

Monmouth-Ocean  
Educational Services  
Commission

Tinton Falls, New Jersey

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2020

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

Of the

Monmouth-Ocean Educational Services Commission  
of Monmouth County

Tinton Falls, New Jersey

For the Fiscal Year Ended June 30, 2020

Prepared by

Monmouth-Ocean Educational Services Commission  
Finance Department

# OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

	Page
<b>INTRODUCTORY SECTION</b>	
Letter of Introduction	1-4
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors	7
<b>FINANCIAL SECTION</b>	
<b>Independent Auditor's Report</b>	9-11
<b>Required Supplementary Information - Part I</b>	
<b>Management's Discussion and Analysis</b>	13-22
<b>Basic Financial Statements</b>	
A. Government-Wide Financial Statements	
A-1 Statement of Net Position	24
A-2 Statement of Activities	25
B. Fund Financial Statements	
Governmental Funds	
B-1 Balance Sheet	26
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	27
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances Of Governmental Funds to the Statement of Activities	28
Proprietary Funds	
B-4 Statement of Net Position	29
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	30
B-6 Statement of Cash Flows	31
Fiduciary Funds	
B-7 Statement of Fiduciary Net Position	32
B-8 Statement of Changes in Fiduciary Net Position	33
Notes to the Financial Statements	34-68

## OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

### Required Supplementary Information - Part II

C.	Budgetary Comparison Schedules	
	C-1 Budgetary Comparison Schedule - General Fund	70-72
	C-1a Combining Schedule of Revenues, Expenditures, and Changes In Fund Balance - Budget and Actual	N/A
	C-1b Community Development Block Grant - Budget and Actual	N/A
	C-2 Budgetary Comparison Schedule - Special Revenue Fund	73

### Notes to the Required Supplementary Information

	C-3 Budget-to-GAAP Reconciliation	74
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### Required Supplementary Information - Part III

L.	Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
	L-1 Schedule of the Commission's Proportionate Share of the Net Pension Liability - PERS	76
	L-2 Schedule of Commission's Contributions - PERS	77
	L-3 Schedule of the Commission's Proportionate Share of the Net Pension Liability - TPAF	78
M.	Schedules Related to Accounting and Reporting for Postemployment Benefits Other Than Pensions	
	M-1 Schedule of Changes in the Total OPEB Liability and Related Ratios	79

### Notes to the Required Supplementary Information - Part III

80

### Other Supplementary Information

D.	School Based Budget Schedules	
	D-1 Combining Balance Sheet	N/A
	D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
	D-3 Blended Resource Fund - Schedule of Blended Expenditures Budget and Actual	N/A
E.	Special Revenue Fund	
	E-1 Combining Schedules of Program Revenues and Expenditures - Budgetary Basis	84-86
	E-2 Preschool Education Aid Schedule of Expenditures - Budgetary Basis	N/A

## OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

F.	Capital Projects Fund	
	F-1 Summary Statement of Project Expenditures	N/A
	F-2 Summary Schedule Revenues, Expenditures and Changes in Fund Balance- Budgetary Basis	N/A
	F-2(a-d) Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis	N/A
G.	Proprietary Funds	
	Enterprise Fund	
	G-1 Combining Schedule of Net Position	N/A
	G-2 Combining Schedule of Revenues, Expenses and Changes in Fund Net Position	N/A
	G-3 Combining Schedule of Cash Flows	N/A
H.	Fiduciary Funds	
	H-1 Combining Statement of Fiduciary Net Position	90
	H-2 Combining Statement of Changes in Fiduciary Net Position	91
	H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	N/A
	H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	92
I.	Long-Term Debt	
	I-1 Schedule of Serial Bonds	N/A
	I-2 Schedule of Obligations Under Capital Leases	N/A
	I-3 Debt Service Fund Statement of Obligations - Notes Payable	N/A
	I-4 Statement of Loans Payable - N.J.D.E.A.	N/A

### STATISTICAL SECTION (Unaudited)

#### Introduction to the Statistical Section

	Financial Trends	
	J-1 Net Position by Component	96
	J-2 Changes in Net Position	97
	J-3 Fund Balances - Governmental Funds	98
	J-4 Changes in Fund Balances - Governmental Funds	99
	J-5 General Fund - Other Local Revenue by Source	100
	Revenue Capacity	
	J-6 Assessed Value and Estimated Actual Value of Taxable Property	N/A
	J-7 Direct and Overlapping Property Tax Rates	N/A
	J-8 Principal Property Taxpayers	N/A
	J-9 Property Tax Levies and Collections	N/A
	Debt Capacity	
	J-10 Ratios of Outstanding Debt by Type	N/A
	J-11 Ratios of General Bonded Debt Outstanding	N/A
	J-12 Direct and Overlapping Governmental Activities Debt	N/A
	J-13 Legal Debt Margin Information	N/A

## OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

Demographic and Economic Information	
J-14 Demographic and Economic Statistics	N/A
J-15 Principal Employers	N/A
Operating Information	
J-16 Full-time Equivalent Commission Employees by Function/Program	N/A
J-17 Operating Statistics	N/A
J-18 School Building Information	N/A
J-19 Schedule of Required Maintenance Expenditures by School Facility	N/A
J-20 Insurance Schedule	101

### SINGLE AUDIT SECTION

K-1 Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	103-104
K-2 Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB Circular Letter 15-08	105-107
K-3 Schedule of Expenditures of Federal Awards, Schedule A	108
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	109
K-5 Notes to the Schedules of Awards and Financial Assistance	110-111
K-6 Schedule of Findings and Questioned Costs	112-113
- Section I - Summary of Auditor's Results	112-113
- Section II - Financial Statements Findings	112-113
- Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs	112-113
K-7 Summary Schedule of Prior Audit Findings	114

## INTRODUCTORY SECTION



**Monmouth-Ocean Educational Services Commission**

Dr. Tara Beams  
Acting Superintendent of Schools

900 Hope Road, Tinton Falls, NJ 07712  
732-695-7800 • fax:732-493-4515  
www.moesc.org

Kathleen Mandeville  
School Business Administrator

December 5, 2020

Honorable President and  
Members of the Board of Directors  
Monmouth-Ocean Educational Services Commission  
900 Hope Road, Tinton Falls, New Jersey 07712

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Monmouth-Ocean Educational Services Commission (MOESC, Commission), for the fiscal year ended June 30, 2020, 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 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) and the NJOMB Circular Letter 15-08, “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 full Board.

**Reporting Entity and its Services:**

The MOESC 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 MOESC and all its schools constitute the Commission’s reporting entity.





## Monmouth-Ocean Educational Services Commission

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Acting Superintendent of Schools

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Kathleen Mandeville  
School Business Administrator

The Commission provides a broad range of services and programs to school districts and students, primarily in Monmouth and Ocean Counties, and is statewide with some of the services. Services include special education, alternative education, non-public instruction and services, home instruction, virtual instruction, Federal grant administration, transportation, cooperative purchasing, staff development and special projects.

### **Economic Condition and Outlook:**

The Monmouth and Ocean County area is experiencing a period of economic recovery, consistent with the national economy. Unlike typical school districts, MOESC must generate almost all revenue through the programs and services contracted with our client districts. Like many businesses, COVID-19 has had a profound economic impact on the Commission as services were suspended, cancelled, or reduced, especially in the area of transportation services, due to the pandemic. Additionally, the Commission had to purchase PPE, safety equipment, fund building renovations, and upgrade technology for virtual learning and telework in order to keep staff and students safe. Unlike other public school districts, the Commission did not qualify for any of the Federal relief grants used to offset these costs.

### **Major Initiatives:**

MOESC continues to increase opportunities to provide outstanding services to public and non-public students predominantly in Monmouth and Ocean Counties, but also throughout the state of New Jersey. The 2019-2020 school year continued this mission by restructuring and expanding existing programs and services, while seeking new revenue streams that will help fund future programs and growth.

MOESC's Transportation services continue to grow and bring in revenue in order for us to fund vital education programs. MOESC assists districts in securing transportation in the areas of non-public, Special Education transportation, transportation of homeless or temporary students and transportation routes for Vocational programs for approximately 12,000 students. The department provides a full-service experience for clients from the bidding/quoting process, securing contracts, routing students, billing, and payment to contractors.

In 2019-2020, MOESC's Regional Achievement Academy saw continued changes to help meet the evolving needs of students. By adding more student services such as BCBA services, counseling services, more opportunities for Adventure Education and exploration of community-based instruction, the program continues to develop into a high quality and unique program servicing both special education and general education students needing an alternative education setting.

The New Jersey Virtual School also continues to increase opportunities for students requiring supplemental course work, credit recovery, AP courses, and other needs. This year, we found more school districts utilizing New Jersey Virtual School for out-of-the box, innovative needs such as extended leave replacements, flex schools, and even home instruction. The program serves approximately 2,150 students per school year from 70 districts throughout the state.

Finally, Special Services and a commitment to providing high-quality Special Education and Supplementary Instruction are at the core of MOESC's mission. Currently, MOESC is servicing approximately 3,550 students through our Special Services program. This includes Chapter 192/193 Services, non-public, IDEA instructional services, ESL Instruction, Home Instruction, OT/PT and Speech Services. In addition, MOESC's Aides Placed in



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Public Schools (APPs) program continues to grow with more districts contracting with MOESC to provide paraprofessionals to work with students in a variety of public school settings. In addition, MOESC continues to support the Bayshore Jointure Commission's Shore Center for Students with Autism, through a shared administrative services contract for Superintendent services as well as providing facilities, services, resources and other support through additional contracts.

**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 is 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 manager 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.

**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



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School Business Administrator

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:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. Ms. Kathryn Perry, CPA of Jump, Perry and Company, LLP 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 Uniform Guidance and State Treasury Circular Letter 15-08. 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.

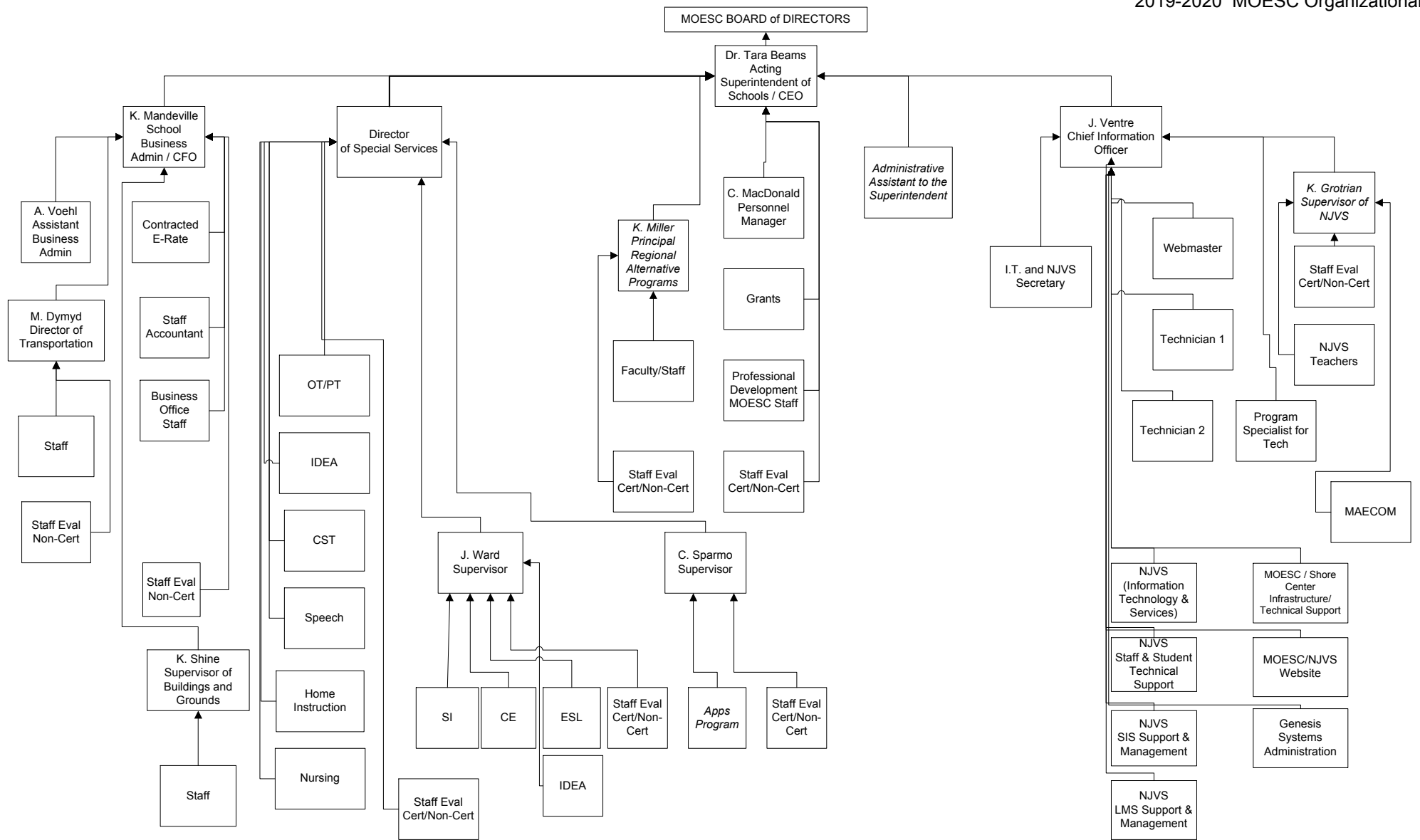
**Acknowledgements:**

We would like to express our appreciation to the members of the MOESC 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,

Tara Beams, Ed.D.  
Acting Superintendent

Adam Voehl  
Assistant Board Secretary /  
Assistant Business Administrator



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Monmouth-Ocean Educational Services Commission  
Tinton Falls, New Jersey

Roster of Officials  
June 30, 2020

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Dr. William George, President	2020
Mr. Thomas Farrell, Vice President	2020
Mrs. Christine Carlson	2020
Mrs. Loren Fuhring	2020
Ms. Sancha Gray	2020
Dr. Vanessa Clark	2020
Dr. Carolyn Kossack	2020
Dr. John Marciante	2020
Mr. Timothy McCorkell	2020
Mr. Gerald North	2020
Dr. James Roselli	2020
Dr. Michael Salvatore	2020
Mr. William Smith	2020
Dr. James Stefankiewicz	2020

Other Officials

Dr. Tara Beam, Superintendent

Mrs. Kathleen Mandeville, Board Secretary/School Business Administrator/Board Secretary

Mrs. Viola Lordi, Attorney

Monmouth-Ocean Educational Services Commission  
Consultants and Advisors

Audit Firm

Kathryn Perry, CPA  
Jump, Perry and Company, L.L.P.  
12 Lexington Avenue  
Toms River, New Jersey 08753

Attorney

Wilentz, Goldman & Spitzer  
90 Woodbridge Center Drive  
Woodbridge, New Jersey 07095

Official Depositories

Investor's Bank  
88 Norwood Ave  
Deal, New Jersey 07723

## FINANCIAL SECTION

## INDEPENDENT AUDITOR'S REPORT

Honorable President and  
Members of the Board of Education  
Monmouth-Ocean Educational Services Commission:  
County of Monmouth  
Tinton Falls, New Jersey

### Report of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Monmouth-Ocean Educational Services Commission in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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 in compliance with the audit requirements as prescribed by the Office of School 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Monmouth-Ocean Educational Services Commission in the County of Monmouth, State of New Jersey as of June 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

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

## **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Monmouth-Ocean Educational Services Commission's basic financial statements. The introductory section, combining fund financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

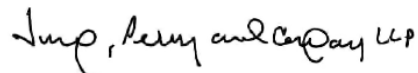
The combining fund financial statements and schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with Government Auditing Standards, we have also issued our report dated November 2, 2020 on our consideration of the Monmouth-Ocean Educational Services Commission in the County of Monmouth, State of New Jersey internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Monmouth-Ocean Educational Services Commission in the County of Monmouth, State of New Jersey internal control over financial reporting and compliance.

Respectfully Submitted



Jump, Perry and Company L.L.P.  
Toms River, New Jersey



Kathryn Perry, Partner  
Licensed Public School Accountant  
No. CS 20CS00226400

November 2, 2020

REQUIRED SUPPLEMENTARY INFORMATION - PART I

# Monmouth-Ocean Educational Services Commission

## Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2020

Unaudited

The discussion and analysis of Monmouth-Ocean Educational Services Commission's financial performance provides an overall review of the Commission's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the Commission's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Commission's financial performance.

### **Financial Highlights**

Key financial highlights for June 30, 2020 are as follows:

Net position totaled \$188,274, which represents a 78.52 percent decrease from June 30, 2019.

General revenues accounted for \$2,824,158 in revenue or 5.08 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$52,817,191 or 94.92 percent of total revenues of \$55,641,349.

Total assets increased by \$3,767,809 as current assets increased by \$3,941,664 and capital assets, net decreased by \$173,855.

The Commission had \$56,329,537 in expenses; \$52,817,191 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily fees) of \$2,824,158 were adequate to provide for these programs.

Among major funds, the General Fund had \$44,121,156 in revenues and \$43,992,560 in expenditures and transfers. The General Fund's balance increased \$128,596 over June 30, 2019. The General Fund's balance is \$4,070,734.

### **Using this Comprehensive Annual Financial Report (CAFR)**

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

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

## **Reporting the Commission as a Whole**

### **Statement of Net Position and the Statement of Activities**

The Statement of Net Position and Statement of Activities provide information about the activities of the Commission and are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to private-sector business.

These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Commission's net position and changes in net position. The change in net position is important because it informs the reader that the financial position of the Commission has improved or worsened. The causes of the change may be the result of many factors, some financial and some not. Non-financial factors include, but are not limited to, the Commission's property tax base, current laws in New Jersey restricting revenue growth, facility conditions, and required educational programs. In the Statement of Net Position and the Statement of Activities, the Commission is divided into two kinds of activities:

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

**Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Adult Schhol Program and contracted services are reported as business activity.

## **Reporting the Commission's Most Significant Funds**

### **Fund Financial Statement**

The Analysis of the Commission's major funds begins with Exhibit B-1. Fund financial reports provide detailed information about the Commission's major funds. The Commission's major governmental funds are the General Fund and Special Revenue Fund.

### **Governmental Funds**

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

### **Enterprise Fund**

The Enterprise Fund uses the same basis of accounting as business-type activities.

## The Commission as a Whole

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

Table 1 provides a summary comparison of the Commission's net position for June 30, 2020 and 2019.

Table 1

Net Position as of June 30, 2020 and June 30, 2019

	June 30, 2020			June 30, 2019		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Assets:</b>						
Current and other assets	\$ 13,805,890	\$ 385,749	\$ 14,191,639	\$ 8,733,337	\$ 1,516,638	\$ 10,249,975
Capital assets, net	6,216,993	-	6,216,993	6,390,848	-	6,390,848
<b>Total assets</b>	<b>20,022,883</b>	<b>385,749</b>	<b>20,408,632</b>	<b>15,124,185</b>	<b>1,516,638</b>	<b>16,640,823</b>
Deferred outflow of resources	3,260,075	-	3,260,075	3,407,178	-	3,407,178
<b>Liabilities:</b>						
Current liabilities	9,735,156	380,749	10,115,905	4,791,199	1,511,638	6,302,837
Long-term liabilities outstanding	9,802,402	-	9,802,402	9,661,606	-	9,661,606
<b>Total liabilities</b>	<b>19,537,558</b>	<b>380,749</b>	<b>19,918,307</b>	<b>14,452,805</b>	<b>1,511,638</b>	<b>15,964,443</b>
Deferred inflow of resources	3,562,126	-	3,562,126	3,207,096	-	3,207,096
<b>Net position:</b>						
Net investment in capital assets	6,216,993	-	6,216,993	6,390,848	-	6,390,848
Restricted	109,796	-	109,796	-	-	-
Unrestricted	(6,143,515)	5,000	(6,138,515)	(5,519,386)	5,000	(5,514,386)
<b>Total Net Position</b>	<b>\$ 183,274</b>	<b>\$ 5,000</b>	<b>\$ 188,274</b>	<b>\$ 871,462</b>	<b>\$ 5,000</b>	<b>\$ 876,462</b>

The unrestricted net position is a negative balance due to the unfunded liabilities for compensated absences and PERS pension. The Commission expects to be able to fund these liabilities as they come due yearly.

The Commission's combined net position was \$188,274 on June 30, 2020. This is a change of 78.52% from the previous year.

Table 2 provides a comparison analysis of Commission's changes in net position from fiscal years June 30, 2020 and 2019.

Table 2

Changes in Net Position

	June 30, 2020			June 30, 2019		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>						
Program revenues:						
Charges for services	\$44,763,640	\$ 7,575,051	\$52,338,691	\$51,330,554	\$ 7,598,095	\$58,928,649
Operating and capital grants and contributions	478,500	-	478,500	543,237	-	543,237
General revenues:						
Transfers	2,181,450	(2,181,450)	-	2,278,515	(2,278,515)	-
Federal and state aid	549,538	-	549,538	-	-	-
Investment earnings	36,721	-	36,721	-	-	-
Miscellaneous	2,237,899	-	2,237,899	2,325,010	-	2,325,010
<b>Total revenues</b>	<b>50,247,748</b>	<b>5,393,601</b>	<b>55,641,349</b>	<b>56,477,316</b>	<b>5,319,580</b>	<b>61,796,896</b>
<b>Expenses</b>						
Instructional services	3,835,092	-	3,835,092	4,295,986	-	4,295,986
Support services	47,100,844	5,393,601	52,494,445	52,874,302	5,319,804	58,194,106
Interest on long-term liabilities	-	-	-	-	-	-
<b>Total expenses</b>	<b>50,935,936</b>	<b>5,393,601</b>	<b>56,329,537</b>	<b>57,170,288</b>	<b>5,319,804</b>	<b>62,490,092</b>
Change in net position	(688,188)	-	(688,188)	(692,972)	(224)	(693,196)
Net position - beginning	871,462	5,000	876,462	1,564,434	5,224	1,569,658
Net position (deficit) - ending	\$ 183,274	\$ 5,000	\$ 188,274	\$ 871,462	\$ 5,000	\$ 876,462

The transportation revenue listed in charges for services is the largest revenue item for the Commission. The Commission had also gained additional support services income.

Other support services increased primarily due to the additional transportation costs for the increase in revenues.

## Expenses for Fiscal Year June 30, 2020

### Business-Type Activities

Revenues for the Commission's business-type activities (adult school and district outsourcing) was earned from charges for services.

Total Enterprise Fund expenses exceeded revenues by \$-. Excess revenues transferred to the general fund was \$2,181,450.

Charges for services represent \$7,575,051 of revenue. This represents the amount paid by school districts for outsourcing of services.

### Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total costs of services and the net cost of services. The net cost shows the financial burden that was placed on the Commission's taxpayers by each of these functions.

Table 3

#### Governmental Activities

	2020		2019	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 3,835,092	\$ 852,332	\$ 4,295,986	\$ 1,164,498
Support Services:				
Pupils and Instructional Staff	3,817,258	744,464	4,327,211	330,688
General Administration, School Administration, Business Operation and Maintenance of Facilities	5,274,681	5,274,681	5,535,182	5,535,182
Pupil Transportation	38,008,905	(1,177,681)	43,011,909	(1,733,871)
Interest and Fiscal Charges	-	-	-	-
Total Expenses	\$ 50,935,936	\$ 5,693,796	\$ 57,170,288	\$ 5,296,497



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

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

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

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

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

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

## The Commission's Funds

The Commission uses funds to control and manage money for particular purposes. The Fund's basic financial statements allow the Commission to demonstrate its stewardship over and accountability for resources received from other districts where services are provided. These statements also allow the reader to obtain more insight into the financial workings of the Commission, and assess further the Commission's overall financial health.

As the Commission completed the fiscal year ended June 30, 2020, it reported a combined fund balance of \$4,070,734, which is an decrease of \$128,596. The Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds, Exhibit B-2, presents the reader with a detailed explanation of the increase in fund balance for the fiscal year.

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2020.

<u>Revenue</u>	<u>2020 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2019</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 53,497,513	98.11 %	\$ -	- %
State Sources	478,500	0.88	(64,737)	(11.92)
Federal Sources	549,538	1.01	-	-
Total	<u>\$ 54,525,551</u>	<u>100.00 %</u>	<u>\$ (64,737)</u>	<u>(0.12)%</u>

The following schedule presents a summary of General Fund and Special Revenue Fund expenditures for the fiscal year ended June 30, 2020.

<u>Expenditures</u>	<u>2020 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2019</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expenditures:				
Instruction	\$ 3,835,092	7.65 %	\$ (460,894)	(10.73)%
Undistributed Expenditures	46,243,459	92.27	(5,966,089)	(11.43)
Capital Outlay	40,601	0.08	19,001	87.97
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total	<u>\$ 50,119,152</u>	<u>100.00 %</u>	<u>\$ (6,407,982)</u>	<u>(11.34)%</u>

## **General Fund Budgeting Highlights**

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

Over the course of the year, the Commission revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the Commission's original and final budget compared with actual operating results is provided in Section C of the CAFR, entitled Budgetary Comparison Schedules. The Commission generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

The General Fund finished the fiscal year approximately \$10,398,588 better than had been budgeted in terms of expenditures. Revenue-wise, the General Fund was under budget by \$10,322,209. Both these amounts have been adjusted for the non-budgeted amounts reflected in the comparison schedule for reimbursed TPAF social security contributions and on-behalf TPAF post-retirement medical contributions.

The General Fund has no restricted Fund Balances.

The expenditures were less due to cost containment by the Commission even after the salary and benefit increases. The Commission increased its transportation revenue. The Commission is actively pursuing additional revenue making activities.

## Capital Assets and Debt Administration

*Capital Assets.* At the end of the fiscal year June 30, 2020, the Commission had \$6,216,993 invested in land, buildings, and machinery and equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2020 and June 30, 2019

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in Progress	22,725	22,725	-	-	22,725	22,725
Building and Improvements	5,997,776	6,161,640	-	-	5,997,776	6,161,640
Machinery and Equipment	196,492	206,483	-	-	196,492	206,483
<b>Total</b>	<b>\$ 6,216,993</b>	<b>\$ 6,390,848</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,216,993</b>	<b>\$ 6,390,848</b>

During the current fiscal year, \$22,498 of capital assets were capitalized as additions. Increases in capital assets were offset by depreciation expense for the year.

*Debt Administration.* The Commission's long-term liabilities are as follows for the governmental and business-type activities:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Pension Liability-PERS	\$ 9,691,619	\$ 9,583,885
Compensated Absences payable	<u>110,783</u>	<u>77,721</u>
<b>Total long-term liabilities</b>	<b><u>\$ 9,802,402</u></b>	<b><u>\$ 9,661,606</u></b>

For more detailed information, please refer to the Capital Assets and Long-term debt notes in the basic financial statements.

## Economic Factors and Next Year's Budget

For the 2019-2020 school year, the Commission was able to sustain its budget through the additional revenue sources. Approximately 1.89% of the Commission's revenue is from state (restricted and not restricted), while 98.11% of total revenue is from charges for operations.

The \$(6,143,515) in unrestricted net position for all governmental activities represents the accumulated results of all past years' operations. It means that if the Commission had to pay off all bills today, including all of the Commission's non-capital liabilities (compensated absences, etc.), the Commission would have that much in value.

The 2019-2020 budget was adopted in March 2019 based on anticipated revenue. The increased competition from other ESC's in the State of New Jersey create the need to be competitive with pricing and to look to other revenue streams.

The Commission anticipates a slight increase in transportation and Contracted Services revenue for the 2020-2021 fiscal year. If the Commission were to experience a significant increase in transportation billing with no appreciable increase in commission for future budgets, the Commission will be faced with the following alternatives: (a) reduce programs and services, (b) increase charges or (c) seek alternative sources of funding.

### **Contacting the School Commission's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional information, you may contact the School Business Administrator/Board Secretary at Monmouth-Ocean Educational Services Commission, 900 Hope Road, Tinton Falls, NJ, 07712.

## BASIC FINANCIAL STATEMENTS

**Monmouth-Ocean Educational Services Commission**  
**Statement of Net Position**  
**June 30, 2020**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,902,477	\$ (1,026,665)	\$ 1,875,812
Deposits	-	5,000	5,000
Receivables - state	10,801	-	10,801
Receivables - other governments	10,892,612	1,407,414	12,300,026
Capital assets, non-depreciable	22,725	-	22,725
Capital assets, depreciable, net	6,194,268	-	6,194,268
Total assets	<u>20,022,883</u>	<u>385,749</u>	<u>20,408,632</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - PERS	3,260,075	-	3,260,075
Total deferred outflows of resources	<u>3,260,075</u>	<u>-</u>	<u>3,260,075</u>
<b>LIABILITIES</b>			
Accounts payable	8,637,845	380,749	9,018,594
Payable to state government	561,156	-	561,156
Unearned revenue	536,155	-	536,155
Noncurrent liabilities:			
Due within one year	-	-	-
Due beyond one year	9,802,402	-	9,802,402
Total liabilities	<u>19,537,558</u>	<u>380,749</u>	<u>19,918,307</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - PERS	3,562,126	-	3,562,126
Total deferred inflows of resources	<u>3,562,126</u>	<u>-</u>	<u>3,562,126</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,216,993	-	6,216,993
Restricted for:			
Other purposes	109,796	-	109,796
Unrestricted	(6,143,515)	5,000	(6,138,515)
Total Net Position	<u>\$ 183,274</u>	<u>\$ 5,000</u>	<u>\$ 188,274</u>

**Monmouth-Ocean Educational Services Commission  
Statement of Activities  
For the Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
Current:							
Special schools instruction	\$ 3,835,092	\$ 2,982,760	\$ -	\$ -	\$ (852,332)	\$ -	\$ (852,332)
Support services and undistributed costs:							
Attendance	63,560	-	-	-	(63,560)	-	(63,560)
Health services	27,201	-	-	-	(27,201)	-	(27,201)
Other support services	3,116,998	2,594,294	-	-	(522,704)	-	(522,704)
Instruction staff training	1,517	-	-	-	(1,517)	-	(1,517)
General administrative services	696,126	-	-	-	(696,126)	-	(696,126)
School administrative services	823,785	-	-	-	(823,785)	-	(823,785)
Information technology	997,377	-	-	-	(997,377)	-	(997,377)
Other operation & maintenance of plant	607,053	-	-	-	(607,053)	-	(607,053)
Care & upkeep of grounds	29,247	-	-	-	(29,247)	-	(29,247)
Student transportation services	38,008,905	39,186,586	-	-	1,177,681	-	1,177,681
Unallocated employee benefits	2,121,093	-	-	-	(2,121,093)	-	(2,121,093)
Non-budgeted expenditures	478,500	-	478,500	-	-	-	-
Special schools	129,482	-	-	-	(129,482)	-	(129,482)
<b>Total governmental activities</b>	<b>50,935,936</b>	<b>44,763,640</b>	<b>478,500</b>	<b>-</b>	<b>(5,693,796)</b>	<b>-</b>	<b>(5,693,796)</b>
<b>Business-type activities:</b>							
Enterprise funds	5,393,601	7,575,051	-	-	-	2,181,450	2,181,450
<b>Total business-type activities</b>	<b>5,393,601</b>	<b>7,575,051</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,181,450</b>	<b>2,181,450</b>
<b>Total primary government</b>	<b>\$ 56,329,537</b>	<b>\$ 52,338,691</b>	<b>\$ 478,500</b>	<b>\$ -</b>	<b>(5,693,796)</b>	<b>2,181,450</b>	<b>(3,512,346)</b>
<b>General revenues:</b>							
Tuition revenues					2,030,847	-	2,030,847
Federal aid-restricted					549,538	-	549,538
Investment income					36,721	-	36,721
Miscellaneous income					346,713	-	346,713
Indirect cost					(139,661)	-	(139,661)
Transfers					2,181,450	(2,181,450)	-
<b>Total general revenues</b>					<b>5,005,608</b>	<b>(2,181,450)</b>	<b>2,824,158</b>
<b>Change in net position</b>					<b>(688,188)</b>	<b>-</b>	<b>(688,188)</b>
<b>Net position—beginning</b>					<b>871,462</b>	<b>5,000</b>	<b>876,462</b>
<b>Net position—ending</b>					<b>\$ 183,274</b>	<b>\$ 5,000</b>	<b>\$ 188,274</b>



**Monmouth-Ocean Educational Services Commission**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,176,773	\$ 725,704	\$ 2,902,477
Receivables from state	10,801	-	10,801
Receivables from other governments	10,115,997	776,615	10,892,612
Total assets	12,303,571	1,502,319	13,805,890
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	8,232,837	405,008	8,637,845
Payable to state government	-	561,156	561,156
Unearned revenue	-	536,155	536,155
Total liabilities	8,232,837	1,502,319	9,735,156
Fund Balances:			
Committed to:			
Other purposes	109,796	-	109,796
Unassigned to:			
General fund	3,960,938	-	3,960,938
Total Fund balances	4,070,734	-	4,070,734
Total liabilities and fund balances	\$ 12,303,571	\$ 1,502,319	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$9,498,785 and the accumulated depreciation is \$3,281,792.	6,216,993
Deferred outflows related to the PERS pension plan	3,260,075
Deferred inflows related to the PERS pension plan	(3,562,126)
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 (see Note 6)	(9,802,402)
Net Position of governmental activities	\$ 183,274

**Monmouth-Ocean Educational Services Commission**  
**Statement of Revenues, Expenditures, And Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2020**

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES</b>			
Local sources:			
Tuition charges	\$ 2,030,847	\$ -	\$ 2,030,847
Transportation fees	39,186,586	-	39,186,586
Interest	36,721	-	36,721
Rental income	310,835	-	310,835
Miscellaneous	35,878	-	35,878
Total - Local sources	<u>41,600,867</u>	<u>-</u>	<u>41,600,867</u>
State sources	478,500	-	478,500
Federal sources	-	549,538	549,538
District sources	-	5,577,054	5,577,054
Total revenues	<u>42,079,367</u>	<u>6,126,592</u>	<u>48,205,959</u>
<b>EXPENDITURES</b>			
Current:			
Special education instruction	769,222	3,065,870	3,835,092
Undistributed - current:			
Attendance	63,560	-	63,560
Health services	27,201	-	27,201
Other support services	56,276	3,060,722	3,116,998
Instruction staff training	1,517	-	1,517
General administrative services	696,126	-	696,126
School administrative services	823,785	-	823,785
Information technology	997,377	-	997,377
Other operation & maintenance of plant	342,644	-	342,644
Care and upkeep of grounds	29,247	-	29,247
Security	49,953	-	49,953
Student transportation services	38,008,905	-	38,008,905
Unallocated employee benefits	1,478,164	-	1,478,164
Non-budgeted expenditures	478,500	-	478,500
Capital outlay	40,601	-	40,601
Special schools	129,482	-	129,482
Total expenditures	<u>43,992,560</u>	<u>6,126,592</u>	<u>50,119,152</u>
Excess (Deficiency) of revenues over expenditures	<u>(1,913,193)</u>	<u>-</u>	<u>(1,913,193)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from Contracted Services	2,196,176	-	2,196,176
Indirect cost allocation	(139,661)	-	(139,661)
Transfers to cover adult school	(14,726)	-	(14,726)
Total other financing sources and uses	<u>2,041,789</u>	<u>-</u>	<u>2,041,789</u>
Net change in fund balances	128,596	-	128,596
Fund balance—July 1	3,942,138	-	3,942,138
Fund balance—June 30	<u>\$ 4,070,734</u>	<u>\$ -</u>	<u>\$ 4,070,734</u>

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  
For the Year Ended June 30, 2020

**Total net change in fund balances - governmental funds (from B-2)** \$ 128,596

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

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

	Depreciation expense	(196,353)	
	Capital outlays	<u>22,498</u>	(173,855)

In the Statement of Activities, the PERS pension expense is the amount paid plus net change in the Deferred Outflows, Deferred Inflows and pension liability as reported by the State of New Jersey. (609,867)

In the Statement of Activities certain expenses, e.g., accrued liabilities for insurance, interest, IBNR and compensated absences are measured by amounts incurred during the year. In governmental funds expenditures for these items are reported in the amount of financial resources used. (33,062)

**Change in net position of governmental activities** **\$ (688,188)**

**Monmouth-Ocean Educational Services Commission**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2020**

	Enterprise Fund		Total
	Adult School	All Contracted Services	
<b>Assets:</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ -	\$ (1,026,665)	\$ (1,026,665)
<b>Accounts receivable:</b>			
State	-	-	-
Federal	-	-	-
Other	-	1,407,414	1,407,414
Interfunds	-	-	-
Deposits	5,000	-	5,000
<b>Total current assets</b>	<b>5,000</b>	<b>380,749</b>	<b>385,749</b>
<b>Capital assets:</b>			
Equipment	-	3,478	3,478
Accumulated depreciation	-	(3,478)	(3,478)
<b>Total capital assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 5,000</b>	<b>\$ 380,749</b>	<b>\$ 385,749</b>
<b>Liabilities and Fund Equity:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 380,749	\$ 380,749
Unearned revenue	-	-	-
Intergovernmental payable	-	-	-
Compensated absences	-	-	-
Other liabilities	-	-	-
Interfund payable	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>380,749</b>	<b>380,749</b>
<b>Net Position:</b>			
Net investment in capital assets	-	-	-
Restricted for other purposes	-	-	-
Unrestricted net position	5,000	-	5,000
<b>Total fund equity</b>	<b>5,000</b>	<b>-</b>	<b>5,000</b>
<b>Total liabilities and fund equity</b>	<b>\$ 5,000</b>	<b>\$ 380,749</b>	<b>\$ 385,749</b>

**Monmouth-Ocean Educational Services Commission**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**

	<u>Adult School</u>	<u>All Contracted Services</u>	<u>Total</u>
Operating revenues:			
Local Sources:			
Community service activities	\$ 17,147	\$ -	\$ 17,147
Refunds	-	-	-
Training	-	4,339	4,339
Contracted services	-	7,553,565	7,553,565
Total operating revenues	<u>17,147</u>	<u>7,557,904</u>	<u>7,575,051</u>
Operating expenses:			
Salaries	25,479	2,288,623	2,314,102
Employee benefits	-	939,739	939,739
Purchased technical services	-	2,110,876	2,110,876
Other purchased services	-	-	-
General supplies	98	8,407	8,505
Textbooks	2,696	-	2,696
Other expenses	3,600	14,083	17,683
Total operating expenses	<u>31,873</u>	<u>5,361,728</u>	<u>5,393,601</u>
Operating income (loss)	<u>(14,726)</u>	<u>2,196,176</u>	<u>2,181,450</u>
Nonoperating revenues (expenses):			
Interest and investment revenue	-	-	-
Miscellaneous revenue	-	-	-
Total nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(14,726)	2,196,176	2,181,450
Transfers in (out)	<u>14,726</u>	<u>(2,196,176)</u>	<u>(2,181,450)</u>
Total net position—beginning	5,000	-	5,000
Total net position—ending	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 5,000</u>

**Monmouth-Ocean Educational Services Commission**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**

	<b>Total Enterprise</b>
Cash Flows from Operating Activities:	
Receipts from Daily Sales	\$ -
Receipts from Catering	-
Supplemental Educational Services	7,679,275
Payments to Employees	(3,253,841)
Payments to Suppliers	(2,183,924)
Payments for Other Expenditures	(11,201)
Net Cash Provided by (Used in) Operating Activities	2,230,309
Cash Flow from Noncapital Financing Sources:	
State Sources	-
Federal Sources	-
Interest Earned	-
Miscellaneous income	-
Interfund- General Fund	(2,181,450)
Net Cash Provided by (Used in) Non-Capital Financing Activities	(2,181,450)
Cash Flows from Capital and Related Financing Activities:	
Purchases of equipment	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	-
Net Increase (Decrease) in Cash and Cash Equivalents	48,859
Cash and Cash Equivalents, July 1	(1,075,524)
Cash and Cash Equivalents, June 30	\$ (1,026,665)
Operating Income (Loss)	\$ 2,181,450
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by (Used in) Operating Activities:	
Depreciation expense	-
Transfer	-
Change in Assets and Liabilities:	
(Increase) Decrease in Interfund payable	-
(Increase) Decrease in inventory	-
(Increase) Decrease in accounts receivable	104,224
Increase (Decrease) in other liabilities	-
Increase (Decrease) in accounts payable	(55,365)
Net Cash Provided by (Used in) Operating Activities	\$ 2,230,309

**Monmouth-Ocean Educational Services Commission**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2020**

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>	<u>Total Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,943	\$ 157,616	\$ 159,559
Intergovernmental accounts receivable	-	-	-
Interfund receivable	-	-	-
Total assets	<u>\$ 1,943</u>	<u>\$ 157,616</u>	<u>\$ 159,559</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Payroll deductions and withholdings	-	157,616	157,616
Interfund payable	-	-	-
Other current liabilities	-	-	-
Total liabilities	<u>-</u>	<u>157,616</u>	<u>157,616</u>
<b>NET POSITION</b>			
Held in trust for unemployment claims and other purposes	1,943	-	1,943
Reserved for scholarships	-	-	-
Total net position	<u>1,943</u>	<u>-</u>	<u>1,943</u>
Total liabilities and net position	<u>\$ 1,943</u>	<u>\$ 157,616</u>	<u>\$ 159,559</u>

**Monmouth-Ocean Educational Services Commission**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2020**

	<b>Unemployment Compensation Trust</b>
<b>ADDITIONS</b>	
Contributions:	
Plan member	\$ -
Other	-
Total Contributions	-
Investment earnings:	
Net increase (decrease) in fair value of investments	-
Interest	29
Dividends	-
Less investment expense	-
Net investment earnings	29
Total additions	29
<b>DEDUCTIONS</b>	
Quarterly contribution reports	-
Unemployment claims	-
Scholarships awarded	-
Refunds of contributions	-
Administrative expenses	-
Total deductions	-
Change in net position	29
Net Position—beginning of the year	1,914
Net Position—end of the year	\$ 1,943



Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

**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 accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

**A. Reporting Entity**

In June, 1979, the Monmouth-Ocean 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 (M-OESC).

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 Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Commission is not includable in any other reporting entity on the basis of such criteria.

**B. Basis of Presentation, Basis of Accounting:**

The Commission's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and Fund Financial Statements which provide a more detailed level of financial information. The Statement of Net Position includes the reporting of assets, deferred outflows, liabilities and deferred inflows. Items not meeting that definition of assets and liabilities have been classified as deferred outflows or deferred inflows. The deferred outflows are reported under assets and deferred inflows are reported under liabilities on the Statement of Net Position.

Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

1. **Summary of Significant Accounting Policies (Cont'd)**

**B. Basis of Presentation, Basis of Accounting (Cont'd)**

**Basis of Presentation**

The Commission has employees that are enrolled in a defined benefit plan operated by the State of New Jersey which creates deferred outflows and inflows as described in Note 7.

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the Commission as a whole. These Statements include the financial activities of the overall Commission, 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 taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in a whole or in part by fees charged to external parties.

The Statement of Net Position presents the financial condition of the governmental and business-type activity of the Commission at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity of the Commission and for each function of the Commission's governmental activities.

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, 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.

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

Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Cont'd)

B. Basis of Presentation, Basis of Accounting (Cont'd)

Basis of Presentation (Cont'd)

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 financial resources except those required to be accounted for in another fund.

As required by the NJDOE, the Commission includes budgeted capital outlay in this Fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from transportation charges, tuition and appropriated Fund Balance. Expenditures are those that result in the acquisition of or additions to Capital Assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

**Special Revenue Fund** - The Special Revenue Fund is used to account for all proceeds of specific revenue from other board of educations, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

The Commission reports the following proprietary funds:

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

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

Equipment	5-20 Years
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Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

1. **Summary of Significant Accounting Policies (Cont'd)**

**B. Basis of Presentation, Basis of Accounting (Cont'd)**

**Basis of Presentation (Cont'd)**

Additionally, the Commission reports the following fund type:

**Fiduciary Funds** - The Fiduciary Funds are used to account for assets held by the Commission on behalf of others and includes the Payroll Agency Fund and Unemployment Compensation Insurance Trust Fund.

**Basis of Accounting**

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

**Government-Wide, Proprietary, and Fiduciary Fund Financial Statements:** The government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds are accounted for using the "economic resources" measurement focus and the modified accrual basis of accounting; the Enterprise Fund and Fiduciary Funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Differences in the accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as, under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The Commission does not receive tax levy as revenue. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

**Governmental Fund Financial Statements:** Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the 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 recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital releases are reported as other financing sources.

All governmental and business-type activities and Enterprise Funds of the Commission follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

**1. Summary of Significant Accounting Policies (Cont'd)**

**C. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the County Office and are not voted upon in the annual school election. Budgets are prepared using the modified accrual basis of accounting, except for Special Revenue 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/transfers must be approved by Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget which have been adjusted for legally-authorized revisions of the annual budgets during the year.

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

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports. At June 30, 2020, there was a reconciling difference of \$(692,071) between the budgetary basis and GAAP basis in the General Fund and of \$(536,155) in the Special Revenue Fund.

Exhibit C-3 presents a reconciliation of the General Fund revenues and Special Revenue Fund revenues and expenditures from the budgetary basis of accounting as presented in the Budgetary Comparison Schedules - General and Special Revenue Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types. Note that the Commission does not report encumbrances outstanding at year-end as expenditures in the General Fund since the General Fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payment.

Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

1. **Summary of Significant Accounting Policies (Cont'd)**

**D. Encumbrance Accounting**

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

Open encumbrances in the Special Revenue Fund, for which the Commission has received advances are reflected in the Balance Sheet as deferred revenues at fiscal year-end.

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

**E. Assets, Liabilities, and Equity**

**Interfund Transactions**

Transfers between Governmental and Business-Type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as Interfund transfers. Interfund transfers are reported as other financing sources/uses in Governmental Funds and after non-operating revenues/expenses to the funds that initially paid for them are not presented on the financial statements.

**Deferred Outflows/Inflows of Resources**

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

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

Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Cont'd)

E. Assets, Liabilities, and Equity (Cont'd)

Capital Assets

The Commission has an established formal system of accounting for its Capital Assets. Purchased or constructed Capital Assets are reported at cost. Donated Capital Assets are valued at their estimated acquisition value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The Commission does not possess any infrastructure.

All reported Capital Assets except for Land and Construction in Progress are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

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

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. A liability for Compensated Absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and the employee is accrued as the employees earn the rights to the benefits.

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 accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments.

In the government-wide Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components - the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund-types is recorded within those funds as the benefits accrue to employees.

Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

1. **Summary of Significant Accounting Policies (Cont'd)**

**E. Assets, Liabilities, and Equity (Cont'd)**

**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlement received before the eligibility requirements are met are also recorded as Unearned Revenue.

**Accrued Liabilities and Long-Term Obligations**

All Payables, Accrued Liabilities, and Long-Term Obligations are reported on the government-wide financial statements. In general, governmental fund payables are accrued liabilities that, once incurred are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually-required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year.

**Net Position**

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Commission or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Commission's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position are available.

**Fund Balance Reserves**

The fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

1) Nonspendable - includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.

2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.



Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

1. **Summary of Significant Accounting Policies (Cont'd)**

**E. Assets, Liabilities, and Equity (Cont'd)**

**Fund Balance Reserves (Cont'd)**

3) Committed - includes amounts that can be spent only for the specific purposes determined by a formal action of the District's highest level of decision-making authority.

4) Assigned - amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process.

5) Unassigned - includes all spendable amounts not contained in the other classifications. The Commission reserves those portions of Fund Balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation in future periods. A Fund Balance Reserve has not been established for maintenance, capital and subsequent year's expenditures.

**Revenues - Exchange and Nonexchange Transactions**

Revenue resulting from Exchange Transactions, in which each party gives and receives essentially equal value, is recorded on the actual accrual basis when the Exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Commission available means within sixty days of the fiscal year-end.

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, and tuition.

Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

1. **Summary of Significant Accounting Policies (Cont'd)**

**E. Assets, Liabilities, and Equity (Cont'd)**

**Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the Commission, these revenues are before and after care program and supplemental services. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

**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 attributable to a specific function is considered an Indirect Expense and is reported separately in the Statement of Activities. Interest on long-term debt is considered an Indirect Expense and is reported separately on the Statement of Activities.

**Extraordinary and Special Items**

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

**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.

**F. GASB Pronouncements**

**Recently Issued Accounting Pronouncements to be implemented in future years**

Statement No. 84, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2019. Management has not yet determined the impact of this Statement on the financial statements.

Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Cont'd)

F. GASB Pronouncements (Cont'd)

Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after June 15, 2021, and all reporting periods thereafter. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management does not expect this Statement to have a material impact on the Commission's financial statements.

Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Statement No. 90 is effective for reporting periods beginning after December 15, 2020. Management has not yet determined the potential impact on the Commission's financial statements.

Statement No. 91, *Conduit Debt Obligations*, The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Statement No. 91 is effective for reporting periods beginning after December 15, 2021. Management has not yet determined the potential impact on the Commission's financial statements.

Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Cont'd)

F. GASB Pronouncements (Cont'd)

Statement No. 92, *Omnibus 2020*, The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Statement No. 92 is effective for reporting periods beginning after June 15, 2021. Management has not yet determined the potential impact on the Commission's financial statements.

Statement No. 93, *Replacement of Interbank Offered Rates*, Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of Statement No. 93 are effective for reporting periods beginning after June 15, 2020. Management has not yet determined the potential impact on the Commission's financial statements.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). Statement No. 94 is effective for reporting periods beginning after June 15, 2022, and all reporting periods thereafter. Management has not yet determined the potential impact on the Commission's financial statements.

Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The requirements of Statement No. 95 are effective immediately.

Statement No. 96, *Subscription-Based Information Technology Arrangements*, This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Statement No. 96 is effective for reporting periods beginning after June 15, 2022, and all reporting periods thereafter. Management has not yet determined the potential impact on the Commission's financial statements.

Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

**2. Deposits and Investments**

The Commission considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as Cash and Cash Equivalents.

Deposits

The Commission's deposits are insured through the Federal Deposit Insurance Corporation ("FDIC") or New Jersey's Governmental Unit Deposit Protection Act. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

Type	Carrying Value
Deposits	
Demand Deposits	\$ 2,035,371
Total Deposits	<u>\$ 2,035,371</u>

**The Commission's Cash & Cash Equivalents are Reported as Follows:**

Governmental Activities	\$ 2,902,477
Business-Type Activities	(1,026,665)
Fiduciary Funds	<u>159,559</u>
Total Cash & Cash Equivalents	<u>\$ 2,035,371</u>

Custodial Credit Risk Related to Deposits

Custodial Credit Risk is the risk that, in the event of a bank failure, the Board's deposit might not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$ 250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

**2. Deposits and Investments (Cont'd)**

Custodial Credit Risk Related to Deposits (cont'd)

At June 30, 2020, the Board's bank balances of \$2,576,153 were exposed to Custodial Credit Risk as follows:

	<u>2020</u>
FDIC Insured	\$ 250,000
GUDPA Protected	<u>2,326,153</u>
	<u>\$ 2,576,153</u>

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully-collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2020, the Board had no investments.

Credit Risk

State law limits investments as noted above (N.J.S.A. 18A:20-37). The Commission has an investment policy that further limits its investment choices.

**3. Receivables**

Receivables at June 30, 2020, consisted of state aid, accrued interest, interfund, intergovernmental, and other. All Receivables are considered collectible in full. A summary of the principal items of intergovernmental receivable follows:

	<u>Governmental Fund Financial Statements</u>	<u>Government-Wide Financial Statements</u>
State Aid	\$ 10,801	\$ 10,801
Federal Aid	-	-
Other	10,892,612	12,300,026
Interfunds	<u>-</u>	<u>-</u>
	10,903,413	12,310,827
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>
Total Receivables, Net	<u>\$ 10,903,413</u>	<u>\$ 12,310,827</u>

Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

**4. Interfund Balances and Transfers**

There were no interfund balances at June 30, 2020.

**5. Capital Assets**

Capital Assets consisted of the following at June 30, 2020.

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	<u>22,725</u>	<u>-</u>	<u>-</u>	<u>22,725</u>
Total Capital Assets Not Being Depreciated	<u>22,725</u>	<u>-</u>	<u>-</u>	<u>22,725</u>
Capital Assets Being Depreciated				
Building and Building Improvements	8,260,866	22,498	-	8,283,364
Machinery and Equipment	<u>1,192,696</u>	<u>-</u>	<u>-</u>	<u>1,192,696</u>
Totals at Historical Cost	<u>9,453,562</u>	<u>22,498</u>	<u>-</u>	<u>9,476,060</u>
Less Accumulated Depreciation for:				
Building and Building Improvements	(2,099,226)	(163,864)	-	(2,263,090)
Machinery and Equipment	<u>(986,213)</u>	<u>(32,489)</u>	<u>-</u>	<u>(1,018,702)</u>
Total Accumulated Depreciation	<u>(3,085,439)</u>	<u>(196,353)</u>	<u>-</u>	<u>(3,281,792)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>6,368,123</u>	<u>(173,855)</u>	<u>-</u>	<u>6,194,268</u>
Government Activity Capital Assets, Net	<u>6,390,848</u>	<u>(173,855)</u>	<u>-</u>	<u>6,216,993</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Equipment	3,478	-	-	3,478
Less Accumulated Depreciation	<u>(3,478)</u>	<u>-</u>	<u>-</u>	<u>(3,478)</u>
Business-Type Activities Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The NJ State Department of Education has set the capitalization threshold used in the State of New Jersey at \$2,000.

Depreciation expense was charged to functions as follows:

Operations and maintenance	\$ <u>196,353</u>
Total	\$ <u>196,353</u>

Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

6. Long-Term Obligations

A. Long-Term Obligation Activity

Changes in Long-Term Obligations for the year ended June 30, 2020, are as follows:

<u>Governmental Activities:</u>	<u>Balance July 01, 2019</u>	<u>Increases/ Decreases</u>	<u>Balance June 30, 2020</u>	<u>Amounts Due Within One Year</u>
Compensated Absences Payable	\$ 77,721	\$ 33,062	\$ 110,783	\$ -
Pension liability- PERS	<u>9,583,885</u>	<u>107,734</u>	<u>9,691,619</u>	<u>-</u>
	<u>\$ 9,661,606</u>	<u>\$ 140,796</u>	<u>\$ 9,802,402</u>	<u>\$ -</u>

For governmental activities, compensated absences payable, capital leases, loans payable and pension liability - PERS are liquidated by the general fund.

7. Pension Plans

A. Public Employees' Retirement System (PERS)

**Plan Description** - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/financial-reports.shtml](http://www.state.nj.us/treasury/pensions/financial-reports.shtml).

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

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



Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

7. Pension Plans (cont'd)

**A. Public Employees' Retirement System (PERS) (cont'd)**

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

**Contributions** - The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

**Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources** - At June 30, 2020, the Commission reported a liability of \$9,691,619 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using update procedure to roll forward the total pension liability from an actuarial valuation as of July 1, 2018, to the measurement date of June 30, 2019. The Commission's proportion of the net pension liability was based on the School Commission's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The Commission's proportion measured as of June 30, 2019, was .0537870953%, which was an increase of .0051119938% from its proportion measured as of June 30, 2018

Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

7. Pension Plans (cont'd)

**A. Public Employees' Retirement System (PERS) (cont'd)**

For the year ended June 30, 2020, the Commission recognized full accrual pension expense of \$1,694,908 in the government-wide financial statements consisting of employer contributions of \$523,190 and non-employer contributions of \$1,171,718. This pension expense was based on the pension plans June 30, 2019 measurement date. At June 30, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 173,952	\$ 42,813
Changes of assumptions	967,744	3,363,930
Net difference between projected and actual earnings on pension plan investments	-	152,986
Changes in proportion and differences between Commission contributions and proportionate share of contributions	1,565,644	2,397
Commission contributions subsequent to the measurement date	<u>552,735</u>	<u>-</u>
Total	<u>\$ 3,260,075</u>	<u>\$ 3,562,126</u>

\$552,735 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2019-2020 total salaries for PERS employees multiplied by an employer contribution rate. The payable is due on April 1, 2021 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ (98,929)
2021	(320,921)
2022	(286,564)
2023	(134,557)
2024	(13,816)
Thereafter	-
Total	<u>\$ (854,787)</u>

Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

7. Pension Plans (cont'd)

**A. Public Employees' Retirement System (PERS) (cont'd)**

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2018	-	5.21
Net Difference between projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	5.00
June 30, 2015	5.00	5.00
June 30, 2016	5.00	5.00
June 30, 2017	5.00	5.00
June 30, 2018	5.00	5.00
June 30, 2019	5.00	5.00

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for the 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

7. Pension Plans (cont'd)

**A. Public Employees' Retirement System (PERS) (cont'd)**

**Actuarial Assumptions** - The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following assumptions:

Inflation Rate

Price	2.75%
Wage	3.25%

Salary Increases:

Through 2026	2.00% - 6.00% Based on years of service
Thereafter	3.00% -7.00% Based on years of service

Investment Rate of Return	7.00%
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Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

7. Pension Plans (cont'd)

**A. Public Employees' Retirement System (PERS) (cont'd)**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranged of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00 %	4.67 %
Cash Equivalents	5.00 %	2.00 %
U.S. Treasuries	5.00 %	2.68 %
Investment Grade Credit	10.00 %	4.25 %
High Yield	2.00 %	5.37 %
Private Credit	6.00 %	7.92 %
Real Assets	2.50 %	9.31 %
Real Estate	7.50 %	8.33 %
U.S. Equity	28.00 %	8.26 %
Non-U.S. Developed Markets Equity	12.50 %	9.00 %
Emerging Markets Equity	6.50 %	11.37 %
Private Equity	12.00 %	10.85 %

Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

7. Pension Plans (cont'd)

**A. Public Employees' Retirement System (PERS) (cont'd)**

**Discount Rate**

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Commission's proportionate share of the net pension liability	12,327,254	9,691,619	7,594,957

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2020 and 2019:

	<u>6/30/20</u>	<u>6/30/19</u>
Collective Deferred Outflows of Resources	3,149,522,616	4,684,852,302
Collective Deferred Inflows of Resources	7,645,087,574	7,646,736,226
Collective Net Pension Liability	18,143,832,135	19,689,501,539
School Commission's Portion	.0537870953%	.0470561528%

Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

7. Pension Plans (cont'd)

**B. Teachers' Pension and Annuity (TPAF)**

**Plan Description** - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/financial-reports.shtml](http://www.state.nj.us/treasury/pensions/financial-reports.shtml).

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

The following represents the membership tiers for TPAF:

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

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

Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

7. Pension Plans (cont'd)

**B. Teachers' Pension and Annuity (TPAF) (cont'd)**

**Contributions** - The contribution policy for TPAF is set by *N.J.S.A. 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A. 18A:66-33*. Therefore, the Commission is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the Commission does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the Commission.

**Pension Liability and Pension Expense** - The State's proportionate share of the TPAF net pension liability, attributable to the Commission as of June 30, 2019 was \$20,959,531. The Commission's proportionate share was \$0.

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The State's proportionate share of the net pension liability associated with the Commission was based on projection of the State's long-term contributions to the pension plan associated with the Commission relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2019, the State proportionate share of the TPAF net pension liability attributable to the Commission was .0341522049%, which was a decrease of .0008434203% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the State of New Jersey recognized a pension expense in the amount of \$692,071 for the State's proportionate share of the TPAF pension expense attributable to the Commission. This pension expense was based on the pension plans June 30, 2019 measurement date.



Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

7. Pension Plans (cont'd)

**B. Teachers' Pension and Annuity (TPAF) (cont'd)**

**Actuarial Assumptions** - The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.45% based on years of service
Thereafter	2.75-5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**Long-term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranged of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

7. Pension Plans (cont'd)

**B. Teachers' Pension and Annuity (TPAF) (cont'd)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00 %	4.67 %
Cash Equivalents	5.00 %	2.00 %
U.S. Treasuries	5.00 %	2.68 %
Investment Grade Credit	10.00 %	4.25 %
High Yield	2.00 %	5.37 %
Private Credit	6.00 %	7.92 %
Real Assets	2.50 %	9.31 %
Real Estate	7.50 %	8.33 %
U.S. Equity	28.00 %	8.26 %
Non-U.S. Developed Markets Equity	12.50 %	9.00 %
Emerging Markets Equity	6.50 %	11.37 %
Private Equity	12.00 %	10.85 %

**Discount Rate** - The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

7. Pension Plans (cont'd)

**B. Teachers' Pension and Annuity (TPAF) (cont'd)**

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

The following presents the collective net pension liability of the participating employers as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
State's proportionate share of the net pension liability	24,775,597	20,959,531	17,885,987

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

**C. Defined Contribution Retirement Plan (DCRP)**

The Defined Contribution Retirement Plan is a cost-sharing multiple-employer defined contribution pension plan which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Divisions of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A.43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Commission's contribution amounts for each pay period are transmitted to Prudential not later than the fifth business day after the date on which the employee is paid for that pay period.

Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

7. Pension Plans (cont'd)

C. Defined Contribution Retirement Plan (DCRP) (Cont'd)

The Commission's contributions to the DCRP for June 30, 2020 were \$17,041. There was no liability for unpaid contributions at June 30, 2020.

**Related Party Investments** - The Division of Pensions and Benefits does not invest in securities issued by the Commission.

8. Post-Retirement Benefits

**General Information about the OPEB Plan**

**Plan description and benefits provided**

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

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

**8. Post-Retirement Benefits (cont'd)**

**Basis of Presentation**

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Employees covered by benefit terms**

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	148,051
Active plan members	<u>216,892</u>
Total	<u><u>364,943</u></u>

**Total Nonemployer OPEB Liability**

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified returned PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education. Note that actual numbers will be published in the NJ State's CAFR (<https://www.nj.gov/treasury/omb/publications/archives.shtml>).

Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

8. Post-Retirement Benefits (cont'd)

Actuarial assumptions and other imputes

The total OPEB liability in the June 30, 2019 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	2.5%
Salary Increases through 2026	PERS 2.00%-6.00% PFRS 3.25%-15.25% TPAF 1.55%-3.05%
Salary Increases after 2026	PERS 3.00%-7.00% PFRS 3.25%-15.25% TPAF 1.55%-3.05%
Discount Rate	3.50%
Healthcare Cost Trend Rates	4.5%-5.7%
Retirees' Share of Benefit Related Costs	1.5% of projected health insurance premiums for retirees

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, July 1, 2014 - June 30, 2018, and July 1, 2013 - June 30, 2018 for TPAF, PERS and PFRS, respectively.

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

Balance at June 30, 2018	\$ 46,110,832,982
Changes for the year:	
Service cost	1,734,404,850
Interest on the total OPEB liability	1,827,787,206
Differences between expected and actual experiences	(7,323,140,818)
Changes in assumptions	622,184,027
Gross benefit payments by the state	(1,280,958,373)
Contributions from members	<u>37,971,171</u>
Net changes	<u>(4,381,751,937)</u>
Balance at June 30, 2019	\$ <u>41,729,081,045</u>

Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

**8. Post-Retirement Benefits (cont'd)**

**Discount rate**

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Sensitivity of the total OPEB liability to changes in the discount rate**

The following presents the June 30, 2019 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the school district calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	3	1% Decrease (2.87%)	Current Discount Rate (3.50%)	1% Increase (4.87%)
Total OPEB Liability of the State for School Retirees		\$49,298,534,898	\$41,729,081,045	\$35,716,321,820
Total OPEB Liability of the State Associated with the Commission for School Retirees		\$26,974,057	\$22,832,374	\$19,542,448

**Health Care Trend Assumptions**

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

8. Post-Retirement Benefits (cont'd)

**Sensitivity of the total OPEB liability to changes in the health care cost trend rates**

The following presents the June 30, 2019 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the school district calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Trend Rate	1% Increase
Total OPEB Liability of the State for School Retirees	\$34,382,902,820	\$41,729,081,045	\$51,453,912,586
Total OPEB Liability of the State Associated with the Commission for School Retirees	\$18,812,858	\$22,832,374	\$28,153,388

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

For the year ended June 30, 2020, the board of education recognized OPEB expense of \$256,746 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

In accordance with GASB 75, the Monmouth-Ocean Educational Services Commission's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$(10,484,965,300)
Changes of assumptions	-	(8,481,529,343)
Contributions made in fiscal year ending 2019 after June 30, 2018 measurement date	<u>TBD</u>	-
Total	<u>\$ -</u>	<u>\$(18,966,494,643)</u>



Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

**8. Post-Retirement Benefits (cont'd)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$ (2,546,527,182)
2021	(2,546,527,182)
2022	(2,546,527,182)
2023	(2,546,527,182)
2024	(2,546,527,182)
Thereafter	<u>(6,233,858,733)</u>
Total	<u>\$ (18,966,494,643)</u>

**9. Deferred Compensation**

The Commission offers its employees a choice of 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:

Lincoln Financial Advisors  
VALIC

Lincoln Investment Planning  
Axa Equitable

**10. Risk Management**

The Commission is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omission; 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.

**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 charged to its account with the State. The Commission is billed quarterly for amounts due to the State. The table below is a summary of the Commission contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Commission's trust fund for the current and the previous year.

<u>Fiscal Year</u>	<u>Commission Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019 / 2020	\$ 29	\$ -	\$ -	\$ 1,943
2018 / 2019	42	-	-	1,914
2017 / 2018	24	-	-	1,872

Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

**11. Contingent Liabilities**

**Grant Programs**

The Commission participates in federally-assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Commission is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

The Commission is also involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the Board.

**12. Fund Balance Appropriated**

General Fund (Exhibit B-1) - Of the \$4,070,734 General Fund balance at June 30, 2020, nothing is reserved.

**13. Related Party**

The Commission entered into multiple shared service agreements with the Bayshore Jointure Commission during the year ended June 30, 2020 and is renewable on an annual basis. The following are the services provided and the amounts charged for each during the fiscal year.

Administrative Services (M-OESC provides)	\$	6,252
Nursing (Bayshore provides)		22,000

**14. Uncertain Tax Positions**

The Commission had no unrecognized tax benefits at June 30, 2020. The Commission files tax returns in the U.S. federal jurisdiction and New Jersey. The Commission has no open year prior to June 30, 2017.

**15. Subsequent Events**

Management has evaluated subsequent events through November 2, 2020, the date the financial statements were available to be issued.

On July 7, 2020, the Commission's Board of Directors approved the Settlement Agreement and agreed to pay the Petitioners the total sum of \$855,000. Payments provided in the Settlement Agreement and Release are as follows: one payment of \$285,000 in 2020 and two payments of \$285,000 each in April 2021 and December 2021. The payment of \$285,000 for 2020 has been made.

Monmouth-Ocean Educational Services Commission

Notes to Financial Statements

For the Year Ended June 30, 2020

**15. Subsequent Events (cont'd)**

The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Commission's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Commission's customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Commission's financial condition or results of operations is uncertain.

**16. Tax Abatement**

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

REQUIRED SUPPLEMENTARY INFORMATION - PART II

**Monmouth-Ocean Educational Services Commission  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2020**

**Exhibit C-1**

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
<b>REVENUES:</b>					
Local sources:					
Tuition from other LEAs within the state	\$ 1,443,042	\$ -	\$ 1,443,042	\$ 1,446,622	\$ 3,580
Tuition from summer school	631,078	-	631,078	584,225	(46,853)
Interest on Investments	-	-	-	36,721	36,721
Transportation Fees from Other LEAs	48,044,700	-	48,044,700	39,186,586	(8,858,114)
Rents and Royalties	310,835	-	310,835	310,835	-
Miscellaneous	119,525	-	119,525	35,878	(83,647)
<b>Total - local sources</b>	<b>50,549,180</b>	<b>-</b>	<b>50,549,180</b>	<b>41,600,867</b>	<b>(8,948,313)</b>
State sources:					
Other state aids	1,149,553	-	1,149,553	-	(1,149,553)
TPAF - LTI (on-behalf - Non-budgeted)	-	-	-	311	311
TPAF - post retirement medical (on-behalf - Non-budgeted)	-	-	-	256,746	256,746
Teacher's pension and annuity fund (on-behalf - Non-budgeted)	-	-	-	692,071	692,071
TPAF social security (reimbursed - Non-budgeted)	-	-	-	221,443	221,443
<b>Total state sources</b>	<b>1,149,553</b>	<b>-</b>	<b>1,149,553</b>	<b>1,170,571</b>	<b>21,018</b>
Federal sources:					
Other federal grant revenue - passed through state	218,142	-	218,142	-	(218,142)
<b>Total federal sources</b>	<b>218,142</b>	<b>-</b>	<b>218,142</b>	<b>-</b>	<b>(218,142)</b>
<b>Total revenues</b>	<b>51,916,875</b>	<b>-</b>	<b>51,916,875</b>	<b>42,771,438</b>	<b>(9,145,437)</b>
<b>EXPENDITURES:</b>					
<b>Current Expenditures:</b>					
<b>Resource Room/Resource Center:</b>					
Salaries of teachers	178,255	-	178,255	108,025	70,230
Other salaries for instruction	19,700	-	19,700	3,067	16,633
Purchased technical services	1,550	-	1,550	-	1,550
General supplies	9,650	-	9,650	5,552	4,098
Textbooks	3,000	-	3,000	2,206	794
Other Objects	3,000	-	3,000	1,773	1,227
<b>Total Resource Room/Resource Center</b>	<b>215,155</b>	<b>-</b>	<b>215,155</b>	<b>120,623</b>	<b>94,532</b>
<b>Other Instructional Programs - Instruction</b>					
Salaries	669,125	(13,607)	655,518	434,348	221,170
Purchased services (300-500 series)	469,645	(15,860)	453,785	192,367	261,418
Supplies and materials	47,250	-	47,250	19,804	27,446
Other objects	12,500	-	12,500	2,080	10,420
<b>Total Other Instructional Programs - Instruction</b>	<b>1,198,520</b>	<b>(29,467)</b>	<b>1,169,053</b>	<b>648,599</b>	<b>520,454</b>
<b>Total Instruction</b>	<b>1,413,675</b>	<b>(29,467)</b>	<b>1,384,208</b>	<b>769,222</b>	<b>614,986</b>
<b>Undist. Expend. - Attendance and Social Work</b>					
Salaries	55,035	-	55,035	55,024	11
Purchased professional and technical services	8,400	136	8,536	8,536	-
<b>Total Undistributed Expenditures - Attendance</b>	<b>63,435</b>	<b>136</b>	<b>63,571</b>	<b>63,560</b>	<b>11</b>
<b>Undist. Expend. - Health Services</b>					
Purchased professional and technical services	37,750	(136)	37,614	26,961	10,653
Supplies and materials	810	-	810	240	570
<b>Total Undistributed Expenditures - Health Services</b>	<b>38,560</b>	<b>(136)</b>	<b>38,424</b>	<b>27,201</b>	<b>11,223</b>
<b>Undist. Expend. - Child Study Team</b>					
Purchased professional and technical services	49,500	-	49,500	47,490	2,010
Other purchased services (400-500 series)	11,000	-	11,000	5,300	5,700
Supplies and materials	7,000	-	7,000	3,486	3,514
Other objects	1,000	-	1,000	-	1,000
<b>Total Undist. Expend. - Child Study Team</b>	<b>68,500</b>	<b>-</b>	<b>68,500</b>	<b>56,276</b>	<b>12,224</b>
<b>Undist. Expend. - Instruction Staff Training Services</b>					
Purchased professional - educational services	2,500	-	2,500	1,290	1,210
Supplies and materials	5,000	-	5,000	-	5,000
Other purchased services (400-500)	4,000	-	4,000	227	3,773
<b>Total Undist. Expend. - Instruction Staff Training Services</b>	<b>11,500</b>	<b>-</b>	<b>11,500</b>	<b>1,517</b>	<b>9,983</b>

**Monmouth-Ocean Educational Services Commission  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2020**

**Exhibit C-1**

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
<b>Undist. Expend. - Support Service - General Administration</b>					
Salaries	\$ 555,885	\$ -	555,885	358,299	\$ 197,586
Legal services	160,000	25,759	185,759	185,732	27
Audit Fees	32,500	-	32,500	27,000	5,500
Architectural/Engineering Services	10,000	(8,658)	1,342	-	1,342
Other purchased professional services	45,000	(17,101)	27,899	-	27,899
Purchased technical services	34,025	-	34,025	30,625	3,400
Communications/Telephone	109,115	-	109,115	39,801	69,314
Other purchased services (400-500 series)	57,400	-	57,400	22,719	34,681
General supplies	18,500	-	18,500	7,017	11,483
BOE In-House Training/Meeting Supplies	5,000	-	5,000	1,461	3,539
Judgements Agst. School Dist.	15,000	-	15,000	-	15,000
Miscellaneous expenditures	29,975	-	29,975	23,472	6,503
BOE membership dues and fees	2,500	-	2,500	-	2,500
<b>Total Undist. Expend. - Support Service - General Administration</b>	<b>1,074,900</b>	<b>-</b>	<b>1,074,900</b>	<b>696,126</b>	<b>378,774</b>
<b>Undist. Expend. - Support Service - School Administration</b>					
Salaries of principals/Assistant principals	590,485	-	590,485	505,139	85,346
Salaries of secretarial and clerical assistants	374,685	-	374,685	313,476	61,209
Other purchased services (400-500 series)	8,000	-	8,000	828	7,172
Supplies and materials	15,000	-	15,000	2,251	12,749
Other objects	13,960	-	13,960	2,091	11,869
<b>Total Undist. Expend. - Support Service - School Administration</b>	<b>1,002,130</b>	<b>-</b>	<b>1,002,130</b>	<b>823,785</b>	<b>178,345</b>
<b>Undistributed Expenditures - Central Services</b>					
Salaries	597,545	-	597,545	578,502	19,043
Purchased professional services	32,500	-	32,500	23,289	9,211
Purchased technical services	3,500	-	3,500	1,800	1,700
Misc. Purchased Services	13,000	-	13,000	948	12,052
Supplies and materials	11,000	-	11,000	3,027	7,973
Interest on lease purchase	2,225	138	2,363	2,363	-
Miscellaneous expenditures	10,165	(138)	10,027	3,797	6,230
<b>Total Undist. Expend. - Central Services</b>	<b>669,935</b>	<b>-</b>	<b>669,935</b>	<b>613,726</b>	<b>56,209</b>
<b>Undist.- Admin. Info. Technology</b>					
Salaries	330,725	-	330,725	317,914	12,811
Purchased technical services	77,895	-	77,895	55,946	21,949
Other Purchased Services	29,800	-	29,800	3,552	26,248
Supplies and materials	8,000	-	8,000	6,239	1,761
Other objects	1,000	-	1,000	-	1,000
<b>Total Undist. Expend - Admin. Info. Technology</b>	<b>447,420</b>	<b>-</b>	<b>447,420</b>	<b>383,651</b>	<b>63,769</b>
<b>Undist. Expend. - Other Operation &amp; Maintenance of Plant</b>					
Salaries	111,670	-	111,670	109,671	1,999
Cleaning, repair and maintenance services	147,455	20,000	167,455	105,511	61,944
Other purchased property services	9,500	-	9,500	7,896	1,604
Insurance	35,090	-	35,090	27,487	7,603
Misc Purchased Services	2,750	-	2,750	124	2,626
General supplies	26,505	-	26,505	17,752	8,753
Energy (natural gas)	44,840	-	44,840	32,747	12,093
Energy (electricity)	72,000	(14,052)	57,948	40,169	17,779
Energy (gasoline)	3,500	-	3,500	550	2,950
Other objects	5,150	-	5,150	737	4,413
<b>Total Undist Expend-Other Operation &amp; Maint Of Plant</b>	<b>458,460</b>	<b>5,948</b>	<b>464,408</b>	<b>342,644</b>	<b>121,764</b>
<b>Undist. Expend. - Care &amp; Upkeep of Grounds</b>					
Cleaning, repair and maintenance services	64,500	(1,298)	63,202	29,247	33,955
<b>Total Undist Expend-Care &amp; Upkeep of Grounds</b>	<b>64,500</b>	<b>(1,298)</b>	<b>63,202</b>	<b>29,247</b>	<b>33,955</b>
<b>Security</b>					
Salaries	48,340	(1,264)	47,076	46,839	237
General supplies	6,500	(3,386)	3,114	3,114	-
<b>Total Security</b>	<b>54,840</b>	<b>(4,650)</b>	<b>50,190</b>	<b>49,953</b>	<b>237</b>
<b>Undist. Expend. - Student Transportation Services</b>					
Salaries of non-instructional aides	487,005	-	487,005	408,317	78,688
Purchased professional and technical services	52,750	92,381	145,131	145,131	-
Contract Svc (btw home & Sch.) - Joint Agreements	44,000,000	(1,131)	43,998,869	37,450,185	6,548,684
General supplies	12,600	-	12,600	4,908	7,692
Misc Purchased Serv - Transportation	1,500	-	1,500	164	1,336
Other objects	550	-	550	200	350
<b>Total Undist. Expend. - Student Transportation Services</b>	<b>44,554,405</b>	<b>91,250</b>	<b>44,645,655</b>	<b>38,008,905</b>	<b>6,636,750</b>

**Monmouth-Ocean Educational Services Commission  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2020**

**Exhibit C-1**

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
<b>UNALLOCATED EMPLOYEE BENEFITS</b>					
Group insurance	\$ 7,510	\$ 172	7,682	7,420	\$ 262
Social security contributions	444,000	(172)	443,828	-	443,828
Other retirement contributions - PERS	560,000	-	560,000	552,735	7,265
Other retirement contributions - Regular	35,000	-	35,000	-	35,000
Unemployment compensation	185,000	-	185,000	627	184,373
Workmen's compensation	120,000	-	120,000	112,449	7,551
Health benefits	2,128,335	(91,250)	2,037,085	718,048	1,319,037
Tuition reimbursement	50,000	-	50,000	8,100	41,900
Other employee benefits	109,900	-	109,900	71,416	38,484
Unused sick payment to terminated/retired	25,000	-	25,000	7,369	17,631
<b>TOTAL UNALLOCATED EMPLOYEE BENEFITS</b>	<u>3,664,745</u>	<u>(91,250)</u>	<u>3,573,495</u>	<u>1,478,164</u>	<u>2,095,331</u>
On-behalf TPAF LTDI (non-budgeted)	-	-	-	311	(311)
On-behalf TPAF OPEB (post retirement med) (non-budgeted)	-	-	-	256,746	(256,746)
On-behalf TPAF Pension Contributions (non-budgeted)	-	-	-	692,071	(692,071)
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	221,443	(221,443)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,170,571</u>	<u>(1,170,571)</u>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<u>3,664,745</u>	<u>(91,250)</u>	<u>3,573,495</u>	<u>2,648,735</u>	<u>924,760</u>
<b>Food Services</b>					
Transfers to cover deficit in food services	44,500	-	44,500	-	44,500
<b>Total Food Services</b>	<u>44,500</u>	<u>-</u>	<u>44,500</u>	<u>-</u>	<u>44,500</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>52,217,830</u>	<u>-</u>	<u>52,217,830</u>	<u>43,745,326</u>	<u>8,472,504</u>
<b>TOTAL GENERAL CURRENT EXPENDITURES</b>	<u>53,631,505</u>	<u>(29,467)</u>	<u>53,602,038</u>	<u>44,514,548</u>	<u>9,087,490</u>
<b>CAPITAL OUTLAY</b>					
<b>Special Education - Instruction:</b>					
Undistributed expenditures - General administration	18,235	2,250	20,485	19,056	1,429
Undistributed expenditures - Admin Info Tech	47,500	-	47,500	16,945	30,555
Undistributed expenditures - Security	-	7,000	7,000	4,600	2,400
<b>Total Equipment</b>	<u>65,735</u>	<u>9,250</u>	<u>74,985</u>	<u>40,601</u>	<u>34,384</u>
<b>Facilities Acquisition and Construction Services</b>					
Other Purchased Prof. & Tech Services	32,000	(32,000)	-	-	-
<b>Total Facilities Acquisition and Construction Services</b>	<u>32,000</u>	<u>(32,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>97,735</u>	<u>(22,750)</u>	<u>74,985</u>	<u>40,601</u>	<u>34,384</u>
<b>SPECIAL SCHOOLS</b>					
<b>Summer School - Instruction</b>					
Salaries of teachers	235,625	-	235,625	129,482	106,143
<b>Total Summer School - Instruction</b>	<u>235,625</u>	<u>-</u>	<u>235,625</u>	<u>129,482</u>	<u>106,143</u>
<b>TOTAL SPECIAL SCHOOLS</b>	<u>235,625</u>	<u>-</u>	<u>235,625</u>	<u>129,482</u>	<u>106,143</u>
<b>TOTAL EXPENDITURES</b>	<u>53,964,865</u>	<u>(52,217)</u>	<u>53,912,648</u>	<u>44,684,631</u>	<u>9,228,017</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(2,047,990)</u>	<u>(52,217)</u>	<u>(1,995,773)</u>	<u>(1,913,193)</u>	<u>(82,580)</u>
<b>Other Financing Sources/ (Uses):</b>					
Transfer to cover adult school	-	-	-	(14,726)	14,726
Other funds transfers	2,047,990	-	2,047,990	2,196,176	(148,186)
Indirect costs allocation	-	-	-	(139,661)	139,661
<b>Total Other Financing Sources:</b>	<u>2,047,990</u>	<u>-</u>	<u>2,047,990</u>	<u>2,041,789</u>	<u>6,201</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures &amp; Other Financing Sources (Uses)</b>	<u>-</u>	<u>(52,217)</u>	<u>52,217</u>	<u>128,596</u>	<u>(76,379)</u>
<b>Fund Balance, July 1</b>	<u>3,942,138</u>	<u>-</u>	<u>3,942,138</u>	<u>3,942,138</u>	<u>-</u>
<b>Fund Balance, June 30</b>	<u>\$ 3,942,138</u>	<u>\$ (52,217)</u>	<u>3,994,355</u>	<u>4,070,734</u>	<u>\$ (76,379)</u>
<b>Recapitulation:</b>					
Reserve for encumbrances				109,796	
<b>Unrestricted/undesignated fund balance for budget purposes</b>				<u>3,960,938</u>	
<b>Reconciliation to governmental funds statements (GAAP)</b>					
Fund balance per governmental funds (Budgetary)				4,070,734	
Certain liabilities are not reported in Governmental Funds because they are not due and payable (net)				-	
Last state aid payment not recognized on GAAP basis				-	
Fund balance per governmental funds (GAAP) - B-1				<u>4,070,734</u>	
<b>Fund balance per governmental funds (GAAP) - B-1</b>				<u>\$ 4,070,734</u>	

**Monmouth-Ocean Educational Services Commission  
Budgetary Comparison Schedule  
Special Revenue Fund  
For the Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local sources	\$ 7,238,280	\$ 1,291,367	\$ 8,529,647	\$ 6,113,209	\$ (2,416,438)
State sources	-	-	-	-	-
Federal sources	-	-	-	549,538	549,538
<b>Total Revenues</b>	<u>7,238,280</u>	<u>1,291,367</u>	<u>8,529,647</u>	<u>6,662,747</u>	<u>(1,866,900)</u>
<b>EXPENDITURES</b>					
<b>Instruction:</b>					
Salaries of teachers	2,455,060	(150,195)	2,304,865	2,223,538	81,327
Other salaries/instruction	494,875	61,539	556,414	421,639	134,775
Purchased services	2,500	38,287	40,787	40,687	100
Other purchased services	-	-	-	-	-
Purchased professional services	-	-	-	-	-
General supplies	75,000	(856)	74,144	43,310	30,834
Textbooks	475,000	-	475,000	364,616	110,384
<b>Total Instruction</b>	<u>3,502,435</u>	<u>(51,225)</u>	<u>3,451,210</u>	<u>3,093,790</u>	<u>357,420</u>
<b>Support services:</b>					
<b>Other support services</b>					
<b>students - special:</b>					
Other professional staff salaries	291,455	(202,265)	89,190	89,190	-
Secretarial/Clerical salaries	36,145	324	36,469	36,469	-
Purchased professional services	3,000,000	(5,087)	2,994,913	1,699,735	1,295,178
Other purchased services	240,820	310,820	551,640	464,678	86,962
Purchased technical services	-	-	-	-	-
Employee benefits	-	1,042,790	1,042,790	989,495	53,295
Travel	-	1,337	1,337	1,337	-
Nursing services	-	-	-	-	-
Miscellaneous purchased services	-	-	-	-	-
Purchased Property Service	-	-	-	-	-
General supplies	75,000	194,885	269,885	215,820	54,065
Miscellaneous/Other objects	92,425	(212)	92,213	72,233	19,980
<b>Total other support services - students - special</b>	<u>3,735,845</u>	<u>1,342,592</u>	<u>5,078,437</u>	<u>3,568,957</u>	<u>1,509,480</u>
<b>Facilities acquisition and const. serv.:</b>					
Regular programs instruction	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-
<b>Total facilities acquisition and const. serv.</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>7,238,280</u>	<u>1,291,367</u>	<u>8,529,647</u>	<u>6,662,747</u>	<u>1,866,900</u>
<b>Other financing sources (uses)</b>					
Transfer in from general fund	-	-	-	-	-
Contribution to whole school reform	-	-	-	-	-
<b>Total outflows</b>	<u>7,238,280</u>	<u>1,291,367</u>	<u>8,529,647</u>	<u>6,662,747</u>	<u>1,866,900</u>
<b>Excess (deficiency) of revenues Over (under) expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation to governmental funds statements (GAAP)</b>					
Last state aid payment not recognized on GAAP basis				-	
<b>Fund balance per governmental funds (GAAP)</b>				<u>\$ -</u>	



Monmouth-Ocean Educational Services Commission  
 Required Supplementary Information  
 Budget-to-GAAP Reconciliation  
 Note to Required Supplementary Information  
 For the Year Ended June 30, 2020

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

		General Fund		Special Revenue Fund
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 44,813,227	[C-2]	\$ 6,662,747
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		(536,155)
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(692,071)		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes		-		-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		-		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 44,121,156	[B-2]	\$ 6,126,592
 <b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 44,684,631	[C-2]	\$ 6,662,747
Differences - budget to GAAP				
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(692,071)		-
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.				(536,155)
<b>Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds</b>	[B-2]	<b>\$ 43,992,560</b>	[B-2]	<b>\$ 6,126,592</b>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**Monmouth-Ocean Educational Services Commission**  
**Required Supplementary Information**  
**Schedule of the Commission's Proportionate Share of the Net Pension Liability-PERS**  
**For the Year Ended June 30, 2020**

**Last 10 Fiscal Years\***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Commission's proportion of the net pension liability	0.0357465012%	0.0439781334%	0.0470804508%	0.0470561528%	0.0486751015%	0.0537870953%
Commission's proportionate share of the net pension liability	\$ 7,093,861	\$ 10,290,466	\$ 13,943,879	\$ 10,953,920	\$ 9,583,885	\$ 9,691,619
Commission's covered-employee payroll	N/A	3,167,776	3,025,156	3,322,054	3,565,958	4,062,474
Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0	324.85%	419.74%	307.18%	268.76%	238.56%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%

The amounts presented were determined as of the fiscal year-end that occurred one year before the Commission's fiscal year end.

\* The schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled governments should present information for those years for which information is available.

**Monmouth-Ocean Educational Services Commission  
Required Supplementary Information  
Schedule of the Commission's Contributions-PERS  
For the Year Ended June 30, 2020**

**Last 10 Fiscal Years\***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contributions	\$ 249,689	\$ 378,094	\$ 448,129	\$ 478,015	\$ 514,077	\$ 552,735
Contributions in relation to the contractually required contribution	<u>337,605</u>	<u>-</u>	<u>471,510</u>	<u>478,015</u>	<u>514,077</u>	<u>552,735</u>
Contribution deficiency (excess)	<u>\$ (87,916)</u>	<u>\$ 378,094</u>	<u>\$ (23,381)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Commission's covered-employee payroll	3,167,776	3,025,156	3,322,054	3,565,958	4,062,474	3,427,577
Contributions as a percentage of covered-employee payroll	0.00%	12.50%	13.49%	14.39%	12.65%	16.13%

\* The schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled governments should present information for those years for which information is available.

**Monmouth-Ocean Educational Services Commission  
Required Supplementary Information  
Schedule of the Commission's Proportionate Share of the Net Pension Liability-TPAF  
For the Year Ended June 30, 2020**

**Last 10 Fiscal Years\***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
State's proportion of the net pension liability	0.0310304894%	0.0283967086%	0.0251485926%	0.0303353066%	0.0349956252%	0.0349956252%
State's proportionate share of the net pension liability	\$ 16,584,787	\$ 17,947,932	\$ 19,783,484	\$ 20,453,158	\$ 22,263,465	\$ 20,959,531
Commission's covered-employee payroll	3,201,923	3,655,183	3,713,043	3,523,252	3,488,327	3,250,219
Proportionate share of the net pension liability as a percentage of Commission's covered-employee payroll	517.96%	491.03%	532.81%	580.52%	638.23%	644.87%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%

The Commission has a special funding situation and is not required to make any payments for this liability therefore it is not recorded on the CAFR.

The amounts presented were determined as of the fiscal year-end that occurred one year before the Commission's fiscal year end.

\* The schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled governments should present information for those years for which information is available.

**Monmouth-Ocean Educational Services Commission**  
**Required Supplementary Information**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**For the Year Ended June 30, 2020**  
**(Unaudited)**

**Last 10 Fiscal Years\***

	<u>2018</u>	<u>2019</u>	<u>2020</u>
State's proportion of the OPEB liability associated with the Commission			
Service cost	\$ 1,930,599	\$ 1,617,644	\$ 1,408,640
Interest cost	938,833	1,108,947	1,005,420
Differences between expected and actual experiences	-	(3,994,433)	(4,150,047)
Changes in assumptions	(3,869,761)	(2,858,322)	340,433
Member contributions	25,311	23,019	20,776
Gross benefit payments	<u>(687,387)</u>	<u>(666,032)</u>	<u>(700,886)</u>
Net change in total OPEB liability	(1,662,405)	(4,769,177)	(2,075,664)
Total State's share OPEB liability - beginning	<u>31,339,620</u>	<u>29,677,215</u>	<u>24,908,038</u>
Total State's share OPEB liability - ending	<u>\$ 29,677,215</u>	<u>\$ 24,908,038</u>	<u>\$ 22,832,374</u>
Commission's covered employee payroll	<u>\$ 8,328,045</u>	<u>\$ 8,801,196</u>	<u>\$ 8,411,383</u>
Total State's OPEB liability as a percentage of covered employee payroll	356%	283%	271%

\* The schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled governments should present information for those years for which information is available.

Monmouth-Ocean Educational Services Commission  
Notes to Required Supplementary Information - Part III  
For the Year Ended June 30, 2020

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

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 4.86% as of June 30, 2018, to 5.60% as of June 30, 2019.

**Public Employees' Retirement System (PERS)**

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 5.66% as of June 30, 2018, to 6.28% as of June 30, 2019.

**State Health Benefit Local Education Retired Employees Plan (OPEB)**

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 3.87% as of June 30, 2018, to 3.50% as of June 30, 2019.

## OTHER SUPPLEMENTARY INFORMATION



D. School Based Budget Schedules  
Not Applicable

E. Special Revenue Fund

**Monmouth-Ocean Educational Services Commission**  
**Special Revenue Fund**  
**Combining Schedules of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2020**

	I.D.E.A. Part B 2019-2020	I.D.E.A. Part B 2018-2019	N.J. Non Public Textbook Aid	N.J. Non Public Nurse Aid	N.J. Non Public Technology Grant
<b>Revenues:</b>					
Local sources	\$ 1,028,926	\$ 147,003	\$ 364,616	\$ 861,128	\$ 195,048
State sources	-	-	-	-	-
Federal sources	-	-	-	-	-
<b>Total revenues</b>	<u>1,028,926</u>	<u>147,003</u>	<u>364,616</u>	<u>861,128</u>	<u>195,048</u>
<b>Expenditures:</b>					
<b>Instruction:</b>					
Salaries of teachers	356,448	51,762	-	-	195,048
Other salaries/instruction	326,398	95,241	-	-	-
Purchased services	-	-	-	-	-
Other purchased services	-	-	-	-	-
Purchased professional services	-	-	-	-	-
General supplies	1,400	-	-	-	-
Textbooks	-	-	364,616	-	-
<b>Total instruction</b>	<u>684,246</u>	<u>147,003</u>	<u>364,616</u>	<u>-</u>	<u>195,048</u>
<b>Support services:</b>					
<b>Other support services - students - special:</b>					
Other professional staff salaries	-	-	-	-	-
Secretarial/Clerical salaries	-	-	-	-	-
Purchased professional services	1,074	-	-	645,546	-
Other purchased services	-	-	-	-	-
Purchased technical services	-	-	-	-	-
Employee benefits	278,097	-	-	-	-
Travel	-	-	-	-	-
Nursing services	-	-	-	-	-
Miscellaneous purchased services	-	-	-	-	-
Purchased property services	-	-	-	-	-
General supplies	-	-	-	215,582	-
Miscellaneous/Other objects	65,509	-	-	-	-
<b>Total other support services - students - special</b>	<u>344,680</u>	<u>-</u>	<u>-</u>	<u>861,128</u>	<u>-</u>
<b>Equipment:</b>					
Regular programs instruction	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-
<b>Total equipment</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>\$ 1,028,926</u>	<u>\$ 147,003</u>	<u>\$ 364,616</u>	<u>\$ 861,128</u>	<u>\$ 195,048</u>

(Continued on next page)

Monmouth-Ocean Educational Services Commission  
Special Revenue Fund  
Combining Schedules of Program Revenues and Expenditures - Budgetary Basis  
For the Year Ended June 30, 2020

(Continued from prior page)

	<u>N.J. Non Public Auxiliary Services Chapter 192</u>			
	<u>Compensatory Education</u>	<u>English As A Second Language</u>	<u>Home Instruction</u>	<u>Homeless</u>
<b>Revenues:</b>				
Local sources	\$ 1,347,831	\$ 121,151	\$ 3,608	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	549,538
<b>Total revenues</b>	<u>1,347,831</u>	<u>121,151</u>	<u>3,608</u>	<u>549,538</u>
<b>Expenditures:</b>				
<b>Instruction:</b>				
Salaries of teachers	797,806	118,751	3,608	4,208
Other salaries/instruction	-	-	-	-
Purchased services	-	2,400	-	38,287
Other purchased services	-	-	-	-
Purchased professional services	-	-	-	-
Other purchased services	-	-	-	-
General supplies	1,295	-	-	40,615
Textbooks	-	-	-	-
<b>Total instruction</b>	<u>799,101</u>	<u>121,151</u>	<u>3,608</u>	<u>83,110</u>
<b>Support services:</b>				
<b>Other support services - students - special:</b>				
Other professional staff salaries	-	-	-	89,190
Secretarial/Clerical salaries	-	-	-	36,469
Professional Development NP	-	-	-	-
Purchased professional services	-	-	-	322,154
Other purchased services	-	-	-	-
Purchased technical services	-	-	-	-
Employee benefits	548,730	-	-	10,316
Travel	-	-	-	1,337
Nursing Svcs	-	-	-	-
Miscellaneous purchased services	-	-	-	-
Purchased property services	-	-	-	-
General supplies	-	-	-	238
Miscellaneous/Other objects	-	-	-	6,724
<b>Total other support services - students - special</b>	<u>548,730</u>	<u>-</u>	<u>-</u>	<u>466,428</u>
<b>Equipment:</b>				
Regular programs instruction	-	-	-	-
Non-instructional equipment	-	-	-	-
<b>Total equipment</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>\$ 1,347,831</u>	<u>\$ 121,151</u>	<u>\$ 3,608</u>	<u>\$ 549,538</u>

(Continued on next page)

Monmouth-Ocean Educational Services Commission  
Special Revenue Fund  
Combining Schedules of Program Revenues and Expenditures - Budgetary Basis  
For the Year Ended June 30, 2020

(Continued from prior page)

	N.J. Nonpublic Handicapped Services Chapter 193			N.J. Non Public Security	Total 2020
	Supplemental Instruction	Examination and Classification	Corrective Speech		
<b>Revenues:</b>					
Local sources	\$ 848,259	\$ 504,855	\$ 226,106	\$ 464,678	\$ 6,113,209
State sources	-	-	-	-	-
Federal sources	-	-	-	-	549,538
<b>Total revenues</b>	<u>848,259</u>	<u>504,855</u>	<u>226,106</u>	<u>464,678</u>	<u>6,662,747</u>
<b>Expenditures:</b>					
<b>Instruction:</b>					
Salaries of teachers	695,907	-	-	-	2,223,538
Other salaries/instruction	-	-	-	-	421,639
Purchased services	-	-	-	-	40,687
Other purchased services	-	-	-	-	-
Purchased professional services	-	-	-	-	-
Other purchased services	-	-	-	-	-
General supplies	-	-	-	-	43,310
Textbooks	-	-	-	-	364,616
<b>Total instruction</b>	<u>695,907</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,093,790</u>
<b>Support services:</b>					
<b>Other support services - students - special:</b>					
Other professional staff salaries	-	-	-	-	89,190
Secretarial/Clerical salaries	-	-	-	-	36,469
Purchased professional services	-	504,855	226,106	-	1,699,735
Other purchased services	-	-	-	464,678	464,678
Purchased technical services	-	-	-	-	-
Employee benefits	152,352	-	-	-	989,495
Travel	-	-	-	-	1,337
Nursing Svcs	-	-	-	-	-
Miscellaneous purchased services	-	-	-	-	-
Purchased property services	-	-	-	-	-
General supplies	-	-	-	-	215,820
Miscellaneous/Other objects	-	-	-	-	72,233
<b>Total other support services - students - special</b>	<u>152,352</u>	<u>504,855</u>	<u>226,106</u>	<u>464,678</u>	<u>3,568,957</u>
<b>Equipment:</b>					
Regular programs instruction	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-
<b>Total equipment</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>\$ 848,259</u>	<u>\$ 504,855</u>	<u>\$ 226,106</u>	<u>\$ 464,678</u>	<u>\$ 6,662,747</u>

F. Capital Projects Fund  
Not Applicable

G. Proprietary Funds  
See B-4 through B-6

## H. Fiduciary Funds



**Monmouth-Ocean Educational Services Commission  
Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2020**

	<u>Unemployment Compensation Trust</u>	<u>Payroll Agency</u>	<u>Total Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,943	\$ 157,616	\$ 159,559
Intergovernmental Accounts Receivable	-	-	-
Interfund receivable	-	-	-
Total assets	<u>1,943</u>	<u>157,616</u>	<u>159,559</u>
<b>LIABILITIES</b>			
Accounts payable	-	-	-
Payroll deductions and withholdings	-	157,616	157,616
Payable to student groups	-	-	-
Interfund payable	-	-	-
Due to County Office	-	-	-
Total liabilities	<u>-</u>	<u>157,616</u>	<u>157,616</u>
<b>NET POSITION</b>			
Held in trust for unemployment claims and other purposes	1,943	-	1,943
Designated for future payments	-	-	-
Total net position	<u>1,943</u>	<u>-</u>	<u>1,943</u>
Total liabilities and net position	<u>\$ 1,943</u>	<u>\$ 157,616</u>	<u>\$ 159,559</u>

**Monmouth-Ocean Educational Services Commission**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2020**

	<b>Unemployment Compensation Trust</b>
<b>ADDITIONS</b>	
Contributions:	
Plan member	\$ -
Other	-
Total contributions	-
Investment earnings:	
Net increase (decrease) in fair value of investments	-
Interest	29
Dividends	-
Less investment expense	-
Net investment earnings	29
Total additions	29
<b>DEDUCTIONS</b>	
Quarterly contribution reports	-
Unemployment claims	-
Scholarships awarded	-
Refunds of contributions	-
Administrative expenses	-
Total deductions	-
Change in net position	29
Net position—beginning of the year	1,914
Net position—end of the year	\$ 1,943

Monmouth-Ocean Educational Services Commission  
 Payroll Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Year Ended June 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Payroll deductions and withholdings	\$ 164,922	<u>11,634,364</u>	<u>11,641,670</u>	\$ <u>157,616</u>

I. Long-Term Debt  
Not Applicable

## STATISTICAL SECTION

Monmouth-Ocean Educational Services Commission  
Statistical Section

J Series

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the Commission's financial performance and well being have changed over time.	96-100
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the Commission's most significant local revenue source, the property tax.	N/A
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the Commission's current levels of outstanding debt and the Commission's ability to issue additional debt in the future.	N/A
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the Commission's financial activities take place.	N/A
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the Commission's financial report relates to the services the Commission provides and the activities it performs.	101

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

**Monmouth-Ocean Educational Services Commission**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**UNAUDITED**  
 (accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Governmental activities</b>										
Net investment in capital assets	\$ 6,219,674	\$ 6,065,693	\$ 5,952,522	\$ 5,804,922	\$ 6,780,041	6,693,335.00	\$ 6,598,874	\$ 6,555,841	\$ 6,390,848	\$ 6,216,993
Restricted	-	-	-	-	-	-	-	-	-	109,796
Unrestricted	3,590,203	3,427,538	3,152,093	2,466,308	(4,550,848)	(4,660,516.00)	(4,013,225)	(4,991,407)	(5,519,386)	(6,143,515)
<b>Total governmental activities net position</b>	<b>\$ 9,809,877</b>	<b>\$ 9,493,231</b>	<b>\$ 9,104,615</b>	<b>\$ 8,271,230</b>	<b>\$ 2,229,193</b>	<b>\$ 2,032,819</b>	<b>\$ 2,585,649</b>	<b>\$ 1,564,434</b>	<b>\$ 871,462</b>	<b>\$ 183,274</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(617,820)	(581,071)	(378,349)	(77,238)	7,133	6,914.00	17,504	5,224	5,000	5,000
<b>Total business-type activities net position</b>	<b>\$ (617,820)</b>	<b>\$ (581,071)</b>	<b>\$ (378,349)</b>	<b>\$ (77,238)</b>	<b>\$ 7,133</b>	<b>\$ 6,914</b>	<b>\$ 17,504</b>	<b>\$ 5,224</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>
<b>Government-wide</b>										
Net investment in capital assets	\$ 6,219,674	\$ 6,065,693	\$ 5,952,522	\$ 5,804,922	\$ 6,780,041	6,693,335.00	\$ 6,598,874	\$ 6,555,841	\$ 6,390,848	\$ 6,216,993
Restricted	-	-	-	-	-	-	-	-	-	109,796
Unrestricted	2,972,383	2,846,467	2,773,744	2,389,070	(4,543,715)	(4,653,602.00)	(3,995,721)	(4,986,183)	(5,514,386)	(6,138,515)
<b>Total government-wide net position</b>	<b>\$ 9,192,057</b>	<b>\$ 8,912,160</b>	<b>\$ 8,726,266</b>	<b>\$ 8,193,992</b>	<b>\$ 2,236,326</b>	<b>\$ 2,039,733</b>	<b>\$ 2,603,153</b>	<b>\$ 1,569,658</b>	<b>\$ 876,462</b>	<b>\$ 188,274</b>

Source: CAFR Schedule A-1 and Commission records.

GASB No. 54 was implemented in the 2011 fiscal year, which required a change in the presentation of fund balance. This required presentation did not impact any of the balances from prior years.

GASB No. 63 was implemented in the 2013 fiscal year, which required a change in language from net assets to net position for full accrual funds. This required presentation did not impact any of the balances from prior years.

**Monmouth-Ocean Educational Services Commission**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
 (accrual basis of accounting)  
**UNAUDITED**

Exhibit J-2

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
<b>Governmental activities</b>										
Current:										
Regular instruction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special schools instruction	2,580,709	1,916,321	1,220,935	2,931,500	(3,596,451)	(4,263,659)	(3,584,026)	(3,501,486)	(4,295,986)	(3,835,092)
Other special instruction	-	700,346	419,812	722,190	-	-	-	-	-	-
Other instruction	1,729,487	2,753,927	1,319,349	1,567,359	-	-	-	-	-	-
Nonpublic school programs	2,745,839	-	-	-	-	-	-	-	-	-
Support services and undistributed costs:										
Student & instruction related services	4,556,036	4,183,388	6,195,546	5,676,957	(5,839)	-	-	-	-	-
Attendance	-	-	-	-	(43,477)	(48,886)	(50,353)	(60,092)	(61,800)	(63,560)
Health services	-	-	-	-	(16,013)	(28,085)	(28,477)	(28,709)	(25,669)	(27,201)
Other support services	-	-	-	-	(3,840,300)	(3,062,042)	(3,942,945)	(4,014,189)	(3,552,821)	(3,116,998)
Educational media services	-	-	-	-	-	-	-	-	-	-
Instruction staff training	-	-	-	-	(3,303)	(2,699)	(3,701)	(1,375)	(1,804)	(1,517)
School administrative services	2,313,774	1,501,498	1,257,094	1,212,378	(969,061)	(785,768)	(894,008)	(866,645)	(970,518)	(696,126)
Central services	-	-	-	-	-	-	-	-	-	-
General administrative services	2,462,544	2,554,531	2,491,667	2,423,408	(944,344)	(966,248)	(870,028)	(868,005)	(894,226)	(823,785)
Admin info technology	-	-	-	-	(865,487)	(831,416)	(1,002,528)	(947,468)	(986,245)	(997,377)
Allowed maintenance for school facilities	-	-	-	-	-	-	-	-	-	-
Other operation & maintenance of plant	864,334	462,785	445,364	582,701	(748,797)	(552,738)	(563,019)	(857,076)	(628,516)	(607,053)
Care & upkeep of grounds	-	-	-	-	(70,815)	(41,850)	(41,640)	(72,830)	(49,726)	(29,247)
Pupil transportation	23,673,482	25,560,539	28,724,628	30,504,256	(30,822,701)	(32,024,563)	(36,425,335)	(40,517,345)	(43,011,909)	(38,008,905)
Business and other support services	-	-	-	-	-	-	-	-	-	-
Unallocated employee benefits	-	-	-	-	(1,513,948)	(2,197,619)	(1,668,043)	(2,223,551)	(2,005,949)	(2,121,093)
Non-budgeted expenditures	-	-	-	-	(440,618)	(534,046)	(533,260)	(621,684)	(543,237)	(478,500)
Special schools	35,713	256,880	274,926	316,788	(242,791)	(236,362)	(182,699)	(148,863)	(141,880)	(129,482)
Interest on long-term debt	4,275	-	-	-	-	-	-	-	-	-
Amortization of bond issuance costs	2,917	-	-	-	-	-	-	-	-	-
Unallocated depreciation	116,801	116,801	116,801	116,801	-	-	-	-	-	-
<b>Total governmental activities expenses</b>	<b>41,085,911</b>	<b>40,007,016</b>	<b>42,466,122</b>	<b>46,064,338</b>	<b>(44,123,945)</b>	<b>(45,575,991)</b>	<b>(49,790,062)</b>	<b>(54,729,318)</b>	<b>(57,170,288)</b>	<b>(50,935,936)</b>
<b>Business-type activities:</b>										
Enterprise	\$ (1,004,538)	\$ (864,215)	\$ (653,253)	\$ (616,573)	\$ (3,339,615)	\$ (3,081,705)	\$ (3,853,435)	\$ (4,748,370)	\$ (5,319,804)	\$ (5,393,601)
<b>Total business-type activities expense</b>	<b>(1,004,538)</b>	<b>(864,215)</b>	<b>(653,253)</b>	<b>(616,573)</b>	<b>3,339,615</b>	<b>3,081,705</b>	<b>3,853,435</b>	<b>4,748,370</b>	<b>(5,319,804)</b>	<b>(5,393,601)</b>
<b>Total government-wide expenses</b>	<b>\$ 40,081,373</b>	<b>\$ 39,142,801</b>	<b>\$ 41,812,869</b>	<b>\$ 45,437,765</b>	<b>\$ 40,784,330</b>	<b>\$ 42,494,286</b>	<b>\$ 45,936,627</b>	<b>\$ 49,980,948</b>	<b>\$ 62,490,092</b>	<b>\$ 56,329,537</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
Instruction (tuition)	\$ 3,751,061	\$ 3,844,414	\$ 4,148,294	\$ 4,934,634	\$ 2,400,701	\$ 2,897,257	\$ 2,606,267	\$ 2,074,120	\$ 1,668,874	\$ 2,030,847
Pupil transportation	24,469,459	26,355,482	29,702,494	31,541,096	32,023,696	33,253,945	37,881,761	42,027,992	44,745,780	39,186,586
Central and other support services	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	8,141,944	6,600,733	6,170,580	6,124,591	6,410,959	6,200,209	6,364,511	6,461,683	6,584,774	5,577,054
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
<b>Total governmental activities program revenues</b>	<b>36,362,464</b>	<b>36,800,629</b>	<b>40,021,368</b>	<b>42,600,321</b>	<b>40,835,356</b>	<b>42,351,411</b>	<b>46,852,539</b>	<b>50,563,795</b>	<b>52,999,428</b>	<b>46,794,487</b>
<b>Business-type activities:</b>										
Charges for services:										
Enterprise	967,592	897,618	847,824	904,860	4,615,448	4,230,114	5,328,694	6,658,966	7,598,095	7,575,051
Operating grants and contributions	5,022	1,971	2,351	9,011	17,916	20,294	13,439	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>972,614</b>	<b>899,589</b>	<b>850,175</b>	<b>913,871</b>	<b>4,633,364</b>	<b>4,250,408</b>	<b>5,342,133</b>	<b>6,658,966</b>	<b>7,598,095</b>	<b>7,575,051</b>
<b>Total government-wide program revenues</b>	<b>37,335,078</b>	<b>37,700,218</b>	<b>40,871,543</b>	<b>43,514,192</b>	<b>45,468,720</b>	<b>46,601,819</b>	<b>52,194,672</b>	<b>57,222,761</b>	<b>60,597,523</b>	<b>54,369,538</b>
<b>Net (Expense)/Revenue</b>										
Governmental activities	(4,723,447)	(3,206,387)	(2,444,754)	(3,454,017)	(3,288,589)	(3,224,580)	(2,937,523)	(4,165,523)	(4,170,860)	(4,141,449)
Business-type activities	1,977,152	1,763,804	1,503,428	1,530,444	1,293,749	1,168,703	1,488,698	1,910,596	2,278,291	2,181,450
<b>Total government-wide net expense</b>	<b>(2,746,295)</b>	<b>(1,442,583)</b>	<b>(941,326)</b>	<b>(1,923,573)</b>	<b>(1,994,840)</b>	<b>(2,055,877)</b>	<b>(1,448,825)</b>	<b>(2,254,927)</b>	<b>(1,892,569)</b>	<b>(1,959,999)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
On-behalf and TPAF aid	702,469	741,319	708,083	530,057	440,618	534,046	533,260	621,684	543,237	478,500
Miscellaneous income	1,979,778	2,149,750	1,353,856	2,094,388	384,006	1,025,238	1,478,985	599,748	656,136	207,052
Other	4,382	48	-	-	2,411,215	300,000	-	-	-	-
Capital Contributions/(Transfers)	(4,322)	(1,375)	(5,800)	(3,813)	892,167	1,168,922	1,478,108	1,922,876	2,278,515	2,181,450
<b>Total governmental activities</b>	<b>2,882,307</b>	<b>2,889,742</b>	<b>2,056,139</b>	<b>2,620,632</b>	<b>4,128,006</b>	<b>3,028,206</b>	<b>3,490,353</b>	<b>3,144,308</b>	<b>3,477,888</b>	<b>2,867,002</b>
<b>Business-type activities:</b>										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	4,322	1,375	5,800	3,813	(892,122)	(1,168,922)	(1,478,108)	(1,922,876)	(2,278,515)	(2,181,450)
<b>Total business-type activities</b>	<b>4,322</b>	<b>1,375</b>	<b>5,800</b>	<b>3,813</b>	<b>(892,122)</b>	<b>(1,168,922)</b>	<b>(1,478,108)</b>	<b>(1,922,876)</b>	<b>(2,278,515)</b>	<b>(2,181,450)</b>
<b>Total government-wide</b>	<b>2,886,629</b>	<b>2,891,117</b>	<b>2,061,939</b>	<b>2,624,445</b>	<b>3,235,884</b>	<b>1,859,284</b>	<b>2,012,245</b>	<b>1,221,432</b>	<b>1,199,373</b>	<b>685,552</b>
<b>Change in Net Position</b>										
Governmental activities	(2,041,140)	(316,645)	(388,615)	(833,385)	839,417	(196,374)	552,830	(1,021,215)	(692,972)	(1,274,447)
Business-type activities	1,981,474	1,765,179	1,509,228	1,534,257	401,627	(219)	10,590	(12,280)	(224)	(224)
<b>Total government-wide</b>	<b>\$ (69,666)</b>	<b>\$ 1,448,534</b>	<b>\$ 1,120,613</b>	<b>\$ 700,872</b>	<b>\$ 1,241,044</b>	<b>\$ (196,593)</b>	<b>\$ 563,420</b>	<b>\$ (1,033,495)</b>	<b>\$ (693,196)</b>	<b>\$ (1,274,447)</b>

Source: CAFR Schedule A-2 and Commission records.

GASB No. 63 was implemented in the 2013 fiscal year, which required a change in language from net assets to net position for full accrual funds. This required presentation did not impact any of the balances from prior years.



**Monmouth-Ocean Educational Services Commission**  
**Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*  
**UNAUDITED**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Reserved	\$ 1,253	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109,796
Unreserved	3,095,051	2,847,027	2,372,380	2,162,391	2,917,389	3,380,292	4,194,863	3,991,956	3,942,138	3,960,938
Total general fund	<u>\$ 3,096,304</u>	<u>\$ 2,847,027</u>	<u>\$ 2,372,380</u>	<u>\$ 2,162,391</u>	<u>\$ 2,917,389</u>	<u>\$ 3,380,292</u>	<u>\$ 4,194,863</u>	<u>\$ 3,991,956</u>	<u>\$ 3,942,138</u>	<u>\$ 4,070,734</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source: CAFR Schedule B-1 and Commission records.

GASB No. 54 was implemented in the 2011 fiscal year, which required a change in the presentation of fund balance. This required presentation did not impact any of the balances from prior years.

**Monmouth-Ocean Educational Services Commission**  
**Changes in Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)  
**UNAUDITED**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Commission charges	\$ 7,792,054	\$ 6,476,989	\$ 6,170,580	\$ 6,124,591	\$ 6,444,558	\$ 6,200,209	\$ 6,364,511	\$ 6,461,683	\$ 6,584,774	\$ 5,577,054
Transportation fees	24,469,459	26,355,482	29,702,494	31,541,096	32,023,696	33,253,945	37,881,761	42,027,992	44,745,780	39,186,586
Tuition charges	3,150,024	2,721,739	2,392,961	2,330,071	2,400,701	2,897,257	2,606,267	2,074,120	1,668,874	2,030,847
Interest earnings	4,382	48	-	-	-	-	-	-	-	-
Interest earned on capital reserve funds	-	-	-	-	-	3,766	3,122	50,621	60,208	36,721
Miscellaneous	1,979,778	2,149,750	1,353,856	2,098,437	350,407	507,898	450,595	333,519	431,212	346,713
State sources	1,046,555	863,162	708,083	530,057	440,618	534,046	533,260	621,684	543,237	478,500
Federal sources	5,804	1,901	-	-	-	-	-	-	-	549,538
<b>Total revenue</b>	<b>38,448,056</b>	<b>38,569,071</b>	<b>40,327,974</b>	<b>42,624,252</b>	<b>41,659,980</b>	<b>43,397,121</b>	<b>47,839,516</b>	<b>51,569,619</b>	<b>54,034,085</b>	<b>48,205,959</b>
<b>Expenditures</b>										
<b>Current:</b>										
Regular instruction	2,162,380	1,541,239	1,372,184	1,420,863	-	-	-	-	-	-
Special education instruction	1,237,586	495,484	325,296	510,105	3,596,451	4,263,659	3,584,026	3,501,486	4,295,986	3,835,092
Other special instruction	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	1,951,117	1,963,777	423,860	1,567,359	-	-	-	-	-	-
Support services and undistributed costs:										
Instruction	-	-	-	-	5,839	-	-	-	-	-
Attendance	-	-	-	-	43,477	48,886	50,353	60,092	61,800	63,560
Health services	-	-	-	-	16,013	28,085	28,477	28,709	25,669	27,201
Other support services	-	-	-	-	3,840,300	3,062,042	3,942,945	4,014,189	3,552,821	3,116,998
Educational media services	-	-	-	-	-	-	-	-	-	-
Instruction staff training	-	-	-	-	3,303	2,699	3,701	1,375	1,804	1,517
Student & inst. Related services	3,246,376	2,975,093	4,642,045	2,558,359	-	-	-	-	-	-
General administrative services	1,788,555	1,816,238	1,748,197	1,682,297	969,061	785,768	894,008	866,645	970,518	696,126
School administrative services	1,539,782	1,003,405	806,783	767,800	944,344	966,248	870,028	868,005	894,226	823,785
Other administrative	-	-	-	-	865,487	831,416	1,002,528	947,468	986,245	997,377
Information technology	-	-	-	-	-	-	-	-	-	-
Allowed maintenance for school facilities	-	-	-	-	-	-	-	-	-	-
Other operation & maintenance of plant	656,064	433,527	414,512	543,938	355,288	327,671	316,728	378,248	397,181	342,644
Care & upkeep of grounds	-	-	-	-	70,815	41,860	41,640	72,830	49,728	29,247
Security	-	-	-	-	86,737	43,116	44,462	44,525	44,742	49,953
Student transportation services	23,523,540	25,396,868	28,572,384	30,323,859	30,822,701	32,024,563	36,425,335	40,517,345	43,011,909	38,008,905
Business and other support services	-	-	-	-	-	-	-	-	-	-
Unallocated employee benefits	3,517,900	2,992,487	2,384,015	3,226,513	1,658,006	1,625,048	1,500,763	1,448,276	1,527,788	1,478,164
Non-budgeted expenditures	-	-	-	-	440,618	534,046	533,260	621,684	543,237	478,500
Miscellaneous	553,453	51	52,519	-	-	-	-	-	-	-
Transfer to cover food service deficit	-	-	-	-	-	874	26,971	40,681	-	-
Special schools	23,645	170,316	174,444	197,319	242,791	236,362	182,699	148,863	141,880	129,482
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-	-
Capital outlay	386,983	28,488	41,003	84,377	247,133	99,301	108,501	392,403	21,600	40,601
<b>Total expenditures</b>	<b>40,587,381</b>	<b>38,816,973</b>	<b>40,957,242</b>	<b>42,882,789</b>	<b>44,208,364</b>	<b>44,921,644</b>	<b>49,556,425</b>	<b>53,952,824</b>	<b>56,527,134</b>	<b>50,119,152</b>
Excess (Deficiency) of revenues over (under) expenditures	(2,139,325)	(247,902)	(629,268)	(258,537)	(2,548,384)	(1,524,523)	(1,716,909)	(2,383,205)	(2,493,049)	(1,913,193)
<b>Other Financing sources (uses)</b>										
NJ DOE Audit payable	-	-	160,421	-	-	-	-	-	-	-
Capital leases (non-budgeted)	-	-	-	52,361	-	-	-	-	-	-
Transfers in	-	-	-	-	892,167	1,987,426	2,531,480	2,180,298	2,443,231	2,041,789
Transfers out	(4,322)	(1,375)	(5,800)	(3,813)	2,411,215	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(4,322)</b>	<b>(1,375)</b>	<b>154,621</b>	<b>48,548</b>	<b>3,303,382</b>	<b>1,987,426</b>	<b>2,531,480</b>	<b>2,180,298</b>	<b>2,443,231</b>	<b>2,041,789</b>
<b>Net change in fund balances</b>	<b>(2,143,647)</b>	<b>(249,277)</b>	<b>(474,647)</b>	<b>(209,989)</b>	<b>754,998</b>	<b>462,903</b>	<b>814,571</b>	<b>(202,907)</b>	<b>(49,818)</b>	<b>128,596</b>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: CAFR Schedule B-2 and Commission records

**Monmouth-Ocean Educational Services Commission**  
**General Fund - Other Local Revenue by Source**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)  
**UNAUDITED**

Fiscal Year Ended June 30	Interest Income	Prior Year Under- Expenditures	Earnings and Administrative Fees	Sale of Building and/or Equipment	Rent and Facility Usage Fees	Miscellaneous	Total
2020	\$ 36,721	\$ -	\$ 2,056,515	\$ -	\$ 310,835	\$ 35,878	\$ 2,439,949
2019	60,208	-	2,449,896	-	304,740	126,472	2,941,316
2018	50,621	-	2,180,298	-	264,615	68,904	2,564,438
2017	3,122	-	2,531,480	-	264,615	185,980	2,985,197
2016	3,766	-	1,987,426	-	285,215	222,683	2,499,090
2015	-	-	-	-	264,615	85,792	350,407
2014	-	46,975	1,765,963	3,601	275,369	6,529	2,098,437
2013	-	-	1,064,158	-	241,695	48,003	1,353,856
2012	43	7,343	1,870,927	454	240,995	29,988	2,149,750
2011	6,867	-	1,780,846	598	190,100	1,367	1,979,778

Source: Commission records

**Monmouth-Ocean Educational Services Commission**  
**Insurance Schedule**  
**June 30, 2020**  
**Unaudited**

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy - New Jersey School Boards Association Insurance Group:		
Property - Blanket Real and Personal	\$10,447,488	\$1,000
Electronic Data Processing	500,000	1,000
Environmental Package	1,000,000	50,000
Extra Expense	50,000,000	1,000
Valuable Papers	10,000,000	1,000
Loss of Rents	1,500,000	1,000
Business Income/Tuition	250,000	1,000
Equipment Breakdown	100,000,000	1,000
Crime Coverage	250,000	1,000
Comprehensive General Liability	11,000,000	-
Automobile	11,000,000	-
School Leaders' Errors and Omissions - New Jersey School Boards Association Insurance Group:		
Coverage A	11,000,000	15,000
Coverage B	100,000/300,000	15,000
Officials' Bonds - New Jersey School Boards Association Insurance Group:		
Board Secretary/School Business Administrator	300,000	1,000
Workers' Compensation and Employers' Liability New Jersey School Boards Association Insurance Group:		
	pro	9,544,740
	non-pro	97,670

Source: Commission Records

SINGLE AUDIT SECTION

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

Honorable President and  
Members of the Board of Education  
Monmouth-Ocean Educational Services Commission  
County of Monmouth  
Tinton Falls, New Jersey

We have audited, in accordance with the 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 Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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 year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Monmouth-Ocean Educational Services Commission basic financial statements, and have issued our report thereon dated November 2, 2020.

**Internal Control Over Financial Reporting**

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

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

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

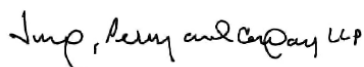
### Compliance and Other Matters

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

### Purpose of this Report

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

Respectfully Submitted



Jump, Perry and Company, L.L.P.  
Toms River, New Jersey



Kathryn Perry, Partner  
Licensed Public School Accountant  
No. CS 20CS00226400

November 2, 2020

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

Honorable President and  
Members of the Board of Education  
Monmouth-Ocean Educational Services Commission  
County of Monmouth  
Tinton Falls, New Jersey

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

We have audited Monmouth-Ocean Educational Services Commission's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the New Jersey OMB Circular 15-08 that could have a direct and material effect on each of Monmouth-Ocean Educational Services Commission's major federal programs for the year ended June 30, 2020. Monmouth-Ocean Educational Services Commission's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Monmouth-Ocean Educational Services Commission's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, the Uniform Guidance and the New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and 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 on compliance for each major state program. However, our audit does not provide a legal determination of Monmouth-Ocean Educational Services Commission's compliance.



## Opinion on Each Major Federal and State Program

In our opinion, Monmouth-Ocean Educational Services Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

## Report on Internal Control Over Compliance

Management of Monmouth-Ocean Educational Services Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Monmouth-Ocean Educational Services Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the New Jersey OMB 15-08, 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 Monmouth-Ocean Educational Services Commission's internal control over compliance.

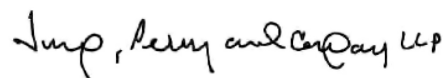
A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

## Purpose of this Report

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

Respectfully submitted,



JUMP, PERRY AND COMPANY, L.L.P.  
Toms River, New Jersey



Kathryn Perry, Partner  
Licensed Public School Accountant  
No. CS 20CS00226400

November 2, 2020

Monmouth-Ocean Educational Services Commission  
 Schedule of Expenditures of Federal Awards, Schedule A  
 For the Year Ended June 30, 2020

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance at June 30, 2019</u>	<u>Carryover Amount</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Deferred Revenue at June 30, 2020</u>	<u>(Accounts Receivable) at June 30, 2020</u>	<u>Due to Grantor at June 30, 2020</u>
U.S. Department of Education Passed-through State Department of Education: Special Revenue Fund:										
Education for Homeless Children and Youth	84.196	7/01/19-6/30/20	549,538	-	-	549,538	(549,538)	-	-	-
Total Special Revenue Fund				\$ -	\$ -	\$ 549,538	\$ (549,538)	\$ -	\$ -	\$ -
Total Expenditures of Federal Financial Awards				\$ -	\$ -	\$ 549,538	\$ (549,538)	\$ -	\$ -	\$ -

See accompanying notes to schedules of expenditures.

**Monmouth-Ocean Educational Services Commission  
Schedule of Expenditures of State Financial Assistance, Schedule B  
For the Year Ended June 30, 2020**

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2019	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Deferred Revenue at June 30, 2020	(Accounts Receivable) at June 30, 2020	Due to Grantor at June 30, 2020	MEMO		
												Budgetary Receivable	Total Expenditures	
State Department of Education:														
General Fund:														
On-Behalf TPAF Pension Contribution	20-100-034-5095-002	7/1/19-6/30/20	692,071	-	-	692,071	(692,071)	-	-	-	-	-	-	692,071
On-Behalf TPAF Post-Retirement Medical	20-100-034-5095-001	7/1/19-6/30/20	256,746	-	-	256,746	(256,746)	-	-	-	-	-	-	256,746
On-Behalf TPAF Long-Term Disability Insurance	20-100-034-5095-004	7/1/19-6/30/20	311	-	-	311	(311)	-	-	-	-	-	-	311
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19-6/30/20	221,443	-	-	210,642	(221,443)	-	-	(10,801)	-	(10,801)	-	221,443
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	231,529	(10,977)	-	10,977	-	-	-	-	-	-	-	-
<b>Total General Fund</b>				<u>(10,977)</u>	<u>-</u>	<u>1,170,747</u>	<u>(1,170,571)</u>	<u>-</u>	<u>-</u>	<u>(10,801)</u>	<u>-</u>	<u>(10,801)</u>	<u>-</u>	<u>1,170,571</u>
<b>Total State Financial Assistance</b>				<u>\$ (10,977)</u>	<u>-</u>	<u>1,170,747</u>	<u>(1,170,571)</u>	<u>-</u>	<u>-</u>	<u>(10,801)</u>	<u>-</u>	<u>(10,801)</u>	<u>-</u>	<u>1,170,571</u>
State Financial Assistance Not Subject to Major Program Determination														
General Fund:														
On-Behalf TPAF Pension Contribution	20-100-034-5095-002	7/1/19-6/30/20	692,071	-	-	692,071	(692,071)	-	-	-	-	-	-	692,071
On-Behalf TPAF Post-Retirement Medical	20-100-034-5095-001	7/1/19-6/30/20	256,746	-	-	256,746	(256,746)	-	-	-	-	-	-	-
On-Behalf TPAF Long-Term Disability Insurance	20-100-034-5095-004	7/1/19-6/30/20	311	-	-	311	(311)	-	-	-	-	-	-	-
<b>Total State Financial Assistance Not Subject to Major Program Determination</b>				<u>-</u>	<u>-</u>	<u>949,128</u>	<u>(949,128)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>692,071</u>
<b>Total State Financial Assistance For Major Program Determination</b>				<u>\$ (10,977)</u>	<u>\$ -</u>	<u>\$ 221,619</u>	<u>\$ (221,443)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,801)</u>	<u>\$ -</u>	<u>\$ (10,801)</u>	<u>\$ -</u>	<u>\$ 478,500</u>

See accompanying notes to schedules of expenditures.

## Monmouth-Ocean Educational Services Commission

## Notes to the Schedules of Awards and Financial Assistance

June 30, 2020

## 1. General

The accompanying schedules of expenditures of award present the activity of all federal and state awards of the Monmouth-Ocean Educational Services Commission. The Commission is defined in Note 1(A) to the Commission's general purpose financial statements. All state awards received directly from state agencies, as well as state awards passed through other government agencies are included on the schedules of expenditures of state awards.

## 2. Basis of Accounting

The accompanying schedules of expenditures of state awards are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements.

## 3. Relationship to General Purpose Financial Statements

## 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 are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

## Monmouth-Ocean Educational Services Commission

## Notes to the Schedules of Awards and Financial Assistance (continued)

June 30, 2020

## 3. Relationship to General Purpose Financial Statements (continued)

## Relationship to Basic Financial Statements(cont'd)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(692,071) for the general fund and \$(536,155) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 478,500	\$ 478,500
Special Revenue Fund	549,538	-	549,538
Debt Service Fund	-	-	-
Food Service Fund	<u>-</u>	<u>-</u>	<u>-</u>
Total awards and financial assistance	<u>\$ 549,538</u>	<u>\$ 478,500</u>	<u>\$ 1,028,038</u>

## 4. Relationship to Federal and State Financial Reports

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

## 5. Other

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the Commission for the year ended June 30, 2020. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2020.

## 6. Indirect Costs

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

Monmouth-Ocean Educational Services Commission

Schedule of Findings and Questioned Costs

June 30, 2020

Section I - Summary of Auditor's Results  
Financial Statement Section

Type of auditor's report issued: Unmodified Opinions

Internal control over financial reporting:

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

Noncompliance material to general-purpose financial statements noted?  yes  no

Federal Awards Section - N/A

Internal Control over major programs:

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

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
N/A	

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

Auditee qualified as low-risk auditee?  yes  no

Monmouth-Ocean Educational Services Commission  
Schedule of Finding and Questioned Costs (Continued)

June 30, 2020

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

State Awards Section

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

Auditee qualified as low-risk auditee?  yes  no

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

Internal Control over major programs:

1) Material weakness(es) identified?  yes  no

2) Significant deficiencies identified that are not considered to be material weaknesses?  yes  none

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08?  yes  no

Identification of major programs:

GMIS Number(s)	Name of State Program
495-034-5094-003	Reimbursed TPAF Social Security

Section II - Financial Statement Findings - N/A

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs - N/A



Monmouth-Ocean Educational Services Commission

Summary Schedule of Prior Audit Findings

June 30, 2020

Summary Schedule of Prior Audit Findings - N/A