

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

**MONMOUTH-OCEAN
EDUCATIONAL SERVICES
COMMISSION**

**BOARD OF DIRECTORS
TINTON FALLS, NEW JERSEY 07712**

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

PREPARED BY:

**M-OESC BOARD OF DIRECTORS
FINANCE DEPARTMENT**

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE MONMOUTH-OCEAN COUNTY EDUCATIONAL SERVICES COMMISSION
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INTRODUCTORY SECTION

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Monmouth-Ocean Educational Services Commission

Timothy P. Nogueira
Superintendent

900 Hope Road
Tinton Falls, NJ 07712

(732) 695-7800 Fax: (732) 493-4515

www.moesc.org

December 19, 2011

Honorable President and
Members of the Board of Directors
M-OESC
900 Hope Road
Tinton Falls, New Jersey 07712

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the M-OESC (Commission) for the fiscal year ended June 30, 2011, is hereby submitted. This CAFR includes the Commission's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board (GASB) Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Directors (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 Commission. All disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Commission's organizational chart and a list of principal officials. The financial section includes the independent auditor's report, management's discussion and analysis, the basic financial statements and notes providing an overview of the Commission's financial position and operating results and other schedules. The statistical section includes selected financial information. The Commission is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act 1986 as amended in 2003 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the NJOMB Circular Letter 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

COMMISSION ORGANIZATION: The Commission was established in 1979 pursuant to state law. All public school districts in Monmouth and Ocean Counties are members. Each district appoints a board member to sit on the Commission's Representative Assembly. The Representative Assembly is responsible for the adoption of the Commission's annual budget and the selection of a 15-person Board of Directors from among its membership. The Board of Directors functions in a manner similar to a Board of Education. An Executive Committee, comprised of the Board President, Vice President and one other member of the Board of Directors, is empowered to take action in place of the Board of Directors.

REPORTING ENTITY AND ITS SERVICES: The M-OESC is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the Commission are included in this report. The M-OESC and all its schools constitute the Commission's reporting entity.

The Commission provides a broad range of services and programs to school districts and students, primarily in Monmouth and Ocean Counties. Services include special education, adult education, alternative education, non-public instruction and services, home instruction, technical instruction, grant administration, after-school childcare, cooperative purchasing, staff development and special projects.

ECONOMIC CONDITION AND OUTLOOK: The Monmouth-Ocean County area is experiencing a period of economic downturn, consistent with the national economy. Prospects for recovery in the latter half of 2011 are also consistent with state and national trends.

MAJOR INITIATIVES:

1. MOESC has joined with LEGAL ONE to create a one-hour Online Training Inservice Seminar (OTIS) on the topic of Anti-Bullying. Their OTIS program includes the state regulation and the procedure districts need to follow. To date, over 4,000 New Jersey school staff members have been training using this OTIS program.
2. MOESC has contracted with the Bayshore Jointure Commission in a shared services agreement to provide for the administration and business operations for the Jointure's Shore Center for students with Autism program housed in the MOESC's 100 Tornillo Way, Tinton Falls building. In addition, the Jointure continues to lease classroom space at that facility.
3. MOESC has joined with Rutgers University to create the New Jersey Virtual Charter School for high school dropouts. This unique approach to helping high school dropouts has been approved by the New Jersey Department of Education for a September 2011 opening.

4. MOESC's New Jersey Virtual School continues to operate a GED program at the Monmouth County Correctional Institute and is about to graduate its 100th GED diploma student.

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

As a recipient of Federal and State financial assistance, the Commission also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs.

This internal control structure is also subject to periodic evaluation by Commission management.

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

BUDGETARY CONTROLS: In addition to internal accounting controls, the Commission maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Directors. Annual appropriated budgets are adopted for the general fund and the special revenue fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at fiscal year end.

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

DEBT ADMINISTRATION: On February 23, 2001, Certificates of Participation were issued in the amount of \$2,000,000. The proceeds were used to finance a portion of the purchase of 100 Tornillo Way, Tinton Falls. The total cost of the purchase was approximately \$5,470,000. The balance of the purchase was provided by surplus Commission reserves. The Commission met its financial obligation to repay this debt.

CASH MANAGEMENT: The investment policy of the Commission is guided in large part by State statute as detailed in "Notes to the Financial Statements", Note 2. The Commission has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act. The Commission utilizes the New Jersey Cash Management Fund for all investments.

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

OTHER INFORMATION:

A. **Independent Audit** – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. Mr. David Ferullo, CPA of The Curchin Group was selected as the Commission's auditor.

In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the M-OESC Board of Directors and Representative Assembly for their concern in providing fiscal accountability to the members of the

Commission and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

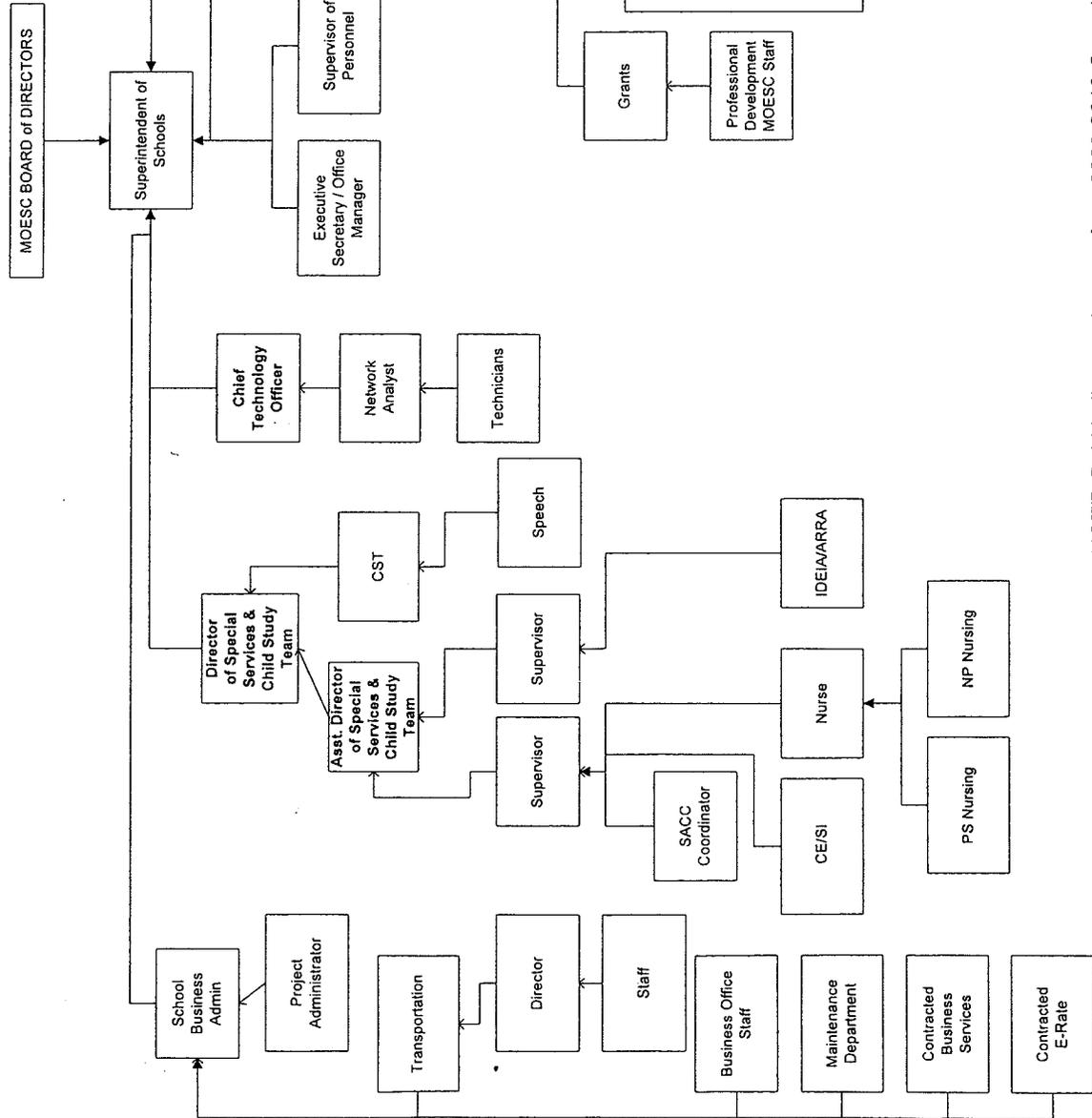
Respectfully submitted,



Timothy Nogueira
Superintendent



Kathleen Mandeville
Board Secretary/School
Business Administrator



NOTE: Bold indicates changes from 2009-2010 Organizational Chart

Board Approved: 4/21/2010

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION

ROSTER OF OFFICIALS

JUNE 30, 2011

<u>Members of the Board of Directors</u>	<u>Term Expires</u>
Mr. Christopher Rooney, President	June 30, 2012
Mr. Thomas Gialanella, Vice President	June 30, 2012
Dr. Richard Fitzpatrick	June 30, 2012
Dr. William George	June 30, 2012
Dr. James Habel	June 30, 2012
Mr. Walter Hrycenko	June 30, 2012
Mr. John Lysko	June 30, 2012
Mrs. Geraldine Margin	June 30, 2012
Mr. Timothy McCorkell	June 30, 2012
Mr. John Russo	June 30, 2012
Mr. David Trethaway	June 30, 2012
Mr. David Healy	June 30, 2012
Dr. Frank Kasyan	June 30, 2012
Mr. Charles Sampson	June 30, 2012
Mr. Vincent Smith	June 30, 2012

Other Officials

Mr. Timothy P. Nogueira, Superintendent

Mrs. Kathleen Mandeville, Board Secretary/School Business Administrator

Mr. Richard McOmber, Attorney

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION

CONSULTANTS AND ADVISORS

AUDIT FIRM

David L. Ferullo, CPA, PSA
The Curchin Group, LLC
200 Schulz Drive, Suite 400
Red Bank, NJ 07701

ATTORNEY

Richard McOmber
54 Shrewsbury Avenue
Red Bank, NJ 07701

OFFICIAL DEPOSITORY

TD Bank
175 Wyckoff Road
Eatontown, NJ 07724

FINANCIAL SECTION

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CURCHIN

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Monmouth-Ocean Educational Services Commission
100 Tornillo Way, Suite 1
Tinton Falls, NJ 07712

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund and the aggregate remaining fund information of the Monmouth-Ocean Educational Services Commission, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ending June 30, 2011, which collectively comprise the Commission's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

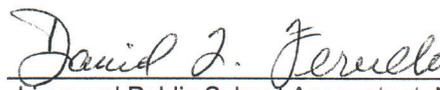
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Monmouth-Ocean Educational Services Commission, in the County of Monmouth, State of New Jersey, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report, dated January 5, 2012, on our consideration of the Monmouth-Ocean Educational Services Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United State of America require that the management's discussion and analysis and budgetary comparison information on pages 11 through 13 and pages 38 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's financial statements as a whole. The introductory section, combining and individual fund financial statements, long-term debt schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid, and are not a required part of the basic financial statements. The schedules of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Licensed Public School Accountant, No. 20900
THE CURCHIN GROUP, LLC

Red Bank, New Jersey
January 5, 2012

**REQUIRED SUPPLEMENTARY
INFORMATION – PART I**



Monmouth-Ocean Educational Services Commission

Timothy P. Nogueira
Superintendent

900 Hope Road
Tinton Falls, NJ 07712

(732) 695-7800 Fax: (732) 493-4515
www.moesc.org

MANAGEMENT'S DISCUSSION & ANALYSIS (MD&A), 2010-2011

The M-OESC provides a diverse range of services and programs to member and non-member school districts throughout the state of New Jersey.

The Commission recorded a net decrease of \$2,171,249 during the fiscal year ended 6/30/11. Broken down by fund, the decrease was calculated as follows:

	Fund	Revenue	Expenditures	Transfers	+/-
General	(10)	29,603,643	31,742,968	83,438	(2,055,887)
Special Revenue	(20)	8,141,944	8,141,944	-	-
Capital Projects	(30)	-	-	(87,760)	(87,760)
Internal Service	(70)	601,037	601,037	-	-
Enterprise	(60)	972,614	1,004,538	4,332	(27,602)
TOTAL		39,319,238	41,490,487	-	(2,171,249)

	Restricted	Unrestricted	Total
Total Net Assets at June 30, 2010	87,760	4,807,782	4,895,542
Net change in Fund Balances during 2010-2011	(87,760)	(2,083,489)	(2,171,249)
Adjustments to arrive at net assets per GASB 34	-	248,088	248,088
Total Unrestricted Net Assets at June 30, 2011	\$0	\$2,972,381	\$2,972,381

The decrease of \$2,171,249 during the most recent fiscal year was the result of many factors. The Commission garnered fewer transportation contracts during the 2010-2011 school year while salary and benefits costs continued to escalate. The Enhancement Technology program previously held at the Lakehurst Naval Station was closed effective June 30, 2011. During the 2010-2011 fiscal year, MOESC continued to convert its accounting to be fully compliant with the GAAP Chart of Accounts and account for state and federal grants in greater detail. We have also implemented a new billing module to improve accounts receivable.

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BASIC FINANCIAL STATEMENTS

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COMMISSION-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the Commission. These statements include the financial activities of the overall commission, except for fiduciary activities. 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.

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MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 4,100	\$ -	\$ 4,100
Receivables, Net	7,162,173	22,985	7,185,158
Interfund Receivable	1,392,679	758,883	2,151,562
Security Deposit	-	5,000	5,000
Capital Assets, net	7,385,213	-	7,385,213
Total Assets	<u>15,944,165</u>	<u>786,868</u>	<u>16,731,033</u>
LIABILITIES			
Accounts Payable	760,581	12,009	772,590
Cash Overdraft	3,407,879	-	3,407,879
Interfund Payable	758,883	1,392,679	2,151,562
Payable to State Government	572,335	-	572,335
Payable to Other Government	201	-	201
Deferred Revenue	216,333	-	216,333
Noncurrent Liabilities:			
Due Within One Year	63,927	-	63,927
Due Beyond One Year	353,449	-	353,449
Total Liabilities	<u>6,133,588</u>	<u>1,404,688</u>	<u>7,538,276</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	6,219,675	-	6,219,675
Unrestricted	3,590,201	(617,820)	2,972,381
Total Net Assets	<u>\$ 9,809,876</u>	<u>\$ (617,820)</u>	<u>\$ 9,192,056</u>

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

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
GOVERNMENTAL ACTIVITIES			
Instruction:			
Regular Instruction	\$ -	\$ -	\$ -
Special Education Instruction	2,580,709	-	2,138,724
Other Instruction	1,729,487	601,037	-
Nonpublic school programs	2,745,839	-	2,359,662
Support Services:			
Tuition	-	3,150,024	-
Student & Instruction Related Services	4,556,036	-	2,977,071
School Administrative Services	2,313,774	-	-
General and Business Administrative Services	2,462,544	-	554,040
Plant Operations and Maintenance	864,334	-	112,447
Pupil Transportation	23,673,482	24,469,459	-
Special Schools	35,713	-	-
Interest on Long-Term Debt	4,275	-	-
Unallocated Depreciation and Amortization	119,718	-	-
Total Governmental Activities	<u>41,085,911</u>	<u>28,220,520</u>	<u>8,141,944</u>
BUSINESS-TYPE ACTIVITIES			
Food Service	9,250	451	5,022
School-age Child Care Services	776,518	809,733	-
Adult School	218,770	157,408	-
Total Business-type Activities	<u>1,004,538</u>	<u>967,592</u>	<u>5,022</u>
Total Primary Government	<u>\$ 42,090,449</u>	<u>\$ 29,188,112</u>	<u>\$ 8,146,966</u>

GENERAL REVENUES

TPAF FICA reimbursement
Investment earnings
Miscellaneous income
Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets - beginning

Net Assets - ending

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

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
\$	-	\$
(441,985)	-	(441,985)
(1,128,450)	-	(1,128,450)
(386,177)	-	(386,177)
3,150,024	-	3,150,024
(1,578,965)	-	(1,578,965)
(2,313,774)	-	(2,313,774)
(1,908,504)	-	(1,908,504)
(751,887)	-	(751,887)
795,977	-	795,977
(35,713)	-	(35,713)
(4,275)	-	(4,275)
(119,718)	-	(119,718)
(4,723,447)	-	(4,723,447)
-	(3,777)	(3,777)
-	33,215	33,215
-	(61,362)	(61,362)
-	(31,924)	(31,924)
(4,723,447)	(31,924)	(4,755,371)
702,469	-	702,469
4,382	-	4,382
1,979,778	-	1,979,778
(4,322)	4,322	-
2,682,307	4,322	2,686,629
(2,041,140)	(27,602)	(2,068,742)
11,851,016	(590,218)	11,260,798
\$ 9,809,876	\$ (617,820)	\$ 9,192,056

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FUND FINANCIAL STATEMENTS

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

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MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 4,000	\$ 100	\$ -	\$ 4,100
Receivables From Other Governments	4,214,886	2,509,106	-	6,723,992
Interfund Receivable	3,293,183	-	-	3,293,183
Total Assets	\$ 7,512,069	\$ 2,509,206	\$ -	\$ 10,021,275
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 117,743	\$ 638,933	\$ -	\$ 756,676
Cash overdraft	3,407,879	-	-	3,407,879
Interfund Payable	758,883	1,214,880	-	1,973,763
Payable to State Government	-	572,335	-	572,335
Payable to Other Government	-	51	-	51
Deferred Revenue	131,260	83,007	-	214,267
Total Liabilities	4,415,765	2,509,206	-	6,924,971
Fund Balances:				
Reserved for:				
Encumbrances	1,253	-	-	1,253
Unreserved, Undesignated, Reported in:				
General Fund	3,095,051	-	-	3,095,051
Total Fund Balances	3,096,304	-	-	3,096,304
Total Liabilities and Fund Balances	\$ 7,512,069	\$ 2,509,206	\$ -	

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

Deferred costs associated with the issuance of the capital lease obligations (certificates of participation) are expenses in the governmental funds in the year the COPs are issued but are capitalized on the Statement of Net Assets. The bond issuance costs net of accumulated amortization of \$50,000. -

Internal Service Fund assets and liabilities are included in the Statement of Net Assets but are not part of the Governmental Funds Balance (from B-1). The Internal Service Fund balance is added here to reconcile the net assets. (254,265)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$8,610,220 and the accumulated depreciation is \$1,225,007. 7,385,213

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Telephone lease (19,953)

Compensated absences payable (397,423)

Net Assets of Governmental Activities \$ 9,809,876

See Notes to the Basic Financial Statements.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Local Sources:				
Tuition Charges	\$ 3,150,024	\$ -	\$ -	\$ 3,150,024
Transportation Charges	24,469,459	-	-	24,469,459
Interest Earned on Investments	4,382	-	-	4,382
Miscellaneous	1,979,778	-	-	1,979,778
Total - Local Sources	29,603,643	-	-	29,603,643
Federal Sources	-	5,804	-	5,804
State Sources	702,469	344,086	-	1,046,555
District Sources	-	7,792,054	-	7,792,054
Total Revenues	30,306,112	8,141,944	-	38,448,056
EXPENDITURES				
Current:				
Regular Instruction	-	-	-	-
Special Education Instruction	181,627	1,980,753	-	2,162,380
Other Instruction	1,237,586	-	-	1,237,586
Nonpublic School Programs	-	1,951,117	-	1,951,117
Support Services and Undistributed Costs:				
Student & Instruction Related Services	285,663	2,960,713	-	3,246,376
General and Business Admin. Services	1,787,968	587	-	1,788,555
School Administrative Services	1,539,782	-	-	1,539,782
Plant Operations and Maintenance	656,064	-	-	656,064
Pupil Transportation	23,523,540	-	-	23,523,540
Employee Benefits	2,935,026	582,874	-	3,517,900
Miscellaneous	-	553,453	-	553,453
Special Schools	23,645	-	-	23,645
Capital Outlay	274,536	112,447	-	386,983
Total Expenditures	32,445,437	8,141,944	-	40,587,381
Deficiency of Revenues Over (Under) Expenditures	(2,139,325)	-	-	(2,139,325)
OTHER FINANCING SOURCES (USES)				
Transfers In	87,760	-	-	87,760
Transfers Out	(4,322)	-	(87,760)	(92,082)
Total Other Financing Sources and Uses	83,438	-	(87,760)	(4,322)
Net Change in Fund Balances	(2,055,887)	-	(87,760)	(2,143,647)
Fund Balance, July 1	5,152,191	-	87,760	5,239,951
Fund Balance, June 30	\$ 3,096,304	\$ -	\$ -	\$ 3,096,304

See Notes to the Basic Financial Statements.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Total net change in fund balances - governmental funds (from B-2)	\$	(2,143,647)
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.</p>		
Depreciation Expense	(157,221)	
Capital Outlay	11,641	(145,580)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p>		
		245,000
<p>In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is a deduction in the reconciliation.</p>		
		2,332
<p>Amortization of bond issuance costs reported on the statement of activities</p>		
		(2,917)
<p>Capital lease payments are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p>		
		11,051
<p>In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacations & sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.</p>		
		(7,378)
<p>In the Statement of Activities, Internal Service Fund revenue and expenses are reported as a governmental activity. However, they are not included in the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds (from B-2).</p>		
		-
Change in net assets of governmental activities	\$	(2,041,139)

See Notes to the Basic Financial Statements.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Enterprise Funds			Total Enterprise	Governmental Activities Internal Service Fund
	Food Service	School Age Child Care	Adult School		
ASSETS					
Current assets:					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental receivables					
Federal	761	-	-	761	-
State	-	7,418	-	7,418	-
Other	-	853	13,953	14,806	438,181
Interfund receivables	-	758,883	-	758,883	-
Deposits	-	-	5,000	5,000	-
Total current assets	<u>761</u>	<u>767,154</u>	<u>18,953</u>	<u>786,868</u>	<u>438,181</u>
Noncurrent assets:					
Furniture, machinery and equipment	-	-	-	-	3,478
Less accumulated depreciation	-	-	-	-	<u>(3,478)</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 761</u></u>	<u><u>\$ 767,154</u></u>	<u><u>\$ 18,953</u></u>	<u><u>\$ 786,868</u></u>	<u><u>\$ 438,181</u></u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ -	\$ 12,009	\$ -	\$ 12,009	\$ 3,905
Deferred revenue	-	-	-	-	2,066
Intergovernmental payable	-	-	-	-	150
Interfund payable	-	-	1,392,679	1,392,679	686,325
Total current liabilities	<u>-</u>	<u>12,009</u>	<u>1,392,679</u>	<u>1,404,688</u>	<u>692,446</u>
NET ASSETS					
Unrestricted	<u>761</u>	<u>755,145</u>	<u>(1,373,726)</u>	<u>(617,820)</u>	<u>(254,265)</u>
Total net assets	<u>761</u>	<u>755,145</u>	<u>(1,373,726)</u>	<u>(617,820)</u>	<u>(254,265)</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 761</u></u>	<u><u>\$ 767,154</u></u>	<u><u>\$ 18,953</u></u>	<u><u>\$ 786,868</u></u>	<u><u>\$ 438,181</u></u>

See Notes to the Basic Financial Statements.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Enterprise Funds			Total Enterprise	Governmental Activities Internal Service Fund
	Food Service	School Age Child Care	Adult School		
OPERATING REVENUES:					
Local sources:	\$ -	\$ -	\$ -	\$ -	\$ 601,037
Food service sales	451	-	-	451	-
Community service activities	-	821,616	158,855	980,471	-
Refunds	-	(11,883)	(1,447)	(13,330)	-
Total operating revenues	<u>451</u>	<u>809,733</u>	<u>157,408</u>	<u>967,592</u>	<u>601,037</u>
OPERATING EXPENSES:					
Salaries	-	557,553	95,264	652,817	81,554
Employee benefits	-	-	-	-	1,473
Cost of sales	9,250	-	-	9,250	-
Other purchased professional services	-	209,133	80,428	289,561	432,709
Rentals	-	-	7,737	7,737	-
General supplies	-	4,999	29,838	34,837	84,600
Textbooks	-	-	1,653	1,653	-
Other expenses	-	4,833	3,850	8,683	701
Total operating expenses	<u>9,250</u>	<u>776,518</u>	<u>218,770</u>	<u>1,004,538</u>	<u>601,037</u>
OPERATING INCOME/(LOSS)	<u>(8,799)</u>	<u>33,215</u>	<u>(61,362)</u>	<u>(36,946)</u>	<u>-</u>
NONOPERATING REVENUES:					
Federal sources:					
National school lunch program	3,526	-	-	3,526	-
National school breakfast program	1,496	-	-	1,496	-
TOTAL NONOPERATING REVENUES	<u>5,022</u>	<u>-</u>	<u>-</u>	<u>5,022</u>	<u>-</u>
INCOME/(LOSS) BEFORE TRANSFERS	<u>(3,777)</u>	<u>33,215</u>	<u>(61,362)</u>	<u>(31,924)</u>	<u>-</u>
TRANSFERS IN/(OUT)	<u>4,322</u>	<u>-</u>	<u>-</u>	<u>4,322</u>	<u>-</u>
CHANGE IN NET ASSETS	545	33,215	(61,362)	(27,602)	-
TOTAL NET ASSETS - BEGINNING	<u>216</u>	<u>721,930</u>	<u>(1,312,364)</u>	<u>(590,218)</u>	<u>(254,265)</u>
TOTAL NET ASSETS - ENDING	<u>\$ 761</u>	<u>\$ 755,145</u>	<u>\$ (1,373,726)</u>	<u>\$ (617,820)</u>	<u>\$ (254,265)</u>

See Notes to the Basic Financial Statements.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Enterprise Funds			Total Enterprise	Governmental Activities Internal Service Fund
	Food Service	School Age Child Care	Adult School		
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 451	\$ 806,585	\$ 127,848	\$ 934,884	\$ 597,556
Payments to employees	-	(557,553)	(95,264)	(652,817)	(80,081)
Payments for employee benefits	-	-	-	-	(1,473)
Payments to suppliers	(9,250)	-	-	(9,250)	(429,228)
Other expenses	-	(237,022)	(123,506)	(360,528)	(85,301)
Net cash provided by (used in) operating activities	<u>(8,799)</u>	<u>12,010</u>	<u>(90,922)</u>	<u>(87,711)</u>	<u>1,473</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
State Sources	9	-	-	9	-
Federal Sources	4,468	-	-	4,468	-
Operating subsidies and transfers to other funds	4,322	(12,010)	90,922	83,234	-
Net cash provided by non-capital financing activities	<u>8,799</u>	<u>(12,010)</u>	<u>90,922</u>	<u>87,711</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	-	-	-	-	1,473
Balances—beginning of year	-	-	-	-	-
Balances—end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,473</u>
Reconciliation of operating income (loss) to net cash provided by (used in) by operating activities:					
Operating income (loss)	\$ (8,799)	\$ 33,215	\$ (61,362)	\$ (36,946)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
(Increase)/decrease in accounts receivable	-	(3,148)	-	(3,148)	(293,990)
Increase in deferred revenue	-	-	(29,560)	(29,560)	565
Increase/(decrease) in accounts payable	-	(18,057)	-	(18,057)	3,481
Increase in interfund payable	-	-	-	-	289,944
Total adjustments	<u>-</u>	<u>(21,205)</u>	<u>(29,560)</u>	<u>(50,765)</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ (8,799)</u>	<u>\$ 12,010</u>	<u>\$ (90,922)</u>	<u>\$ (87,711)</u>	<u>\$ -</u>

See Notes to the Basic Financial Statements.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	Unemployment Compensation Trust	Payroll Agency Fund
	<u> </u>	<u> </u>
ASSETS		
Cash and Cash Equivalents	\$ 1,829	\$ 142,223
	<u> </u>	<u> </u>
Total Assets	1,829	\$ 142,223
	<u> </u>	<u> </u>
LIABILITIES		
Payroll Deductions and Withholdings	-	93,093
Accrued Salaries	-	49,130
	<u> </u>	<u> </u>
Total Liabilities	-	142,223
	<u> </u>	<u> </u>
NET ASSETS		
Held in Trust for Unemployment Claims and Other Purposes	1,829	-
	<u> </u>	<u> </u>
Total Net Assets	\$ 1,829	\$ -
	<u> </u>	<u> </u>

See Notes to the Basic Financial Statements.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Unemployment Compensation Trust
ADDITIONS	
Contributions:	
Employee withholding	\$ 26,632
Board contributions	318,425
Total Contributions	345,057
Investment Earnings:	
Interest	4
Total Additions	345,061
DEDUCTIONS	
Quarterly contribution reports	13,308
Unemployment claims	331,749
Total Deductions	345,057
Change in Net Assets	4
Net Assets - Beginning of the Year	1,825
Net Assets - End of the Year	\$ 1,829

See Notes to the Basic Financial Statements.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

In June, 1979 the Monmouth County Educational Services Commission was established by local school districts in Monmouth County to administer, in a cooperative fashion, programs designated by the membership. During 1991/1992, the Commission admitted numerous Ocean County districts and changed its name to the Monmouth-Ocean Educational Services Commission (MOESC).

The general purpose of the Commission is to provide services for the consortium of school districts comprising it that are more economically and efficiently provided on a collective basis. The Commission has been established pursuant to the laws of the State of New Jersey (NJSA 18A:6, et seq.).

The primary criterion for including activities within the Commission's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Commission. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the Commission over which the Commission exercises operating control.

B. Basis of Presentation, Basis of Accounting

The Commission's basic financial statements consist of Commission-wide statements, including a Statement of Net Assets and a Statement of Activities, and Fund Financial Statements which provide a more detailed level of financial information.

Basis of Presentation

"Commission-wide Statements": The Statement of Net Assets and the Statement of Activities display information about the Commission as a whole. These statements include the financial activities of the overall Commission except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the Commission. Governmental activities generally are financed through inter-governmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Net Assets 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 requirements 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.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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 fund, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The New Jersey Department of Education (NJDOE) has elected to require the Commission to follow New Jersey school districts in treating 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 Commission financial reporting models.

The Commission reports the following governmental funds:

General Fund - The General Fund is the general operating fund of the Commission and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund - The Commission accounts for the proceeds of specific revenue sources, other than expendable trusts or major capital projects, that are legally restricted to expenditures for specified purposes in the Special Revenue Fund.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Fund Types:

Enterprise (Food Service) Fund - The Enterprise Fund accounts for operations financed and operated in a manner similar to private business enterprises. The Commission intends that costs of providing goods and services on a continuing basis be financed or recovered primarily through user charges.

Internal Service Fund - The Internal Service Fund is used to account for the financing of goods or services provided by the Commission to other local education agencies on a cost-reimbursement basis.

Fiduciary Fund Types:

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the Commission on behalf of outside parties.

Expendable Trust Fund - The Expendable Trust Fund is used to account for assets held under the terms of a formal trust agreement whereby the Commission may expend both principal and earnings.

Agency Funds (Payroll Agency and Summer Pay Plan) - Agency funds are used to account for the assets that the Commission holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

C. Basis of Accounting:

The Commission-wide financial statements are prepared using the accrual method of accounting.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The accrual basis of accounting is used for measuring financial position and operating results of Proprietary Fund Types and Expendable Trust Funds. Under this method revenues are recorded in the accounting period in which they are earned and expenses are recorded at the time liabilities are incurred.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the winter of each year for the General and Special Revenue Funds. The budgets are submitted to the County office. 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 must be approved by Commission resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget.

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 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 it recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports. At June 30, 2011 and 2010 the reconciling differences between the budgetary basis and GAAP basis in the Special Revenue Fund was equal to \$114,375. The reconciliation is located on Schedule C-3 of the CAFR.

E. Encumbrances:

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

Open encumbrances in the Special Revenue Fund for which the Commission has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

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

**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Interfund Receivables/Payables:

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

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded since all receivables are deemed collectible.

H. Capital Assets:

During the year ended June 30, 1994, the Commission established a formal system of accounting for its fixed assets. General fixed assets acquired or constructed subsequent to June 30, 1993, are recorded at original cost. Fixed assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records.

General fixed assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported as Capital Assets. Expenditures which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed assets currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. The capitalization threshold is \$2,000.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50
Building improvements	20
Vehicles	10
Office and computer equipment	5-10
Instructional equipment	10

In the Fund Financial Statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the Fund Financial Statements.

I. 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, 2011, the amounts earned by these employees, but not disbursed, was \$49,130.

J. Compensated Absences:

Commission employees are granted vacation and sick leave in varying amounts under the Commission's personnel policies. In the event of termination an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. 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 that is 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 represent a reconciling item between the fund level and Commission-wide presentations. As of June 30, 2011 no liability existed for compensated absences in the Proprietary Fund types.

K. Deferred Revenue:

Deferred revenue in the General Fund, Special Revenue Fund and Enterprise Fund represents cash which has been received but not yet earned. See Note 1 E. regarding the Special Revenue Fund.

L. 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, once incurred, are paid in a timely manner, and in full, from current financial resources and 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.

M. Fund Equity:

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

N. Allocation of Indirect Expenses:

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

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles 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.

P. Subsequent Events:

The Commission has evaluated subsequent events through January 5, 2012, which is the date the financial statements were available to be issued.

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost which approximates market.

Deposits:

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

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

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

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

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

Investments:

The Commission did not make any investments during the year; however, it does avail itself of the New Jersey Cash Management Fund. These accounts are deemed to be cash equivalents. Cash, cash equivalents and investments at June 30, 2011 consisted of the following:

Checking and savings accounts	\$ (3,407,879)
NJ Cash Management Account	<u>142,223</u>
Total cash and cash equivalents	<u>\$ (3,259,727)</u>

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

Investments: (Continued)

The carrying amount of the Commission's cash and cash equivalents at June 30, 2011 was \$(3,259,727) and the bank balance was \$1,534,780. Of the bank balance, \$500,000 was covered by Federal Deposit Insurance and \$1,034,780 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

NOTE 3. CAPITAL RESERVE ACCOUNT

A Capital Reserve Account was established by the Commission by inclusion of \$750,000 in the original 1994-95 annual capital outlay budget for accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The Capital Reserve Account is maintained in the General Fund and its activity is included in the General Fund Annual Budget.

Funds placed in the Capital Reserve Account are restricted to capital outlay expenditures, and transfers of such funds for other uses are prohibited pursuant to N.J.S.A. 18A:22-8.2. Funds withdrawn from the Account must be included in the Annual Budget as revenue labeled "Withdrawal from Capital Reserve." Unbudgeted withdrawals may be made upon approval by the Commissioner of Education for good cause. Increases in the Account from sources other than investment income cannot exceed the amount appropriated in the Annual Budget as an increase in the Capital Reserve Account.

NOTE 4. CAPITAL (FIXED) ASSETS

The following schedule is a summarization of the changes in Capital Assets by source for the fiscal year ended June 30, 2011:

	<u>Building and Improvements</u>	<u>Machinery and Equipment</u>	<u>Construction In Progress</u>	<u>Total</u>
Balance, 6/30/10	<u>\$8,144,407</u>	<u>\$454,172</u>	\$ -	<u>\$8,598,579</u>
Expended from:				
Special Revenue	-	-	-	-
General Fund	9,503	2,138	-	11,641
Capital Projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>9,503</u>	<u>2,138</u>	<u>-</u>	<u>11,641</u>
Disposals:				
Special Revenue	-	-	-	-
General Fund	-	-	-	-
Capital Projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance 6/30/11	<u>8,153,910</u>	<u>456,310</u>	-	<u>8,610,220</u>
Accumulated depreciation 6/30/10	813,095	254,691	-	1,067,786
2010 depreciation expense	116,801	40,420	-	157,221
2010 disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accumulated depreciation 6/30/11	<u>929,896</u>	<u>295,111</u>	-	<u>1,225,007</u>
Net capital assets	<u>\$ 7,224,014</u>	<u>\$ 161,199</u>	<u>\$ -</u>	<u>\$ 7,385,213</u>

**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 4. CAPITAL (FIXED) ASSETS (CONTINUED)

Following is a summary of Proprietary Fund-type fixed assets at June 30, 2011:

Machinery and equipment	\$ 3,478
Less accumulated depreciation	<u>3,478</u>
Net fixed assets	<u>\$ -</u>

NOTE 5. OPERATING LEASE

The Commission leases classroom space at the Lakehurst Naval Air Station in Lakehurst, New Jersey. The lease is for five years and expires on August 31, 2012 unless terminated earlier by the Navy. Basic monthly rent is \$2,672. The Commission is responsible for its own incidental costs.

Total rent expense for 2010-2011 was \$277,058 which includes an allocation of the debt service payments on the Tinton Falls, New Jersey facility as discussed in Note 6.

Future minimum lease payments are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2012	\$32,058
2013	<u>5,343</u>
	<u>\$37,401</u>

The Commission has entered into a lease agreement to lease building space to the Bayshore Jointure Commission. The lease term is for five years and expires on June 30, 2015. Basic monthly rent is \$15,792 with an annual increase of 4% per year. Total rental income for the fiscal year ended June 30, 2011 was \$189,500.

Future minimum lease receipts are as follows:

2012	\$197,080
2013	204,963
2014	213,162
2015	<u>221,688</u>
	<u>\$836,893</u>

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6. LONG-TERM DEBT

During the fiscal year ended June 30, 2011, the following changes occurred in liabilities reported in the Long-Term Debt:

	<u>Balance</u> <u>6/30/10</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/11</u>
Compensated absences payable	\$390,045	\$51,541	\$ 44,163	\$397,423
Capital lease obligation - phones	31,004	-	11,051	19,953
Certificate of participation issues	<u>245,000</u>	<u>-</u>	<u>245,000</u>	<u>-</u>
	<u>\$666,049</u>	<u>\$51,541</u>	<u>\$300,214</u>	<u>\$417,376</u>

On February 23, 2001, pursuant to N.J.S.A. 18A:20-4.2(f), the Commission (the Lessee) entered into a school building lease purchase agreement with FFL Services Corporation (the Lessor) to finance a portion of the purchase of the school facility in Tinton Falls.

The purchase price of the facility was \$5,470,594 and was funded by prior year surplus reserves of \$3,800,000 and the sale of Certificates of Participation in the amount of \$2,000,000.

The Certificates of Participation were paid in full in October 2010.

Under the lease, the Commission is required to pay basic rent due on each April 15 and October 15, which commenced October 15, 2001. Basic rent is composed of an interest and principal component. The Certificates carry interest rates of 4.55% and matured on October 15, 2010. The Bank of New York was appointed to serve as a trustee in the agreement. At June 30, 2011, \$2,000,000 of these Certificates were paid.

On September 18, 2009, the Commission entered into a capital lease agreement with Avaya Financial Services to obtain a telephone system for the Tinton Falls building. The system cost \$40,538 and payments are made on a monthly basis in the amount of \$1,221, inclusive of interest at a rate of 5.353%, for a period of 36 months. Future payments under the capital lease are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2012	\$ 14,657
2013	<u>6,107</u>
	20,764
Less: Interest	<u>811</u>
	19,953
Less: Current portion	<u>6,026</u>
	<u>\$ 13,927</u>

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7. PENSION PLANS

Plan Descriptions:

Substantially all of the Commission's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teacher's Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund retirement system is considered a cost-sharing multiple-employer plan with a special funding situation. Under current statute, all employer contributions are made by the State of New Jersey on behalf of the Commission and the system's other related non-contributing employers. The Public Employees Retirement System is considered a cost-sharing multiple-employer plan.

Teachers' Pension and Annuity Fund:

The Teachers' Pension and Annuity Fund was established in January, 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage, including post-retirement health care, to substantially all full-time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above-mentioned formula, but at a reduced rate (one-quarter of one percent for each month the member lacks of attaining age 55).

Public Employees' Retirement System:

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full-time employees of the State, or any county, municipality, school district or public agency, provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service.

Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one-quarter of one percent for each month the member lacks of attaining age 55).

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

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7. PENSION PLANS (CONTINUED)

Significant Legislation:

During the year ended June 30, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority (the "Authority") to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems.

As a result of additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997), the asset valuation method was changed from market related value to full market value. This legislation also contains a provision to reduce the employee contribution rates under TPAF and PERS by 1/2 of 1% to 4.5% for the calendar years 1998 and 1999, and to allow for a similar reduction in the employee's rate after calendar year 1999 providing excess valuation assets are available. The legislation also provided that the Commission's normal contributions to the Fund may be reduced based on the revaluation of assets. Because of the recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated except for the unfunded liability for the local early retirement incentive benefits. Accordingly, the pension costs for TPAF and PERS were reduced.

Funding Policy:

The contribution policy is set by New Jersey State Statutes, and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. 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 medical premiums. Under current statute the Commission is a noncontributing employer of the TPAF. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Commission is a noncontributing employer of the TPAF.

Legislation enacted during 1993 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 but less than 20 years of service. The Commission will assume the increased cost for the early retirement.

The Commission's contribution to PERS for the year ended June 30, 1998 was \$11,034 equal to the required contribution for that year; no contributions were made for the years ended June 30, 1999 through June 30, 2011.

During the year ended June 30, 2011, the State of New Jersey contributed \$419,443 to the TPAF for normal pension contributions on behalf of the Commission. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the Commission \$283,026 during the year ended June 30, 2011 for the employer's share of Social Security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the basic financial statements as revenues and expenditures in accordance with GASB 24.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 8. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010 there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126 which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

NOTE 9. DEFERRED COMPENSATION

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

Fidelity Investments	Lincoln Investment Planning
VALIC	Dean Witter
The Equitable	

NOTE 10. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables consist of expenses advanced on behalf of other funds. At June 30, 2011 the balances in interfund accounts consisted of:

	<u>Receivable</u>	<u>Payable</u>
General	\$3,293,183	\$ 758,883
Special Revenue	-	1,214,178
Enterprise	758,883	1,392,679
Internal Service	-	<u>686,326</u>
	<u>\$4,052,066</u>	<u>\$4,052,066</u>

NOTE 11. CONTINGENT LIABILITIES (RISK MANAGEMENT)

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

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

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 11. CONTINGENT LIABILITIES (RISK MANAGEMENT) (CONTINUED)

New Jersey Unemployment Compensation Insurance - The Commission has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the Commission is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and to charge its account with the State. The Commission is billed quarterly for amounts due to the State. Following is a summary of Commission contributions, employee contributions, reimbursements to the State for benefits paid, and the ending balance of the Commissions' Expendable Trust Fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Commission Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010 – 2011	\$318,428	\$26,632	\$345,056	\$ 1,829
2009 – 2010	115,340	37,362	152,696	1,825
2008 – 2009	50,000	38,541	91,484	1,819

NOTE 12. FOUNDATION

A charitable Foundation has been established for the benefit of the Commission. Since this Foundation operates under an independent Board of Trustees and independent management, the financial statements of the Foundation are not included in the accompanying financial statements. As of June 30, 2011, the Commission estimated that the Foundation had net assets of approximately \$63,000. Revenue and support received by the Foundation, and not reflected in the financial statements of the Commission, aggregated approximately \$8,000 in the year ended December 31, 2010.

NOTE 13. DEFERRED BOND ISSUANCE COSTS

Governmental funds recognize debt issuance costs within the current period. For the Commission-wide financial statements, debt issuance costs are amortized straight-line over the life of the specific certificate of participation (10 years). The total debt issuance cost was \$50,000. Amortization expense for the fiscal year ended June 30, 2011 was \$2,917. The costs were fully amortized for the fiscal year ended June 30, 2011.

NOTE 14. GAIN/(LOSS) ON SALE OF FIXED ASSETS

In June 2008 the Commission entered into a contract for the sale of the Colts Neck property for a price of \$3,000,000. This sale closed in June 2010. Also, during the year the Commission sold and disposed of other fixed assets. The breakdown on the gain/(loss) is as follows:

	<u>Colts Neck Property</u>	<u>Equipment Sale</u>	<u>Equipment Disposal</u>	<u>Total</u>
Proceeds	\$3,000,000	\$ 4,570	\$ -	\$ 3,004,570
Cost	4,418,623	14,012	1,349,745	5,782,380
Less: Accumulated depreciation	(1,361,953)	(14,012)	(990,170)	(2,366,135)
Basis	<u>3,056,670</u>	<u>-</u>	<u>359,575</u>	<u>3,416,245</u>
Gain/(Loss)	<u>\$ (56,670)</u>	<u>\$ 4,570</u>	<u>\$ (359,575)</u>	<u>\$ (411,675)</u>

**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 15. FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) – Of the \$3,096,304 General Fund balance at June 30, 2011, \$1,253 is reserved for encumbrances.

**REQUIRED SUPPLEMENTARY
INFORMATION – PART II**

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BUDGETARY COMPARISON SCHEDULES

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Tuition	\$ 8,699,148	\$ (5,797,822)	\$ 2,901,326	\$ 3,150,024	\$ 248,698
Transportation fees from other LEA's	35,311,223	(7,925,007)	27,386,216	24,469,459	(2,916,757)
Interest earned on investments	-	-	-	4,382	4,382
Miscellaneous	-	2,085,253	2,085,253	1,979,778	(105,475)
Total Local Sources	44,010,371	(11,637,576)	32,372,795	29,603,643	(2,769,152)
State Sources:					
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	419,443	419,443
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	283,026	283,026
Total State Sources	-	-	-	702,469	702,469
Total Revenues	44,010,371	(11,637,576)	32,372,795	30,306,112	(2,066,683)
EXPENDITURES:					
Current Expense:					
SPECIAL EDUCATION - INSTRUCTION					
Resource Room/Resource Center:					
Salaries of Teachers	258,213	(83,549)	174,664	174,664	-
Other Salaries for Instruction	-	4,890	4,890	4,890	-
General Supplies	3,500	-	3,500	1,925	1,575
Textbooks	2,000	(2,000)	-	-	-
Other objects	1,500	(500)	1,000	148	852
Total Resource Room/Resource Center	265,213	(81,159)	184,054	181,627	2,427
TOTAL SPECIAL EDUCATION - INSTRUCTION	265,213	(81,159)	184,054	181,627	2,427
Other Instructional Programs - Instruction					
Salaries	820,050	178,508	998,558	962,255	36,303
Purchased Services	60,000	274,487	334,487	259,537	74,950
Supplies and Materials	56,500	(38,010)	18,490	14,054	4,436
Other Objects	2,250	2,626	4,876	1,740	3,136
Total Other Instructional Programs - Instruction	938,800	417,611	1,356,411	1,237,586	118,825
TOTAL INSTRUCTION	1,204,013	336,452	1,540,465	1,419,213	121,252
UNDISTRIBUTED EXPENDITURES					
Undistributed Expend. - Attend. & Social Work					
Salaries	190,817	(145,654)	45,163	43,190	1,973
Total Undistributed Expend. - Attend. & Social Work	190,817	(145,654)	45,163	43,190	1,973
Undist. Expend. - Health Services					
Salaries	55,584	(4,183)	51,401	48,455	2,946
Purchased Professional and Technical Services	3,500	4,576	8,076	8,075	1
Supplies and Materials	-	64	64	64	-
Total Undistributed Expenditures - Health Services	59,084	457	59,541	56,594	2,947
Undist. Expend. - Speech, OT, PT and Related Svcs.					
Supplies and Materials	-	832	832	831	1
Total Undist. Expend. - Speech, OT, PT and Related Svcs.	-	832	832	831	1
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	-	148,293	148,293	147,212	1,081
Total Undist. Expend. - Guidance	-	148,293	148,293	147,212	1,081
Undist. Expend. - Child Study Team					
Purchased Prof-Educational Services	-	150	150	150	-
Other Purch Services (400-500)	-	23,229	23,229	23,228	1
Supplies and Materials	-	10,981	10,981	10,309	672
Total Undist. Expend. - Child Study Team	-	34,360	34,360	33,687	673

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Improvement of Inst. Serv.					
Other Salaries	5,000	(5,000)	-	-	-
Total Undist. Expend. - Improvement of Inst. Serv.	5,000	(5,000)	-	-	-
Undist. Expend. - Instructional Staff Training Serv.					
Purchased Professional - Educational Service	-	4,149	4,149	4,149	-
Other Purchased Services (400-500 series)	-	3	3	-	3
Total Undist. Expend. - Instructional Staff Training Serv.	-	4,152	4,152	4,149	3
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	725,450	(128,489)	596,961	596,961	-
Legal Services	95,000	35,879	130,879	122,137	8,742
Other Purchased Professional Services	55,395	(7,395)	48,000	48,000	-
Purchased Technical Services	63,559	(50,782)	12,777	12,777	-
Communications/Telephone	117,358	(5,658)	111,700	91,046	20,654
Other Purchased Services (400-500 series)	40,450	17,866	58,316	58,309	7
Supplies and Materials	62,000	(39,210)	22,790	22,778	12
BOE In-House Training/Meeting Supplies	3,000	(3,000)	-	-	-
Judgments Against the School District	-	7,500	7,500	7,500	-
Miscellaneous Expenditures	-	9,493	9,493	9,493	-
BOE Membership Dues and Fees	8,000	2,961	10,961	10,961	-
Total Undist. Expend. - Supp. Serv. - General Admin.	1,170,212	(160,835)	1,009,377	979,962	29,415
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	807,190	96,795	903,985	879,513	24,472
Salaries of Secretarial and Clerical Assistants	556,641	77,925	634,566	634,565	1
Other Salaries	107,658	(107,658)	-	-	-
Other Purchased Services	7,500	8,807	16,307	10,866	5,441
Supplies and Materials	-	14,866	14,866	14,741	125
Other Objects	-	97	97	97	-
Total Undist. Expend. - Support Serv. - School Admin.	1,478,989	90,832	1,569,821	1,539,782	30,039
Undist. Expend. - Central Services					
Salaries	482,309	(34,235)	448,074	448,074	-
Misc. Purchased Services (400-500 series)	8,750	(6,410)	2,340	2,238	102
Supplies and Materials	6,500	(3,295)	3,205	3,205	-
Interest on Lease Purchase Agreements	5,574	1,128	6,702	6,607	95
Miscellaneous Expenditures	3,500	4,361	7,861	7,861	-
Total Undist. Expend. - Central Services	506,633	(38,451)	468,182	467,985	197
Undist. Expend. - Admin. Info. Tech.					
Salaries	258,859	(7,811)	251,048	251,048	-
Purchased Technical Services	20,350	68,555	88,905	87,705	1,200
Other Purchased Services	1,200	(1,102)	98	98	-
Supplies and Materials	5,500	(4,455)	1,045	1,045	-
Other Objects	2,700	(2,575)	125	125	-
Total Undist. Expend. - Admin Info Technology	288,609	52,612	341,221	340,021	1,200
Undist. Expend. - Required Maintenance for School Facilities					
Salaries	112,480	(24,462)	88,018	88,018	-
Cleaning, Repair and Maintenance Services	169,496	62,737	232,233	229,624	2,609
General Supplies	6,405	31,689	38,094	38,044	50
Total Undist. Expend. - Req. Maintenance for School Facilities	288,381	69,964	358,345	355,686	2,659
Undist. Expend. - Oth. Oper. & Maint. of Plant					
Rental of Land and Buildings	32,058	6,821	38,879	38,879	-
Other Purchased Property Services	4,050	3,326	7,376	7,376	-
Insurance	-	44,966	44,966	44,966	-
Travel	-	121	121	120	1
Miscellaneous Purchased Services	5,300	(5,265)	35	35	-
Energy (Energy and Electricity)	199,400	(65,939)	133,461	133,460	1
Other Objects	4,200	(4,000)	200	200	-
Total Undist. Expend. - Other Oper. & Maint. Of Plant	245,008	(19,970)	225,038	225,036	2

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Care and Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	51,194	(51,194)	-	-	-
Total Undist. Expend. - Care and Upkeep of Grounds	51,194	(51,194)	-	-	-
Undist. Expend. - Security					
Salaries	73,351	1,991	75,342	75,342	-
Total Undist. Expend. - Security	73,351	1,991	75,342	75,342	-
Undist. Expend. - Student Transportation Services					
Salaries for Pupil Transp. (Bet. Home & School) - Regular	305,223	(305,223)	-	-	-
Salaries of Non-Instructional Aids	-	285,905	285,905	285,905	-
Other Purchased Professional and Technical Services	-	5,000	5,000	4,862	138
Contracted Svcs. (Sp Ed Stds) - Joint Agrmnts	35,000,000	(11,765,227)	23,234,773	23,224,356	10,417
Travel	-	129	129	129	-
Miscellaneous Purchased Services - Transportation	2,500	16,345	18,845	(992)	19,837
Supplies and Materials	3,500	5,481	8,981	8,980	1
Miscellaneous Expense	-	500	500	300	200
Total Undist. Expend. - Student Transportation Services	35,311,223	(11,757,090)	23,554,133	23,523,540	30,593
Unallocated Benefits					
Group Insurance	20,628	(5,035)	15,593	15,592	1
Social Security Contributions	200,822	59,833	260,655	260,655	-
Other Retirement Contributions - PERS	345,065	103,184	448,249	448,248	1
Unemployment Compensation	200,000	160,000	360,000	357,103	2,897
Worker's Compensation	144,081	(47,653)	96,428	91,810	4,618
Health Benefits	1,610,975	(420,536)	1,190,439	810,251	380,188
Tuition Reimbursement	39,221	4,515	43,736	40,342	3,394
Other Employee Benefits	236,841	(25,827)	211,014	208,556	2,458
Total Unallocated Benefits	2,797,633	(171,519)	2,626,114	2,232,557	393,557
On-behalf TPAF pension Contributions (non-budgeted)	-	-	-	419,443	(419,443)
Reimbursed TPAF Social Security (non-budgeted)	-	-	-	283,026	(283,026)
Total On-Behalf Payments	-	-	-	702,469	(702,469)
Total Personnel Services - Employee Benefits	2,797,633	(171,519)	2,626,114	2,935,026	(308,912)
Undistributed Expenditures - Food Service					
Transfers to Cover Deficit	14,000	-	14,000	4,322	9,678
Total Undistributed Expenditures - Food Service	14,000	-	14,000	4,322	9,678
TOTAL UNDISTRIBUTED EXPENDITURES	42,480,134	(11,946,220)	30,533,914	30,732,365	(198,451)
TOTAL GENERAL CURRENT EXPENSE	43,684,147	(11,609,768)	32,074,379	32,151,578	(77,199)
CAPITAL OUTLAY					
Equipment					
Instruction - Behavioral Disabilities	-	-	-	-	-
Undistributed Expenditures-General Administration	-	18,543	18,543	18,380	163
Undistributed Expenditures-Admin. Info. Tech.	-	11,228	11,228	11,156	72
Total Equipment	-	29,771	29,771	29,536	235
Facilities acquisition and construction services					
Lease Purchase Agreements-Principal	245,000	-	245,000	245,000	-
Total Facilities acquisition and construction services	245,000	-	245,000	245,000	-
TOTAL CAPITAL OUTLAY	245,000	29,771	274,771	274,536	235

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
SPECIAL SCHOOLS					
Accredited Evening/Adult High School					
Instruction:					
Salaries	72,224	(48,617)	23,607	23,607	-
General Supplies	4,500	(4,462)	38	38	-
Textbooks	4,500	(4,500)	-	-	-
Total Accredited Evening/Adult High School	<u>81,224</u>	<u>(57,579)</u>	<u>23,645</u>	<u>23,645</u>	<u>-</u>
TOTAL SPECIAL SCHOOLS	<u>81,224</u>	<u>(57,579)</u>	<u>23,645</u>	<u>23,645</u>	<u>-</u>
TOTAL EXPENDITURES	<u>44,010,371</u>	<u>(11,637,576)</u>	<u>32,372,795</u>	<u>32,449,759</u>	<u>(76,964)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(2,143,647)	(2,143,647)
Other Financing Sources/(Uses):					
Operating Transfer In - Capital Projects Fund	-	-	-	87,760	87,760
Operating Transfer Out-Enterprise Fund	-	-	-	-	-
Capital Leases(non-budgeted)	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,760</u>	<u>87,760</u>
Excess (Deficiency) of Revenues and Other Financing Uses Over (Under) Expenditures	-	-	-	(2,055,887)	(2,055,887)
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,152,191</u>	<u>(5,152,191)</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,096,304</u>	<u>\$ 3,096,304</u>

Recapitulation:		
Reserve for Encumbrances		\$ 1,253
Unreserved Fund Balance		<u>3,095,051</u>
		<u>\$ 3,096,304</u>

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	\$ -	\$ -	\$ -	\$ 5,804	\$ 5,804
State sources	6,252,103	(5,908,017)	344,086	344,086	-
District sources	2,914,545	5,908,017	8,822,562	7,677,679	(1,144,883)
Total Revenues	9,166,648	-	9,166,648	8,027,569	(1,139,079)
EXPENDITURES:					
Instruction					
Salaries of Teachers	4,544,835	(2,166,060)	2,378,775	1,713,028	665,747
Other Salaries for Instruction	1,193,711	(724,285)	469,426	442,728	26,698
Purchased Professional-Technical Services	-	365,991	365,991	365,991	-
Other Purchased Services (400-500 series)	-	25,140	25,140	25,140	-
General supplies	-	790,084	790,084	790,084	-
Textbooks	581,151	(100,627)	480,524	480,524	-
Total Instruction	6,319,697	(1,809,757)	4,509,940	3,817,495	692,445
Support Services					
Salaries of Program Directors	322,294	(288,848)	33,446	33,446	-
Salaries of Other Professional Staff	-	28,800	28,800	28,800	-
Personal Services - Employee Benefits	1,469,789	(886,915)	582,874	582,874	-
Purchased Professional - Educational Services	219,525	1,142,867	1,362,392	1,362,392	-
Other Purchased Prof. Services	377,872	442,883	820,755	667,725	153,030
Purchased Technical Services	106,390	729,939	836,329	836,329	-
Travel	-	587	587	587	-
Supplies & Materials	185,302	135,324	320,626	32,021	288,605
Other Objects	124,492	428,961	553,453	553,453	-
Total Support Services	2,805,664	1,733,598	4,539,262	4,097,627	441,635
Facilities Acquisition and Construction Services:					
Instructional Equipment	41,287	76,159	117,446	112,447	4,999
Total Facilities Acquisition and Construction Services	41,287	76,159	117,446	112,447	4,999
Total Expenditures	9,166,648	-	9,166,648	8,027,569	1,139,079
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

**NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION**

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MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 BUDGET TO GAAP RECONCILIATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 30,306,112	\$ 8,027,569
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	<u>-</u>	<u>114,375</u>
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 30,306,112</u>	<u>\$ 8,141,944</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules	\$ 32,449,759	\$ 8,027,569
Differences - 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 reporting purposes.	<u>-</u>	<u>114,375</u>
Total expenditures reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 32,449,759</u>	<u>\$ 8,141,944</u>

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OTHER SUPPLEMENTARY INFORMATION

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SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue fund is 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.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
BUDGETARY BASIS

	FIE	N.J.	N.J.	N.J. Nonpublic Auxiliary Services Chapter 192			
	Virtual School Grant	Nonpublic Nurse Aid	Nonpublic Textbook Aid	Compensatory Education	English as a Second Language	Transportation	Home Instruction
REVENUES:							
Federal sources	\$ 5,804	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
District sources	-	916,033	480,071	1,553,970	67,538	88,323	34,846
Total Revenues	\$ 5,804	\$ 916,033	\$ 480,071	\$ 1,553,970	\$ 67,538	\$ 88,323	\$ 34,846
EXPENDITURES:							
Instruction:							
Salaries of teachers	\$ -	\$ -	\$ -	\$ 745,394	\$ 24,085	\$ -	\$ 21,254
Other salaries for instruction	-	-	-	-	-	-	-
Purchased Professional and Tech Serv	-	-	-	274,650	-	-	6,531
Other purchased services	-	-	-	-	25,140	-	-
General supplies	2,004	-	-	-	-	-	-
Textbooks	-	-	480,071	-	-	-	-
Total Instruction	2,004	-	480,071	1,020,044	49,225	-	27,785
Support services:							
Salaries of program directors	-	-	-	-	-	28,323	-
Sal. of other professional staff	-	-	-	-	-	-	-
Personal svcs. - employee benefits	-	-	-	252,920	-	-	-
Purchased prof. educational svcs.	3,800	-	-	-	-	-	-
Other purchased prof. svcs.	-	52,432	-	76,378	2,985	50	7,061
Purchased technical services	-	776,029	-	-	-	59,950	-
Travel	-	-	-	-	557	-	-
Supplies and materials	-	30,395	-	-	-	-	-
Other Objects	-	57,177	-	204,628	14,771	-	-
Total Support Services	3,800	916,033	-	533,926	18,313	88,323	7,061
Facilities acquisition and construction services:							
Instructional equipment	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-	-
Total Expenditures	\$ 5,804	\$ 916,033	\$ 480,071	\$ 1,553,970	\$ 67,538	\$ 88,323	\$ 34,846

N.J. Nonpublic Handicapped Services Chapter 193								
High School Completion	Supplemental Instruction	Examination and Classification	Corrective Speech	IDEA Part B	IDEA Part B ARRA	Title I Basic Skills	State Alternate Assessment	Totals 2011
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,804
144,086	-	-	-	-	-	-	200,000	344,086
-	593,867	1,110,629	593,673	1,303,357	923,367	12,005	-	7,677,679
<u>\$ 144,086</u>	<u>\$ 593,867</u>	<u>\$ 1,110,629</u>	<u>\$ 593,673</u>	<u>\$ 1,303,357</u>	<u>\$ 923,367</u>	<u>\$ 12,005</u>	<u>\$ 200,000</u>	<u>\$ 8,027,569</u>
\$ 116,581	\$ 357,078	\$ -	\$ -	\$ 359,055	\$ 8,325	\$ 8,075	\$ 73,181	\$ 1,713,028
-	-	-	-	442,656	72	-	-	442,728
-	14,910	-	-	-	-	-	69,900	365,991
-	-	-	-	-	-	-	-	25,140
3,999	-	-	-	61,975	722,106	-	-	790,084
-	-	-	-	453	-	-	-	480,524
<u>120,580</u>	<u>371,988</u>	<u>-</u>	<u>-</u>	<u>864,139</u>	<u>730,503</u>	<u>8,075</u>	<u>143,081</u>	<u>3,817,495</u>
5,123	-	-	-	-	-	-	-	33,446
-	-	-	-	-	28,800	-	-	28,800
18,383	143,752	-	-	153,998	4,336	2,130	7,355	582,874
-	-	923,750	286,695	100,822	8,671	1,090	37,564	1,362,392
-	30,949	57,943	206,215	182,772	38,260	680	12,000	667,725
-	-	-	-	-	350	-	-	836,329
-	-	-	-	-	-	30	-	587
-	-	-	-	1,626	-	-	-	32,021
-	47,178	128,936	100,763	-	-	-	-	553,453
<u>23,506</u>	<u>221,879</u>	<u>1,110,629</u>	<u>593,673</u>	<u>439,218</u>	<u>80,417</u>	<u>3,930</u>	<u>56,919</u>	<u>4,097,627</u>
-	-	-	-	-	112,447	-	-	112,447
-	-	-	-	-	112,447	-	-	112,447
<u>\$ 144,086</u>	<u>\$ 593,867</u>	<u>\$ 1,110,629</u>	<u>\$ 593,673</u>	<u>\$ 1,303,357</u>	<u>\$ 923,367</u>	<u>\$ 12,005</u>	<u>\$ 200,000</u>	<u>\$ 8,027,569</u>

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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.

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MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
 CAPITAL PROJECTS FUND
 SUMMARY STATEMENT OF PROJECT EXPENDITURES
 AND CHANGES IN FUND BALANCE-BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

Revenues and Other Financing Sources	
Transfer from general fund	\$ -
Total revenues	<u>-</u>
 Expenditures and Other Financing Uses	
Transfers to general fund	<u>87,760</u>
Excess of revenues over expenditures	(87,760)
Fund balance - beginning	<u>87,760</u>
Fund balance - ending	<u><u>\$ -</u></u>

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ENTERPRISE AND INTERNAL SERVICE FUNDS DETAIL STATEMENTS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the Commission’s board is that the costs of providing goods or services be financed through user charges.

FOOD SERVICE FUND – This fund provides for the operation of food services in all schools within the Commission.

SACC ENTERPRISE FUND – This fund provides for the operation of school age child care services for schools in the member districts.

ADULT SCHOOL – This fund provides for the operation of MAECOM.

INTERNAL SERVICE FUNDS – This fund is used to account for the financing of goods or services provided by the Commission to member districts.

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MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
 COMBINING STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2011

	Enterprise Funds			Totals 2009
	Food Service	School Age Child Care	Adult School	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Intergovernmental receivables				
Federal	761	-	-	761
State	-	7,418	-	7,418
Other	-	853	13,953	14,806
Interfund receivables	-	758,883	-	758,883
Deposits	-	-	5,000	5,000
Total current assets	<u>761</u>	<u>767,154</u>	<u>18,953</u>	<u>786,868</u>
TOTAL ASSETS	<u>\$ 761</u>	<u>\$ 767,154</u>	<u>\$ 18,953</u>	<u>\$ 786,868</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ -	\$ 12,009	\$ -	\$ 12,009
Deferred revenue	-	-	-	-
Interfund payable	-	-	1,392,679	1,392,679
Total current liabilities	<u>-</u>	<u>12,009</u>	<u>1,392,679</u>	<u>1,404,688</u>
NET ASSETS				
Unrestricted	<u>761</u>	<u>755,145</u>	<u>(1,373,726)</u>	<u>(617,820)</u>
Total net assets	<u>761</u>	<u>755,145</u>	<u>(1,373,726)</u>	<u>(617,820)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 761</u>	<u>\$ 767,154</u>	<u>\$ 18,953</u>	<u>\$ 786,868</u>

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
 COMBINING STATEMENT OF REVENUE, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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	Enterprise Funds			Totals
	Food Service	School Age Child Care	Adult School	
OPERATING REVENUES:				
Local sources:				
Food service sales	\$ 451	\$ -	\$ -	\$ 451
Community service activities	-	821,616	158,855	980,471
Refunds	-	(11,883)	(1,447)	(13,330)
Total operating revenues	451	809,733	157,408	967,592
OPERATING EXPENSES:				
Salaries	-	557,553	95,264	652,817
Cost of sales	9,250	-	-	9,250
Other purchased professional services	-	209,133	80,428	289,561
Rentals	-	-	7,737	7,737
General supplies	-	4,999	29,838	34,837
Textbooks	-	-	1,653	1,653
Other expenses	-	4,833	3,850	8,683
Total operating expenses	9,250	776,518	218,770	1,004,538
OPERATING INCOME/(LOSS)	(8,799)	33,215	(61,362)	(36,946)
NONOPERATING REVENUES:				
Federal sources:				
National school lunch program	3,526	-	-	3,526
National school breakfast program	1,496	-	-	1,496
TOTAL NONOPERATING REVENUES	5,022	-	-	5,022
INCOME/(LOSS) BEFORE TRANSFERS	(3,777)	33,215	(61,362)	(31,924)
TRANSFERS IN	4,322	-	-	4,322
CHANGE IN NET ASSETS	545	33,215	(61,362)	(27,602)
TOTAL NET ASSETS - BEGINNING	216	721,930	(1,312,364)	(590,218)
TOTAL NET ASSETS - ENDING	\$ 761	\$ 755,145	\$(1,373,726)	\$ (617,820)

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
 COMBINING STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

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	Enterprise Funds			
	Food Service	School Age Child Care	Adult School	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 451	\$ 806,585	\$ 127,848	\$ 934,884
Payments to employees	-	(557,553)	(95,264)	(652,817)
Payments for employee benefits	-	-	-	-
Payments to suppliers	(9,250)	-	-	(9,250)
Other expenses	-	(237,022)	(123,506)	(360,528)
Net cash provided by (used in) operating activities	<u>(8,799)</u>	<u>12,010</u>	<u>(90,922)</u>	<u>(87,711)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Sources	9	-	-	9
Federal Sources	4,468	-	-	4,468
Operating subsidies and transfers (to)/from other funds	<u>4,322</u>	<u>(12,010)</u>	<u>90,922</u>	<u>83,234</u>
Net cash provided by non-capital financing activities	<u>8,799</u>	<u>(12,010)</u>	<u>90,922</u>	<u>87,711</u>
Net increase (decrease) in cash and cash equivalents	-	-	-	-
Balances—beginning of year	-	-	-	-
Balances—end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used in) by operating activities:				
Operating income (loss)	\$ (8,799)	\$ 33,215	\$ (61,362)	\$ (36,946)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
(Increase)/decrease in accounts receivable	-	(3,148)	-	(3,148)
Decrease in deferred revenue	-	-	(29,560)	(29,560)
Increase/(decrease) in accounts payable	-	(18,057)	-	(18,057)
Total adjustments	<u>-</u>	<u>(21,205)</u>	<u>(29,560)</u>	<u>(50,765)</u>
Net cash provided by (used in) operating activities	<u>\$ (8,799)</u>	<u>\$ 12,010</u>	<u>\$ (90,922)</u>	<u>\$ (87,711)</u>

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 JUNE 30, 2011

G-4

	Governmental Activities Internal Services Fund
	<u> </u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ -
Accounts receivable	438,181
	<u> </u>
Total Current Assets	438,181
Noncurrent Assets:	
Furniture, machinery and equipment	3,478
Less accumulated depreciation	(3,478)
	<u> </u>
Total Noncurrent Assets	-
	<u> </u>
Total Assets	<u>\$ 438,181</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 3,905
Deferred revenue	2,066
Intergovernmental payable	150
Interfund payable	686,325
	<u> </u>
Total current liabilities	692,446
	<u> </u>
NET ASSETS:	
Unrestricted	(254,265)
	<u> </u>
Total Net Assets	<u>\$ 438,181</u>

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
 COMBINING STATEMENT OF REVENUE, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

G-5

	<u>Governmental Activities Internal Services Fund</u>
OPERATING REVENUES:	
Charges for services:	
Special functions	\$ 601,037
Total operating revenues	<u>601,037</u>
OPERATING EXPENSES:	
Salaries	81,554
Employee benefits	1,473
Other purchased professional services	432,709
General supplies	84,600
Other costs	<u>701</u>
Total operating expenses	<u>601,037</u>
OPERATING INCOME/(LOSS)	<u>-</u>
CHANGE IN NET ASSETS	-
TOTAL NET ASSETS - BEGINNING	<u>(254,265)</u>
TOTAL NET ASSETS - ENDING	<u><u>\$ (254,265)</u></u>

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

G-6

	Governmental Activities Internal Services Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 597,556
Payments to employees	(81,554)
Payments for employee benefits	(1,473)
Payments to suppliers	(429,228)
Other expenses	(85,301)
	-
Net cash provided by (used in) operating activities	-
Balances—beginning of year	-
Balances—end of year	\$ -
 Reconciliation of operating income (loss) to net cash provided by (used in) by operating activities:	
Operating income (loss)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Increase in accounts receivable	(293,990)
Increase in deferred revenue	565
Increase in interfund payable	289,944
Increase in accounts payable	3,481
	-
Total adjustments	-
Net cash provided by (used in) operating activities	\$ -

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for assets held by the Commission in a trustee capacity.

Agency Funds are used to account for assets held by the Commission as an agent for individuals, private organizations, other governments and/or other funds.

UNEMPLOYMENT COMPENSATION INSURANCE TRUST FUND – This is an expendable trust fund whose purpose is to provide unemployment benefits under the direct reimbursement method.

PAYROLL FUND – This agency fund is used to account for the payroll transactions of the Commission.

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MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2011

H-1

	<u>Unemployment Compensation Trust</u>	<u>Agency Funds</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 1,829	\$ 142,223	\$ 144,052
Total Assets	<u>\$ 1,829</u>	<u>\$ 142,223</u>	<u>\$ 144,052</u>
LIABILITIES			
Payroll deductions and withholdings	-	93,093	93,093
Accrued salaries	-	49,130	49,130
Total liabilities	<u>-</u>	<u>\$ 142,223</u>	<u>142,223</u>
NET ASSETS:			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 1,829</u>		<u>1,829</u>
Total Net Assets			<u>1,829</u>
Total Liabilities and Net Assets			<u>\$ 144,052</u>

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Unemployment Compensation Trust
ADDITIONS	
Employee payroll contributions	\$ 26,632
Investment income	4
Board contributions	<u>318,425</u>
Total additions	<u>345,061</u>
DEDUCTIONS	
Quarterly contribution reports	13,308
Unemployment claims	<u>331,749</u>
Total deductions	<u>345,057</u>
Change in Net Assets	4
Net Assets - Beginning of Year	<u>1,825</u>
Net Assets - End of Year	<u><u>\$ 1,829</u></u>

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
 PAYROLL AGENCY FUND
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
ASSETS:				
Cash and cash equivalents	\$ 152,574	\$ 3,415,397	\$ 3,425,748	\$ 142,223
TOTAL ASSETS	<u>\$ 152,574</u>	<u>\$ 3,415,397</u>	<u>\$ 3,425,748</u>	<u>\$ 142,223</u>
LIABILITIES:				
Payroll deductions and withholdings	\$ 62,136	\$ 3,366,267	\$ 3,335,310	\$ 93,093
Accrued salaries	90,438	49,130	90,438	49,130
TOTAL LIABILITIES	<u>\$ 152,574</u>	<u>\$ 3,415,397</u>	<u>\$ 3,425,748</u>	<u>\$ 142,223</u>

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LONG-TERM DEBT SCHEDULES

The Long-Term Debt group is used to record the outstanding principal balances of the long-term liabilities of the Commission. This includes the outstanding principal balance on capital leases.

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Monmouth-Ocean Educational Services Commission
 Long-Term Debt
 Schedule of Obligations Under Capital Leases
 Year Ended June 30, 2011

Purpose	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance			Balance June 30, 2011
			Principal	Interest		June 30, 2010	Issued	Retired	
Phone lease	9/18/2009	3 years	40,538	3,432	5.353%	31,004	-	11,051	19,953
						<u>\$ 31,004</u>	<u>\$ -</u>	<u>\$ 11,051</u>	<u>\$ 19,953</u>

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STATISTICAL SECTION

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MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS ENDED JUNE 30, 2011
UNAUDITED

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 7,833,510	\$ 9,643,316	\$ 9,936,756	\$ 6,365,255	\$ 6,219,674
Restricted	(22,007)	53,922	87,760	87,760	-
Unrestricted	8,698,689	5,830,974	4,552,112	5,398,001	3,590,203
Total governmental activities net assets	<u>\$ 16,510,192</u>	<u>\$ 15,528,212</u>	<u>\$ 14,576,628</u>	<u>\$ 11,851,016</u>	<u>\$ 9,809,877</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Unrestricted	(54,041)	(416,413)	(597,346)	(590,218)	(617,820)
Total business-type activities net assets	<u>\$ (54,041)</u>	<u>\$ (416,413)</u>	<u>\$ (597,346)</u>	<u>\$ (590,218)</u>	<u>\$ (617,820)</u>
District-wide					
Invested in capital assets, net of related debt	\$ 7,833,510	\$ 9,643,316	\$ 9,936,756	\$ 6,365,255	\$ 6,219,674
Restricted	(22,007)	53,922	87,760	87,760	-
Unrestricted	8,644,648	5,414,561	3,954,766	4,807,783	2,972,383
Total district net assets	<u>\$ 16,456,151</u>	<u>\$ 15,111,799</u>	<u>\$ 13,979,282</u>	<u>\$ 11,260,798</u>	<u>\$ 9,192,057</u>

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
 CHANGES IN NET ASSETS
 LAST FIVE FISCAL YEARS ENDED JUNE 30, 2011
 UNAUDITED

J-2

	2007	2008	2009	2010	2011
Expenses					
Governmental activities					
Instruction					
Regular	\$ 236,342	\$ 2,063	\$ -	\$ -	\$ -
Special education	2,703,147	3,448,184	2,146,260	2,127,406	2,580,709
Other special education	579,628	634,997	-	-	-
Other instruction	-	-	1,617,204	1,895,427	1,729,487
Nonpublic school programs	2,751,780	2,727,530	2,620,718	2,837,352	2,745,839
Support Services:					
Student & instruction related services	5,416,694	5,201,307	6,286,810	6,135,936	4,556,036
School Administrative services	2,426,610	2,495,643	913,247	2,018,769	2,313,774
General administration	1,724,712	1,223,916	1,527,073	2,551,449	2,462,544
Plant operations and maintenance	654,212	934,505	367,927	721,788	864,334
Pupil transportation	29,025,778	28,992,143	26,746,891	25,129,927	23,673,482
Special Schools	311,305	205,284	240,278	240,748	35,713
Interest on long-term debt	44,581	34,932	24,826	14,266	4,275
Amortization of bond issuance costs	5,000	5,000	5,000	5,000	2,917
Unallocated depreciation	180,061	179,290	204,725	119,770	116,801
Total governmental activities expenses	<u>46,059,850</u>	<u>46,084,794</u>	<u>42,700,959</u>	<u>43,797,838</u>	<u>41,085,911</u>
Business-type activities:					
Food service	23,784	8,744	11,753	8,541	9,250
Child Care	1,456,040	1,714,036	1,614,057	885,289	776,518
Adult school	612,958	629,528	497,328	310,750	218,770
Total business-type activities expense	<u>2,092,782</u>	<u>2,352,308</u>	<u>2,123,138</u>	<u>1,204,580</u>	<u>1,004,538</u>
Total district expenses	<u>\$ 48,152,632</u>	<u>\$ 48,437,102</u>	<u>\$ 44,824,097</u>	<u>\$ 45,002,418</u>	<u>\$ 42,090,449</u>
Program Revenues					
Governmental activities:					
Charges for services:					
Instruction (tuition)	\$ 5,579,139	\$ 5,482,700	\$ 5,018,218	\$ 4,456,916	\$ 3,751,061
Pupil transportation	30,071,664	29,988,779	27,541,221	25,932,362	24,469,459
Operating grants and contributions	8,226,637	8,168,266	8,097,051	7,697,206	8,141,944
Total governmental activities program revenues	<u>43,877,440</u>	<u>43,639,745</u>	<u>40,656,490</u>	<u>38,086,484</u>	<u>36,362,464</u>

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
 CHANGES IN NET ASSETS
 LAST FIVE FISCAL YEARS ENDED JUNE 30, 2011
 UNAUDITED

J-2

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Business-type activities:					
Charges for services					
Food service	1,464	733	350	182	451
Child care	1,502,509	1,586,789	1,587,273	889,049	809,733
Adult school	394,235	395,855	341,744	316,751	157,408
Operating grants and contributions	15,884	9,224	8,081	3,984	5,022
Total business type activities program revenues	<u>1,914,092</u>	<u>1,992,601</u>	<u>1,937,448</u>	<u>1,209,966</u>	<u>972,614</u>
Total district program revenues	<u>\$ 45,791,532</u>	<u>\$ 45,632,346</u>	<u>\$ 42,593,938</u>	<u>\$ 39,296,450</u>	<u>\$ 37,335,078</u>
Net (Expense)/Revenue					
Governmental activities	\$ (2,182,410)	\$ (2,445,049)	\$ (2,044,469)	\$ (5,711,354)	\$ (4,723,447)
Business-type activities	(178,690)	(359,707)	(185,690)	5,386	(31,924)
Total district-wide net expense	<u>\$ (2,361,100)</u>	<u>\$ (2,804,756)</u>	<u>\$ (2,230,159)</u>	<u>\$ (5,705,968)</u>	<u>\$ (4,755,371)</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
On-behalf and TPAF aid	\$ 1,081,822	\$ 1,103,670	\$ 882,058	\$ 781,664	\$ 702,469
Investment earnings	421,143	282,228	42,009	9,991	4,382
Miscellaneous income	46,048	74,507	173,575	2,195,829	1,979,778
Transfers	(8,285)	2,664	(4,757)	(1,742)	(4,322)
Total governmental activities	<u>1,540,728</u>	<u>1,463,069</u>	<u>1,092,885</u>	<u>2,985,742</u>	<u>2,682,307</u>
Business-type activities:					
Transfers	8,285	(2,664)	4,757	1,742	4,322
Total business-type activities	<u>8,285</u>	<u>(2,664)</u>	<u>4,757</u>	<u>1,742</u>	<u>4,322</u>
Total district-wide	<u>\$ 1,549,013</u>	<u>\$ 1,460,405</u>	<u>\$ 1,097,642</u>	<u>\$ 2,987,484</u>	<u>\$ 2,686,629</u>
Change in Net Assets					
Governmental activities	\$ (641,682)	\$ (981,980)	\$ (951,584)	\$ (2,725,612)	\$ (2,041,140)
Business-type activities	(170,405)	(362,371)	(180,933)	7,128	(27,602)
Total district	<u>\$ (812,087)</u>	<u>\$ (1,344,351)</u>	<u>\$ (1,132,517)</u>	<u>\$ (2,718,484)</u>	<u>\$ (2,068,742)</u>

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
 FUND BALANCES, GOVERNMENTAL FUND
 LAST FIVE FISCAL YEARS ENDED JUNE 30, 2011
 UNAUDITED

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ 1,253	\$ 1,253
Unreserved	8,217,369	5,355,312	4,469,620	5,150,938	3,095,051
Total general fund	<u>\$ 8,217,369</u>	<u>\$ 5,355,312</u>	<u>\$ 4,469,620</u>	<u>\$ 5,152,191</u>	<u>\$ 3,096,304</u>
All Other Governmental Funds					
Unreserved, reported in:					
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects fund	(22,007)	53,922	87,760	87,760	-
Total all other governmental funds	<u>\$ (22,007)</u>	<u>\$ 53,922</u>	<u>\$ 87,760</u>	<u>\$ 87,760</u>	<u>\$ -</u>

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MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS ENDED JUNE 30, 2011
 UNAUDITED

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Revenues				
District charges	\$ 5,834,584	\$ 6,535,032	\$ 7,689,503	\$ 8,450,340
Transportation fees	21,812,356	22,294,505	23,178,516	25,359,605
Tuition charges	5,631,899	5,203,493	5,416,506	4,845,095
Interest earnings	164,617	116,222	79,753	188,500
Miscellaneous	181,710	326,881	206,930	93,560
State sources	476,025	565,859	615,831	655,898
Federal sources	10,382	-	-	-
Total revenue	<u>34,111,573</u>	<u>35,041,992</u>	<u>37,187,039</u>	<u>39,592,998</u>
Expenditures				
Instruction				
Regular Instruction	159,404	131,031	120,655	120,150
Special education instruction	1,024,245	2,236,648	2,526,864	2,327,842
Other special instruction	381,474	283,477	371,170	372,703
Vocational education	713,858	-	-	-
Nonpublic school programs	2,761,471	2,692,311	2,229,587	2,718,724
Undistributed				
Student & inst. related services	2,042,368	1,853,552	3,129,250	2,622,921
General administration	724,882	767,915	649,576	699,822
School administrative services	1,222,449	1,185,430	1,678,741	1,879,975
Admin. information technology	-	915,313	110,546	112,104
Plant operations and maintenance	954,154	955,997	750,595	816,727
Pupil transportation	20,986,672	21,468,085	22,322,919	24,417,299
Other Support Services	10,357	-	-	-
Employee benefits	1,846,932	2,090,299	2,448,157	2,841,770
Miscellaneous	-	-	-	-
Special Schools	191,013	-	240,898	228,017
Capital outlay	133,984	31,982	16,911	30,344
Total expenditures	<u>33,153,263</u>	<u>34,612,040</u>	<u>36,595,869</u>	<u>39,188,398</u>
Excess (Deficiency) of revenues over (under) expenditures	958,310	429,952	591,170	404,600
Other Financing sources (uses)				
Proceeds from borrowing	-	-	-	-
Transfers in	100,000	8,549	2,868	-
Transfers out	(100,000)	-	-	(5,910)
Total other financing sources (uses)	<u>-</u>	<u>8,549</u>	<u>2,868</u>	<u>(5,910)</u>
Net change in fund balances	<u>\$ 958,310</u>	<u>\$ 438,501</u>	<u>\$ 594,038</u>	<u>\$ 398,690</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%

Source: District records

2006	2007	2008	2009	2010	2011
\$ 8,473,590	\$ 8,113,302	\$ 8,049,026	\$ 7,950,983	\$ 7,287,371	\$ 7,792,054
28,143,647	30,071,664	29,988,779	27,541,221	25,932,362	24,469,459
5,713,713	4,591,255	4,521,773	4,295,663	3,725,724	3,150,024
295,925	421,143	282,228	42,009	9,991	4,382
351,394	56,629	83,533	178,722	5,624,527	1,979,778
680,787	1,184,576	1,213,884	993,050	908,664	1,046,555
-	-	-	29,929	270,382	5,804
<u>43,659,056</u>	<u>44,438,569</u>	<u>44,139,223</u>	<u>41,031,577</u>	<u>43,759,021</u>	<u>38,448,056</u>
153,800	135,669	2,063	-	-	-
2,295,760	2,155,232	2,283,498	1,525,979	1,494,579	2,162,380
421,625	430,076	467,937	1,213,983	1,206,635	1,237,586
-	-	-	-	-	-
2,842,636	2,182,464	2,105,777	2,079,700	1,924,139	1,951,117
3,680,272	3,163,754	3,149,563	3,926,862	4,380,870	3,246,376
1,089,336	1,458,755	1,037,234	1,355,287	2,064,423	1,788,555
892,373	1,737,022	1,746,002	640,311	1,526,989	1,539,782
-	-	-	-	-	-
827,626	841,159	1,029,272	562,686	650,475	656,064
27,106,534	28,923,593	28,854,544	26,645,356	25,126,139	23,523,540
-	-	-	-	-	-
2,873,182	3,528,374	3,664,415	3,084,959	4,269,094	3,517,900
93,548	124,039	128,482	111,805	9,446	553,453
225,090	227,363	145,463	180,199	151,906	23,645
171,831	243,064	2,313,765	551,547	310,551	386,983
<u>42,673,613</u>	<u>45,150,564</u>	<u>46,928,015</u>	<u>41,878,674</u>	<u>43,115,246</u>	<u>40,587,381</u>
985,443	(711,995)	(2,788,792)	(847,097)	643,775	(2,139,325)
-	-	-	-	-	-
172,760	166,642	2,193,078	577,000	40,538	-
(174,576)	(174,927)	(2,190,414)	(581,757)	(1,742)	(4,322)
<u>(1,816)</u>	<u>(8,285)</u>	<u>2,664</u>	<u>(4,757)</u>	<u>38,796</u>	<u>(4,322)</u>
<u>\$ 983,627</u>	<u>\$ (720,280)</u>	<u>\$ (2,786,128)</u>	<u>\$ (851,854)</u>	<u>\$ 682,571</u>	<u>\$ (2,143,647)</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
GENERAL FUND OTHER MISCELLANEOUS REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ending June 30,	<u>COBRA Receipts</u>	<u>Prior Year Under- Expenditures</u>	<u>Administrative Fee</u>	<u>Sale of Building and/or Equipment</u>	<u>Rent and Facility Usage Fees</u>
2002	\$ -	\$ 121,496	\$ 26,670	\$ -	\$ -
2003	-	224,919	36,557	-	-
2004	-	161,077	5,000	-	-
2005	-	43,580	12,502	-	-
2006	-	218,363	3,580	-	-
2007	-	45,802	246	-	-
2008	-	73,497	1,010	-	-
2009	-	61,893	111,682	-	-
2010	33,056	8,611	2,469,803	3,004,570	95,061
2011	6,867	-	1,780,846	598	190,100

Source: Commission records

<u>Miscellaneous</u>	<u>Total</u>
\$ 7,184	\$ 155,350
46,701	308,177
671	166,748
-	56,082
-	221,943
-	46,048
-	74,507
-	173,575
973	5,612,074
1,367	1,979,778

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
INSURANCE SCHEDULE
JUNE 30, 2011

J-20

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy -		
New Jersey School Boards Association		
Insurance Group:		
Property - Blanket real and personal	\$ 11,500,282	\$ 1,000
Electronic data processing	500,000	1,000
Boiler and machinery	100,000,000	5,000
Crime coverage	105,000	2,000
Comprehensive general liability	11,000,000	-
Automobile	11,000,000	-
School Leaders' Errors and Omissions -		
New Jersey School Boards Association		
Insurance Group	3,000,000	5,000
Officials' Bonds -		
New Jersey School Boards Association		
Insurance Group:		
Superintendent	255,000	1,000
Board Secretary/School Business Administrator	255,000	1,000
Workers' Compensation and Employers' Liability		
New Jersey School Boards Association		
Insurance Group	pro 11,655,034	
	non-pro 245,320	

Source: Commission records

SINGLE AUDIT SECTION

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

Monmouth-Ocean Educational Services Commission
100 Tornillo Way, Suite 1
Tinton Falls, NJ 07712

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Monmouth-Ocean Educational Services Commission in the County of Monmouth, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated January 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Monmouth-Ocean Educational Services Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

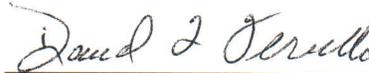
Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined below.

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 control deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Monmouth-Ocean Educational Services Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey, and which are described in the accompanying schedule of findings and questioned costs as item.

This report is intended for the information and use of the Monmouth-Ocean Educational Services Commission's management, the New Jersey State Department of Education, other state and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Licensed Public School Accountant, No. 20900
THE CURCHIN GROUP, LLC

Red Bank, New Jersey
January 5, 2012



CURCHIN

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH NEW JERSEY OMB CIRCULAR 04-04**

Board of Directors
Monmouth-Ocean Educational Services Commission
100 Tornillo Way, Suite 1
Tinton Falls, NJ 07712

Compliance

We have audited the compliance of the Monmouth-Ocean Educational Services Commission in the County of Monmouth, State of New Jersey, with the types of compliance requirements described in the "New Jersey State Grant Compliance Supplement" that is applicable to each of its major State programs for the fiscal year ended June 30, 2011. The major State programs of the Monmouth-Ocean Educational Services Commission are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of the management of the Commission. Our responsibility is to express an opinion on the compliance of the Monmouth-Ocean Educational Services Commission based on our audit.

We conducted our audit 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 as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." New Jersey OMB Circular 04-04 requires that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Monmouth-Ocean Educational Services Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Monmouth-Ocean Educational Services Commission's compliance with those requirements.

In our opinion, the Monmouth-Ocean Educational Services Commission, in the County of Monmouth, State of New Jersey, complied in all material respects with the requirements referred to above that are applicable to each of its major State programs for the fiscal year ended June 30, 2011.

Internal Control over Compliance

The management of the Monmouth-Ocean Educational Services Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal or State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined below.

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

This report is intended for the information of the management of the Monmouth-Ocean Educational Services Commission, the New Jersey State Department of Education, other State and Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Licensed Public School Accountant, No. 20900
THE CURCHIN GROUP, LLC

Red Bank, New Jersey
January 5, 2012

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MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	<u>Grant Period</u> From To		Balance at June 30, 2010
U.S. Department of Education						
Passed-through State Department of Education						
Special Revenue Fund:						
IASA Title I-Neglected, Delinquent or At-Risk	84.013	IASA 524503C	41,010	9/1/09	8/31/11	\$ (41,010)
Title I - ARRA	84.389		24,687	9/1/09	6/30/11	(24,687)
Virtual Education in the 21st Century	84.215K	U215K090148	190,000	9/4/09	9/3/11	<u>(182,295)</u>
Total Special Revenue Fund						<u>(247,992)</u>
U.S. Department of Agriculture						
Passed-through State Department of Education						
Enterprise Fund:						
School Breakfast Program	10.553	N/A	1,496	7/1/10	6/30/11	\$ -
School Breakfast Program	10.553	N/A	1,477	7/1/09	6/30/10	(61)
National School Lunch Program	10.555	N/A	3,526	7/1/10	6/30/11	-
National School Lunch Program	10.555	N/A	3,845	7/1/09	6/30/10	<u>(145)</u>
Total Enterprise Fund						<u>(206)</u>
Sub-Total Federal Financial Awards						<u><u>\$(248,198)</u></u>

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

Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2011		
					Accounts Receivable	Deferred Revenue	Due to Grantor
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (41,010)	\$ -	\$ -
-	-	-	-	-	(24,687)	-	-
-	-	5,804	-	-	(188,099)	-	-
-	-	5,804	-	-	(253,796)	-	-
\$ -	\$ 1,219	\$ 1,496	\$ -	\$ -	\$ (277)	\$ -	\$ -
-	61	-	-	-	-	-	-
-	3,042	3,526	-	-	(484)	-	-
-	145	-	-	-	-	-	-
-	4,467	5,022	-	-	(761)	-	-
\$ -	\$ 4,467	\$ 10,826	\$ -	\$ -	\$ (254,557)	\$ -	\$ -

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

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		<u>Balance at June 30, 2010</u>			
					From	To	Deferred Revenue (Accts Receivable)	Due to Grantor
State Department of Education								
General Fund:								
On Behalf TPAF Pension Contributions	11-100-034-5095-116	419,443	7/1/10	6/30/11	\$ -	\$ -		
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	385,154	7/1/10	6/30/11	-	-		
Total General Fund					-	-		
Special Revenue Fund:								
Mentor Grant	N/A	341	7/1/07	6/30/08	-	51		
State Alternate Assessment	11-100-034-5062-027	200,000	7/1/10	6/30/11	-	-		
High School Completion	11-100-034-5062-027	144,100	7/1/10	6/30/11	448	-		
High School Completion	10-100-034-5062-027	127,000	7/1/09	6/30/10	(49,328)	-		
Total Special Revenue Fund					(48,880)	51		
State Department of Agriculture								
Enterprise Fund:								
National School Breakfast Program (State Share)	10-100-010-3360-096	86	7/1/09	6/30/10	(3)	-		
National School Lunch Program (State Share)	10-100-010-3360-067	145	7/1/09	6/30/10	(6)	-		
Total Enterprise Fund					(9)	-		
Total State Financial Assistance					\$ (48,889)	\$ 51		

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

Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2011			MEMO	
				(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
\$ -	\$ 419,443	\$ 419,443	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 419,443
-	269,863	283,026	-	(13,163)	-	-	-	283,026
-	689,306	702,469	-	(13,163)	-	-	-	702,469
-	-	-	-	-	-	51	-	-
-	200,000	200,000	-	-	-	-	-	200,000
-	72,692	144,086	-	(71,394)	448	-	(71,394)	144,086
-	47,630	-	-	(1,698)	-	-	-	-
-	320,322	344,086	-	(73,092)	448	51	(71,394)	344,086
-	3	-	-	-	-	-	-	-
-	6	-	-	-	-	-	-	-
-	9	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,009,637</u>	<u>\$ 1,046,555</u>	<u>\$ -</u>	<u>\$ (86,255)</u>	<u>\$ 448</u>	<u>\$ 51</u>	<u>\$ (71,394)</u>	<u>\$ 1,046,555</u>

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

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2011

NOTE 1. GENERAL

The accompanying schedules of financial assistance present the activity of all Federal and State financial assistance programs of the Monmouth-Ocean Educational Services Commission. The Commission is defined in Note 1(A) to the Commission's general-purpose financial statements. All Federal and State awards received directly from Federal and State agencies, as well as Federal 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 awards and financial assistance are presented using the modified accrual basis of accounting, with the exception of programs recorded in the Food Service (Enterprise) Fund which are presented using the accrual basis of accounting, and those recorded in the Special Revenue Fund which are presented using the budgetary basis of accounting. These bases of accounting are described in Notes 1 to the Commission's basic financial statements.

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 schedules (RSI) are presented for the General Fund and Special Revenue Fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year; whereas, for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures are made.

The General Fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes that payment is not recognized until the subsequent budget year because of the state deferral and recording of the last state aid payment in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue; whereas, the GAAP does not. The Special Revenue Fund also recognizes the last state aid payment in the current budget year consistent with N.J.S.A. 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis for the General Fund is \$0 and the Special Revenue Fund is \$114,375. See Note 1 (Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Commission's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ -	\$ -
Special Revenue Fund	5,804	344,086	349,890
Food Service Fund	<u>5,022</u>	<u>-</u>	<u>5,022</u>
	<u>\$10,826</u>	<u>\$344,086</u>	<u>\$354,912</u>

*Totals above do not include \$702,469 of TPAF and on behalf of Pension Aid.

**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2011**

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

The amount reported as TPAF Pension Contribution represents the amount paid by the State on behalf of the Commission for the year ended June 30, 2011.

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, 2011.

**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part 1 - Summary of Auditor's Results

Financial Statement Section

- A. Type of auditor's report issued: Unqualified
- B. Internal control over financial reporting:
1. Material weakness(es) identified? Yes X No
2. Were reportable condition(s) identified that were not considered to be material weaknesses? Yes X No
- C. Noncompliance material to general-purpose financial statements noted? Yes X No

Federal Awards Section - NOT APPLICABLE

State Awards Section

- Dollar threshold used to distinguish between Type A and Type B Programs: \$300,000
- Auditee qualified as low-risk auditee? X Yes No
- Type of auditor's report issued on compliance for major programs: Unqualified
- Internal Control over major programs:
1. Material weakness(es) identified? Yes X None Reported
2. Reportable condition(s) identified that are not considered to be material weaknesses? Yes X No
- Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 98-07? Yes X No

Identification of major programs:

<u>GMIS Number</u>	<u>Name of State Program</u>
10-495-034-5095-002	TPAF Social Security Aid
10-495-034-5095-001	On behalf TPAF contribution
10-100-034-5062-027	State Alternate Assessment Program

**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part 2 - Schedule of Financial Statement Findings

None Noted.

**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part 3 - Schedule of Federal Award and State
Financial Assistance Findings and
Questioned Costs

NOT APPLICABLE

**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Status of Prior Year Findings

No prior year audit findings.

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