Liability	5,000,000.00	
Umbrella - Diploma Joint Insurance fund	5,000,000.00	
Unshared Umbrella - Hudson, Allied, Great American	30,000,000.00	
Excess Liability - Shared Limit	25,000,000.00	
Firemens Fund CAP		
Educators Legal Liability	\$10,000,000*	5,000.00
Diploma Joint Insurance fund		
*\$5M primary \$5M excess		
Officials Bonds-		
Travelers Casualty & Surety Co. of America		
Board Secretary/Business Administrator	320,000.00	
Public Officials Bond:- Crime Policy	500,000.00	1,000.00
Diploma Joint Insurance fund		
Per Person	500,000.00	
Per Loss	500,000.00	
Public Employee Dishonesty Bond		
Workmens Compensation	5,000,000.00	
Diploma Joint Insurance fund		
Hospital Professional Liability-		
Landmark Insurance Co		
Per Occurrence	2,000,000.00	5,000.00
Aggregate	4,000,000.00	

Source:

Commission records.

SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

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

Honorable President and Members
of the Board of Directors
Union County Educational Services Commission
County of Union
Westfield, New Jersey 07090

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the Union County Educational Services Commission, in the County of Union, State of New Jersey (the "Commission") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated March 6, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing 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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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

SUPLEE, CLOONEY & COMPANY LLC

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.

Compliance and Other Matters

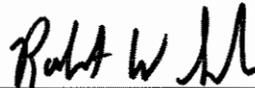
As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of This Report

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



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

February 26, 2024



SUPLEE, CLOONEY & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

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

Honorable President and Members
of the Board of Directors
Union County Educational Services Commission
County of Union
Westfield, New Jersey 07090

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Union County Educational Services Commission, County of Union, State of New Jersey (the "Commission") compliance with the types of compliance requirements identified as subject to audit in the *Federal OMB Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal and state programs for the year ended June 30, 2023. The 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 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, 2023.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 the *New Jersey OMB State Grant Compliance Supplement*. Our responsibilities under those standards, the Uniform Guidance and the New Jersey OMB State Grant Compliance Supplement are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

SUPLEE, CLOONEY & COMPANY LLC

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the 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 the New Jersey OMB State Grant Compliance Supplement 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 the Commission's compliance with the requirements of each major federal or state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance and New Jersey OMB State Grant Compliance Supplement, we:

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

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

SUPLEE, CLOONEY & COMPANY LLC

Report on Internal Control Over Compliance

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

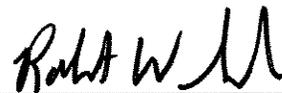
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant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

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

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



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

February 26, 2024

UNION COUNTY EDUCATIONAL SERVICES COMMISSION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2022	CARRYOVER AMOUNT	CASH RECEIPTS	BUDGETARY EXPENDITURES	ADJUSTMENT/ REPAYMENT OF PRIOR YEARS BALANCES	BALANCE AT JUNE 30, 2023			MEMO		
									(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE	DUE TO GRANITOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES	
State Department of Education														
General Funds:														
On-behalf TPAF Pension	23-495-034-5094-002	\$2,797,355.00	07/01/2022 06/30/2023			\$2,797,355.00	(\$2,797,355.00)							\$2,797,355.00
On-behalf TPAF N.C.G.I.	23-495-034-5094-004	38,810.00	07/01/2022 06/30/2023			38,810.00	(\$38,810.00)							38,810.00
On-behalf TPAF Post Retirement Medical	23-495-034-5094-001	745,054.00	07/01/2022 06/30/2023			745,054.00	(745,054.00)							745,054.00
On-behalf TPAF Long Term Disability Insurance	23-495-034-5094-004	1,258.00	07/01/2022 06/30/2023			1,258.00	(1,258.00)							1,258.00
Reimbursed TPAF social security contributions	23-495-034-5095-003	561,159.37	07/01/2021 06/30/2022	(\$27,337.78)		27,337.78								561,159.37
Reimbursed TPAF social security contributions	23-495-034-5095-003	631,523.52	07/01/2022 06/30/2023			669,531.96	(\$31,523.52)							631,523.52
Total General Funds				(27,337.78)		4,179,346.74	(4,214,000.52)							4,775,159.89
Enterprise Fund:														
National School Lunch Program (state share)	22-100-010-3360-067	1,991.93	07/01/2021 06/30/2022	(307.34)		307.34								1,991.93
National School Lunch Program (state share)	23-100-010-3360-067	2,787.33	07/01/2022 06/30/2023			2,555.57	(2,787.33)							2,787.33
Breakfast After the Bell (state share)	23-100-010-3360-067	2,400.60	07/01/2022 06/30/2023			2,214.00	(2,400.60)							2,400.60
National School Breakfast Program (state share)	23-100-010-3360-067	633.90	07/01/2022 06/30/2023			570.00	(633.90)							633.90
Total Enterprise Fund				(307.34)		5,646.91	(5,821.83)							7,813.76
Total Expenditures of State Financial Assistance Subject to OMB 15-08				(\$27,645.12)		\$4,184,993.65	(\$4,219,822.35)							\$4,783,073.65
Less: On-Behalf amounts not utilized for determination of Major Programs:														
On-behalf TPAF Pension	23-495-034-5094-002	2,797,355.00	07/01/2022 06/30/2023			2,797,355.00	(2,797,355.00)							
On-behalf TPAF N.C.G.I.	23-495-034-5094-004	38,810.00	07/01/2022 06/30/2023			38,810.00	(38,810.00)							
On-behalf TPAF Post Retirement Medical	23-495-034-5094-001	745,054.00	07/01/2022 06/30/2023			745,054.00	(745,054.00)							
On-behalf TPAF Long Term Disability Insurance	23-495-034-5094-004	1,258.00	07/01/2022 06/30/2023			1,258.00	(1,258.00)							
Total State Financial Assistance Subject to Single Audit						\$603,774.65	(\$638,603.35)							

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

Union County Educational Services Commission
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2023

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Union County 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 the federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule 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 exceptions of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 of the Commission's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The Commission has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedule (RSI) are presented for the general fund and special revenue fund to demonstrate finance-regulated 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. 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 revenue, whereas GAAP basis does not.

Union County Educational Services Commission
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2023

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$49,482.14) for the special revenue fund. Federal awards and state financial assistance revenues are reported in the Commission's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$4,214,000.52	\$4,214,000.52
Special Revenue Fund	\$779,559.86		779,559.86
Food Service Fund	<u>215,449.30</u>	<u>5,821.83</u>	<u>221,271.13</u>
Total Awards & Financial Assistance	<u>\$995,009.16</u>	<u>\$4,219,822.35</u>	<u>\$5,214,831.51</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 in the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF pension contributions, post-retirement medical benefits and long-term disability insurance represents the amount paid by the state on behalf of the Commission for the year ended June 30, 2023. TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2023.

Union County Educational Services Commission
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

- | | | |
|-----|--|------------|
| (1) | Type of Auditor's Report Issued: | Unmodified |
| (2) | Internal Control Over Financial Reporting: | |
| | (a) Material weakness identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | Yes |
| (3) | Noncompliance material to basic financial statements noted? | Yes |

Federal Program(s)

- | | | |
|-----|--|------------|
| (1) | Internal Control Over Major Federal Programs: | |
| | (a) Material weaknesses identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (2) | Type of Auditor’s Report issued on compliance for major federal program(s)? | Unmodified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance? | No |
| (4) | Identification of Major Federal Program(s): | |

<u>Program</u>	<u>ALN</u>
ARP-EANS	84.425V

- | | | |
|-----|--|--|
| (5) | Program Threshold Determination: | |
| | Type A Federal Program Threshold > \$750,000.00 | |
| | Type B Federal Program Threshold <= \$750,000.00 | |

Union County Educational Services Commission
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section I – Summary of Auditor’s Results (Continued)

Federal Program(s)

(6) Auditee qualified as a low-risk auditee under OMB Circular Uniform Guidance? No

State Program(s)

- (1) Internal Control Over Major State Programs:
- (a) Material weakness identified? No
 - (a) Significant deficiencies identified that are not considered to be material weaknesses? No
- (2) Type of Auditor’s Report issued on compliance for major state program(s)? Unmodified
- (3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08? No
- (4) Identification of Major State Program(s):
- | <u>Program</u> | <u>Grant Number</u> | |
|--|---------------------|--|
| Reimbursed TPAF
Social Security Cont. | 495-034-5095-002 | |
- (5) Program Threshold Determination:
 Type A State Program Threshold > \$750,000.00
 Type B State Program Threshold <= \$750,000.00
- (6) Auditee qualified as a low-risk auditee? Yes

Union County Educational Services Commission
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section II – Financial Statement Audit – Reported Findings Under Government Auditing Standards

Internal Control Findings – None Reported

Compliance Findings – None Reported

Section III – Findings and Questioned Costs Relative to Major Federal and State Programs

Federal Programs – None Reported

State Programs – None Reported

Union County Educational Services Commission

Schedule of Prior Year Audit Findings

Section II – Financial Statement Findings

Finding 2022-001

Condition: The District did not update the Capital Asset Ledger for the Governmental Activities of the District.

Current Status: This condition has been corrected.

