

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION

**Tinton Falls, New Jersey
County of Monmouth**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2021**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
TINTON FALLS, NEW JERSEY**



YEAR ENDED JUNE 30, 2021

**PREPARED BY DISTRICT FINANCE OFFICER
SCHOOL BUSINESS ADMINISTRATOR/BOARD SECRETARY
CHRISTOPHER MULLINS**

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INTRODUCTORY SECTION

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Monmouth-Ocean Educational Services Commission

Dr. William O. George
Interim Superintendent of Schools

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

Christopher J. Mullins
School Business Administrator

March 15, 2022

Honorable President and
Members of the Board of Directors
Monmouth-Ocean Educational Services Commission
900 Green Grove 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, 2021, 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.



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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 major 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 2020-2021 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 2020-2021, 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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School Business Administrator

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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Interim Superintendent of Schools

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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.

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:

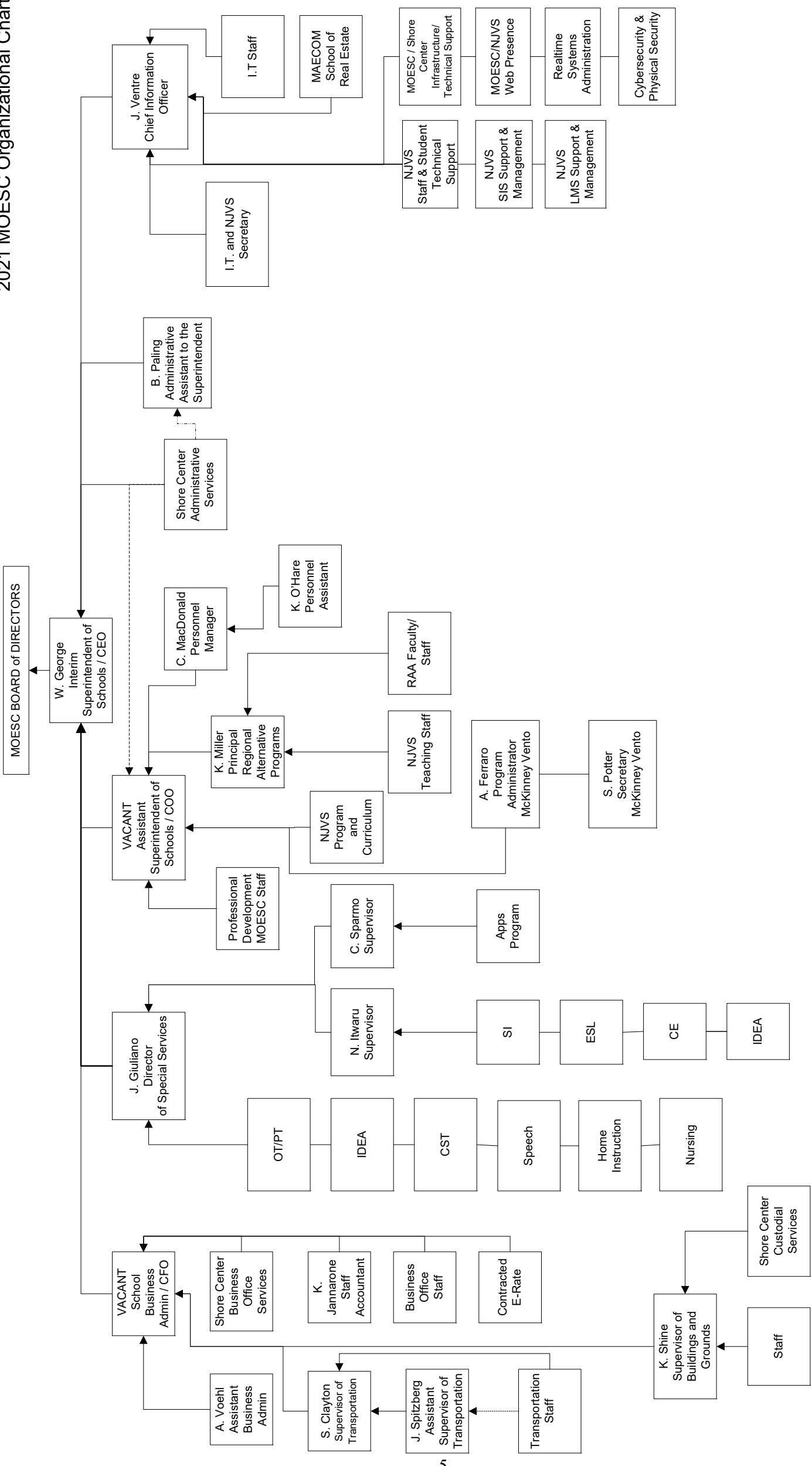
We would like to express our appreciation to the members of the MOESC Board of Directors and Representative Assembly for their concern in providing fiscal accountability to the members of the Commission and thereby contributing their full support to the development and maintenance of our financial operation.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

Respectfully submitted,

William O. George, Ed.D.
Interim Superintendent

Christopher J. Mullins
Business Administrator /
Board Secretary

2021 MOESC Organizational Chart



**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
TINTON FALLS, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2021**

<u>Members of the Board of Education</u>	TERM EXPIRES
Ms. Sancha Gray, President, Asbury Park	2021
Mr. Scott McCue, Vice President, Eatontown	2021
Mrs. Christine Carlson, Brielle	2021
Mrs. Loren Fuhring, Lakehurst	2021
Mr. Neal Dickstein, Freehold Township	2021
Dr. Vanessa Clark, Lacey	2021
Dr. Thomas Farrell, Brick	2021
Mr. Joseph Isola, Howell	2021
Dr. Brian Latwis, Barnegat	2021
Dr. Brent MacConnell, Shrewsbury	2021
Dr. James Roselli, Berkeley Township	2021
Dr. Lisa Savoia, Keyport	2021
Dr. William Smith, Point Pleasant Beach	2021
Dr. Charles Ford, Monmouth County Vocational	2021
Dr. Peter Kopack, Long Beach Island	2021
<u>Other Officials</u>	
Dr. Tara Beam, Superintendent of Schools	
Mr. Adam Voehl, Interim School Business Administrator/Board Secretary	
Mr. Lester E. Taylor, Board Attorney	

**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
TINTON FALLS, NEW JERSEY
CONSULTANTS AND ADVISORS
JUNE 30, 2021**

AUDITOR/AUDIT FIRM

Jerry W. Conaty, CPA, PSA, CFE, RMA
Holman Frenia Allison, P. C.
1985 Cedar Bridge Avenue, Suite 3
Lakewood, New Jersey 08701

ATTORNEY

Mr. Lester E. Taylor, Esq.
Florio, Perrucci, Steinhardt, Cappeli, Tipon and Taylor, LLC
403 Mountain Avenue, Suite 103
New Providence, New Jersey 07974

OFFICIAL DEPOSITORY

Investors Bank
88 Norwood Avenue
Deal, New Jersey 07095

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FINANCIAL SECTION

Second Section

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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 07712

Report on 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 the Monmouth-Ocean Educational Services Commission (hereafter referred to as the Commission), County of Monmouth, State of New Jersey, as of and for the fiscal year ended, June 30, 2021, 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 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 from 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 opinion.

Opinion

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 the Monmouth-Ocean Educational Services Commission, County of Monmouth, State of New Jersey, as of June 30, 2021, 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

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2021 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related to accounting and reporting for pensions and other post employment 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 Commission's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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 accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section listed in the table of contents 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 March 15, 2022 on our consideration of the Commission’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission’s internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty
Certified Public Accountant
Public School Accountant, No. 2470

Lakewood, New Jersey
March 15, 2022

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2021 UNAUDITED

This section of the Monmouth-Ocean Educational Services Commission's (hereafter referred to as the Commission) Comprehensive Annual Financial Report (CAFR) presents our discussion and analysis of the Commission's financial performance during the fiscal year that ended on June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the Commission's financial statements, which

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 - *Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments* issued in June 1999 that is also required by the New Jersey State Department of Education. Certain comparative information between the current fiscal year (2020-2021) and the prior fiscal year (2019-2020) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2021 are as follows:

- In total, net position of governmental activities decreased (\$1,908,267), which represents a (1030.28%) decrease from 2020. Total net position of business-type activities decreased (\$15,519), which represents a (310.38%) decrease from 2020.
- General revenues accounted for \$2,471,086 in revenue or 5.07% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$46,244,130 or 94.93% of total revenue of \$48,715,216.
- Total assets of governmental activities decreased by (\$3,953,977) as cash and cash equivalents decreased by (\$1,778,384), receivables decreased by (\$1,973,448) restricted cash and cash equivalents increased by \$1,945, and total capital assets decreased by (\$204,090).
- Total liabilities of governmental activities decreased by \$2,276,149 as non-current liabilities due beyond one year increased by \$131,575.
- The Commission had \$44,494,458 in governmental activity expenses; only \$38,417,039 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues from governmental activities (primarily property taxes) and transfers of \$4,169,152 were not adequate to provide for these programs, resulting in a decrease in net position for governmental activities of (\$1,908,267).
- In the governmental funds, the general fund had \$30,888,137 in revenues, \$33,318,909 in expenditures and \$1,703,964 in other financing sources. The general fund's fund balance decreased by (\$726,808) over 2020.

USING THIS CAFR

This annual report consists of a series of financial statements and notes to these financial statements. These statements are organized in a way to allow the reader to understand the Commission as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission's basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with an overview of the Commission's finances, in a manner similar to a private-sector business.

The Statement of Net Position (A-1) presents information on the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statement of Changes in Net Position (A-2) presents information showing how the net position of the Commission changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods of the Commission.

The government-wide financial statements can be found as Exhibits A-1 and A-2 in this report.

Fund Financial Statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Commission can be divided into three categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Commission's near-term financing requirements.

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

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

The general and special revenue funds utilize a legally adopted annual budget. A budgetary comparison statement has been provided for the general fund and special revenue fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found as Exhibits B-1 through B-3 in this report.

Proprietary Funds

The Commission maintains two proprietary fund types, as enterprise funds. The enterprise funds is used 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 of providing goods or services be financed through user charges. The proprietary funds has been included within business-type activities in the district-wide financial statements.

The proprietary fund detail financial statements can be found as Exhibits B-4 through B-6 in this report.

Notes to the Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found after the fund financial statements in this report.

Other Information. The combining and individual fund statements referred to earlier in connection with governmental and enterprise funds are presented immediately following the notes to the financial statements.

Government-Wide Financial Analysis

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

As noted earlier, net position may serve over time as a useful indicator of the Commission's financial position. The following table provides a summary of net position for June 30, 2021 and 2020, respectively:

Net Position
June 30, 2021 and 2020

	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
Assets				
Current and Other				
Assets	\$ 10,056,003	\$ 13,805,890	\$ 3,790,255	\$ 385,749
Capital Assets, Net	6,012,903	6,216,993	-	-
Total Assets	<u>16,068,906</u>	<u>20,022,883</u>	<u>3,790,255</u>	<u>385,749</u>
Deferred Outflows of Resources				
Deferred Outflows				
Relating to Pension	3,646,005	3,260,075	-	-
Liabilities				
Long-Term Liabilities				
Other Liabilities	9,933,977	9,802,402	-	-
Total Liabilities	<u>7,327,432</u>	<u>9,735,156</u>	<u>3,800,774</u>	<u>380,479</u>
Deferred Inflows of Resources				
Deferred Inflows				
Relating to Pension	4,176,551	3,562,126	-	-
Net Position				
Net Investment in				
Capital Assets	6,012,903	6,216,993	-	-
Restricted	1,945	109,796	-	-
Unrestricted	(7,737,897)	(6,143,515)	(10,519)	5,000
Total Net Position	<u>\$ (1,723,049)</u>	<u>\$ 183,274</u>	<u>\$ (10,519)</u>	<u>\$ 5,000</u>

The Commission's largest net position component is the Restricted portion as shown above. Restricted balances represent resources that are subject to external restrictions on how they may be used.

Restricted net position decreased (\$107,851), from the prior year to \$1,945 at June 30, 2021.

Unrestricted net position may be used to meet the Commission's ongoing operating obligations to vendors, debtors and employees. The unrestricted net position includes the unassigned General Fund balance netted with the amount of long-term obligations that are not invested in capital assets. The (\$7,737,897) is shown as unrestricted net position for Governmental Activities.

The following table provides a summary of revenues and expenses for the Commission's governmental and business-type activities and the change in net position for June 30, 2021 and 2020. Significant variances in revenues and expenditures from year to year, and explanations thereof, are detailed in the 'Financial Analysis of the Commission's Funds' section later in this report.

Statement of Activities
For the years ended June 30 , 2021 and 2020

	Governmental Activities	Business-Type Activities	Total 2021
Revenues:			
Program Revenues:			
Charges for Services	\$ 27,509,868	\$ 7,827,091	\$ 35,336,959
Operating Grants and Contributions	10,907,171	-	10,907,171
General Revenues:			
Federal and State Aid	477,792	-	477,792
Miscellaneous	1,987,396	5,898	1,993,294
Transfers From (To) Other Funds	1,703,964	(1,703,964)	-
Total Revenues	<u>42,586,191</u>	<u>6,129,025</u>	<u>48,715,216</u>
Expenses:			
Instructional Services	7,060,881	-	7,060,881
Support Services	37,433,577	6,144,544	43,578,121
Total Expenses	<u>44,494,458</u>	<u>6,144,544</u>	<u>50,639,002</u>
Change in Net Position	(1,908,267)	(15,519)	(1,923,786)
Net Position, Beginning (As Restated)	185,218	5,000	190,218
Net Position, Ending	<u>\$ (1,723,049)</u>	<u>\$ (10,519)</u>	<u>\$ (1,733,568)</u>
	Governmental Activities	Business-Type Activities	Total 2020
Revenues:			
Program Revenues:			
Charges for Services	\$ 44,763,640	\$ 7,575,051	\$ 52,338,691
Operating Grants and Contributions	478,500	-	478,500
General Revenues:			
Federal and State Aid	549,538	-	549,538
Miscellaneous	2,274,620	-	2,274,620
Total Revenues	<u>48,066,298</u>	<u>7,575,051</u>	<u>55,641,349</u>
Expenses:			
Instructional Services	3,835,092	-	3,835,092
Support Services	47,100,844	5,393,601	52,494,445
Transfers From (To) Other Funds	(2,181,450)	2,181,450	-
Total Expenses	<u>48,754,486</u>	<u>7,575,051</u>	<u>56,329,537</u>
Change in Net Position	(688,188)	-	(688,188)
Net Position, Beginning	871,462	5,000	876,462
Net Position, Ending	<u>\$ 183,274</u>	<u>\$ 5,000</u>	<u>\$ 188,274</u>

Financial Analysis of the Commission's Funds

As noted earlier, the Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Commission's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Commission's financing requirements. The unassigned fund balance is divided between designated balances and undesignated balances.

Financial Information at Fiscal Year-End

The following schedule presents a summary of the general fund and special revenue fund revenues for the fiscal year ended June 30, 2021 and 2020 and the amount and percentage of increases and (decreases) in relation to prior year revenues.

June 30, 2021				
	Amount	Percent Of Total	Increase (Decrease) From 2020	Percent of Increase (Decrease)
Current Expenditures:				
Instruction	\$ 3,155,000	7.71%	\$ (680,092)	-17.73%
Undistributed	37,622,316	91.89%	(8,491,661)	-18.41%
Capital Outlay	19,071	0.05%	(21,530)	-53.03%
Special School	144,031	0.35%	14,549	11.24%
Total	\$ 40,940,418	100.00%	\$ (9,178,734)	-18.31%

June 30, 2020				
	Amount	Percent Of Total	Increase (Decrease) From 2019	Percent of Increase (Decrease)
Current Expenditures:				
Instruction	\$ 3,835,092	7.65%	\$ (460,894)	-10.73%
Undistributed	46,113,977	92.01%	(5,953,691)	-11.43%
Capital Outlay	40,601	0.08%	19,001	87.97%
Special School	129,482	0.26%	(12,398)	-8.74%
Total	\$ 50,119,152	100.00%	\$ (6,407,982)	-11.34%

Undistributed costs increased primarily due to pension and health benefit cost increases.

General Fund Budgetary Highlights

Throughout the year, as necessary, budget transfers were effectuated between budget accounts to re-align the 2020-2021 budget. Budget transfers were effectuated based on expected positive and negative budget variances. The budget is continually managed and revised with budget transfers as necessary or practical to do so.

Significant Budget Transfers and Variations:

- Teacher's Pension and Annuity Fund (TPAF), which is the State of New Jersey's (State) contribution to the pension fund, is an "on-behalf" revenue and expenditure item to the district and is required to be reflected in the financial statements.
- Reallocations were made among the various salary budget accounts to reflect changes in the personnel budget for the 2020-2021 year.
- Transfers were made into purchased services for special education programs to provide funds for required additional services.

Based on the financial results of 2020-2021, unassigned fund balance increased \$2,670,961 from the prior year to \$2,991,217 at June 30, 2021. (4% required per S-1701, net of allowable adjustments).

Proprietary Funds. The Commission's proprietary fund provides the same type of information found in the district-wide financial statements, but in more detail.

During the fiscal year 2020, the net position of business-type activities decreased (\$15,519) or 147.53%. The liabilities of the business-type activities exceed assets by (\$10,519).

Capital Assets

At June 30, 2021, the Commission had capital assets of \$6,012,903, net of depreciation, which includes land, construction in progress, buildings and improvements and equipment.

	June 30, 2021	
	Governmental Activities	Business-Type Activities
Buildings and improvements	\$ 5,856,410	\$ -
Equipment	156,493	-
Total	<u>\$ 6,012,903</u>	<u>\$ -</u>
	June 30, 2020	
	Governmental Activities	Business-Type Activities
Construction in Progress	\$ 22,725	\$ -
Buildings and improvements	5,997,776	-
Equipment	196,492	-
Total	<u>\$ 6,216,993</u>	<u>\$ -</u>

Additional information on the Commission's capital assets can be found in Note 5 to the basic financial

Economic Factors and Subsequent Year's Budgets

- The Commission anticipates that the approved 2021-2022 budget will be adequate to satisfy all 2021-2022 financial needs, barring any significant unexpected situations or conditions unforeseen at this time.
- It is expected the State of New Jersey will again delay the final state aid payments to Commissions for 2021-2022.
- The Commission has its lone collective bargaining unit contract settled through June 30, 2021.
- The Commission's enrollment has been fairly consistent over the past 3 school years. The Commission anticipates stable enrollment over the next several years.

Requests for Information

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

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A. Government-Wide Financial Statements

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MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2021

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash & Cash Equivalents	\$ 1,124,093	\$ -	\$ 1,124,093
Receivables, Net (Note 4)	8,929,965	3,785,255	12,715,220
Security Deposit	-	5,000	5,000
Restricted Cash & Cash Equivalents	1,945	-	1,945
Capital Assets, Net (Note 5)			
Depreciable	6,012,903	-	6,012,903
Total Assets	16,068,906	3,790,255	19,859,161
DEFERRED OUTFLOWS OF RESOURCES			
Related to Pensions (Note 8)	3,646,005	-	3,646,005
Total Deferred Outflow of Resources	3,646,005	-	3,646,005
LIABILITIES			
Cash Deficit	-	377,556	377,556
Accounts Payable	6,965,439	1,719,254	8,684,693
Due to Other Governments	1,096,147	-	1,096,147
Unearned Revenue	676,151	-	676,151
Paryoll Deductions and Withholdings	293,659	-	293,659
Internal Balances	(1,703,964)	1,703,964	-
Noncurrent Liabilities (Note 7):			
Due in More Than One Year	9,933,977	-	9,933,977
Total Liabilities	17,261,409	3,800,774	21,062,183
DEFERRED INFLOWS OF RESOURCES			
Related to Pensions (Note 8)	4,176,551	-	4,176,551
Total Deferred Inflow of Resources	4,176,551	-	4,176,551
NET POSITION			
Net Investment in Capital Assets	6,012,903	-	6,012,903
Restricted for:			
Unemployment Reserve	1,945	-	1,945
Unrestricted (Deficit)	(7,737,897)	(10,519)	(7,748,416)
Total Net Position	\$ (1,723,049)	\$ (10,519)	\$ (1,733,568)

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

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING CONTRIBUTIONS & GRANTS	CAPITAL CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
Instruction:							
Regular Instruction	\$ 5,128,377	\$ -	\$ 4,547,177	\$ -	\$ (581,200)	\$ -	\$ (581,200)
Special Education Instruction	266,240	-	141,882	-	(124,358)	-	(124,358)
Other Instruction	1,666,264	-	888,175	-	(778,089)	-	(778,089)
Support Services:							
Attendance & Social Work Services	68,345	-	-	-	(68,345)	-	(68,345)
Health Services	27,658	-	-	-	(27,658)	-	(27,658)
Student & Instruction Related Services	5,631,486	-	5,329,937	-	(301,549)	-	(301,549)
General Administrative	1,373,148	-	-	-	(1,373,148)	-	(1,373,148)
School Administrative Services	722,871	-	-	-	(722,871)	-	(722,871)
Central Services	581,699	-	-	-	(581,699)	-	(581,699)
Administrative Information Technology	386,335	-	-	-	(386,335)	-	(386,335)
Plant Operations & Maintenance	640,588	-	-	-	(640,588)	-	(640,588)
Pupil Transportation	27,824,593	27,509,868	-	-	(314,725)	-	(314,725)
Food Service	6,403	-	-	-	(6,403)	-	(6,403)
Other Operation & Maintenance of Plant	19,946	-	-	-	(19,946)	-	(19,946)
Special Schools	150,505	-	-	-	(150,505)	-	(150,505)
Total Governmental Activities	44,494,458	27,509,868	10,907,171	-	(6,077,419)	-	(6,077,419)
Business-Type Activities:							
Adult School	15,519	-	-	-	-	(15,519)	(15,519)
Contracted Services	6,129,025	7,827,091	-	-	-	1,698,066	1,698,066
Total Business-Type Activities	6,144,544	7,827,091	-	-	-	1,682,547	1,682,547
Total Primary Government	\$ 50,639,002	\$ 35,336,959	\$ 10,907,171	\$ -	(6,077,419)	1,682,547	(4,394,872)
General Revenues:							
Federal & State Aid Not Restricted					477,792	-	477,792
Tuition Charges					1,462,845	-	1,462,845
Miscellaneous					524,551	5,898	530,449
Transfers From (To) Other Funds					1,703,964	(1,703,964)	-
Total General Revenues					4,169,152	(1,698,066)	2,471,086
Change In Net Position					(1,908,267)	(15,519)	(1,923,786)
Net Position - Beginning (As Restated, Note 19)					185,218	5,000	190,218
Net Position - Ending					\$ (1,723,049)	\$ (10,519)	\$ (1,733,568)

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

B. Fund Financial Statements

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Governmental Funds

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MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021

	<u>MAJOR FUNDS</u>		<u>TOTAL GOVERNMENTAL FUNDS</u>
	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	
ASSETS			
Cash & Cash Equivalents	\$ -	\$ 1,679,831	\$ 1,679,831
Receivables, Net:			
Interfund Receivable	1,703,964	4,276	1,708,240
Due from Other Governments:			
Federal	-	308,100	308,100
Other	8,298,748	-	8,298,748
Other Accounts Receivable	-	323,117	323,117
Restricted Cash & Cash Equivalents	1,945	-	1,945
Total Assets	<u>\$ 10,004,657</u>	<u>\$ 2,315,324</u>	<u>\$ 12,319,981</u>
LIABILITIES & FUND BALANCES			
Liabilities:			
Cash Deficit	\$ 555,738	\$ -	\$ 555,738
Accounts Payable	5,805,114	1,160,325	6,965,439
Intergovernmental Payable:			
State	-	478,848	478,848
Interfund Payable	4,276	-	4,276
Payroll Deductions and Withholdings	293,659	-	293,659
Unearned Revenue	-	676,151	676,151
Total Liabilities	<u>6,658,787</u>	<u>2,315,324</u>	<u>8,974,111</u>
Fund Balances:			
Restricted for:			
Unemployment Reserve	1,945	-	1,945
Assigned for:			
Other Purposes	352,708	-	352,708
Unassigned	2,991,217	-	2,991,217
Total Fund Balances	<u>3,345,870</u>	<u>-</u>	<u>3,345,870</u>
Total Liabilities & Fund Balances	<u>\$ 10,004,657</u>	<u>\$ 2,315,324</u>	
Amounts reported for <i>governmental activities</i> 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 \$9,489,843 and the accumulated depreciation is \$3,476,940.			6,012,903
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.			
Deferred Outflows Related to Pensions			3,646,005
Deferred Inflows Related to Pensions			(4,176,551)
Accrued pension contributions for the June 30, 2021 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.			(617,299)
Long-term liabilities, including net pension liability on bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.			<u>(9,933,977)</u>
Net Position of Governmental Activities			<u>\$ (1,723,049)</u>

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

**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021**

	MAJOR FUNDS		TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	
Revenues:			
Local Sources:			
Tuition Charges	\$ 1,462,845	\$ -	\$ 1,462,845
Transportation Charges	27,509,868	-	27,509,868
Miscellaneous	524,551	7,143,717	7,668,268
Total Local Sources	29,497,264	7,143,717	36,640,981
State Sources	1,390,873	-	1,390,873
Federal Sources	-	477,792	477,792
Total Revenues	30,888,137	7,621,509	38,509,646
Expenditures:			
Instruction:			
Regular Instruction	-	2,291,572	2,291,572
Special Education Instruction	118,934	-	118,934
Other Instruction	744,494	-	744,494
Support Services:			
Attendance & Social Work Services	65,370	-	65,370
Health Services	26,433	-	26,433
Student & Instruction Related Services	58,338	5,329,937	5,388,275
General Administrative	1,313,833	-	1,313,833
School Administrative Services	691,726	-	691,726
Central Services	556,503	-	556,503
Administrative Information Technology	369,713	-	369,713
Plant Operations & Maintenance	417,601	-	417,601
Pupil Transportation	26,623,239	-	26,623,239
Food Service	6,403	-	6,403
Unallocated Benefits	772,347	-	772,347
On Behalf TPAF Pension and Social Security Contributions	1,390,873	-	1,390,873
Capital Outlay	19,071	-	19,071
Instruction:			
Summer School	144,031	-	144,031
Total Expenditures	33,318,909	7,621,509	40,940,418
Excess/(Deficiency) of Revenues Over Expenditures	(2,430,772)	-	(2,430,772)
Other Financing Sources (Uses):			
Transfers In From Other Funds	1,703,964	-	1,703,964
Total Other Financing Sources (Uses)	1,703,964	-	1,703,964
Net Changes in Fund Balances	(726,808)	-	(726,808)
Fund Balance, July 1 (As Restated, See Note 20)	4,072,678	-	4,072,678
Fund Balance, June 30	\$ 3,345,870	\$ -	\$ 3,345,870

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

**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
YEAR ENDED JUNE 30, 2021**

Total Net Changes in Fund Balances - Governmental Funds (B-2) \$ (726,808)

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

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

This is the amount by which depreciation exceeded capital outlays in the period.

Depreciation Expense	\$	(195,612)	
Adjustment to Capital Assets		<u>(8,478)</u>	
			(204,090)

Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period. (1,042,064)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). 64,695

Change in Net Position of Governmental Activities \$ (1,908,267)

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Proprietary Funds

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**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2021**

	MAJOR FUNDS		
	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	ADULT SCHOOL	OTHER ENTERPRISE	TOTALS
ASSETS			
Current Assets:			
Accounts Receivable:			
Other Receivables	\$ -	\$ 3,785,255	\$ 3,785,255
Security Deposits	5,000	-	5,000
Total Current Assets	5,000	3,785,255	3,790,255
Noncurrent Assets:			
Capital Assets	-	3,478	3,478
Less: Accumulated Depreciation	-	(3,478)	(3,478)
Total Assets	5,000	3,785,255	3,790,255
LIABILITIES			
Current Liabilities:			
Cash Deficit	15,519	362,037	377,556
Accounts Payable	-	1,719,254	1,719,254
Interfund Payable	-	1,703,964	1,703,964
Total Current Liabilities	15,519	3,785,255	3,800,774
NET POSITION			
Unrestricted	(10,519)	-	(10,519)
Total Net Position	\$ (10,519)	\$ -	\$ (10,519)

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

**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
YEAR ENDED JUNE 30, 2021**

	MAJOR FUNDS		
	BUSINESS-TYPE		
	ACTIVITIES - ENTERPRISE FUNDS		
	ADULT SCHOOL	OTHER ENTERPRISE	TOTALS
Operating Revenues:			
Local Sources:			
Contracted Services	\$ -	\$ 7,827,091	\$ 7,827,091
Miscellaneous	-	5,898	5,898
Total Operating Revenues	<u>-</u>	<u>7,832,989</u>	<u>7,832,989</u>
Operating Expenses:			
Salaries and Wages	11,719	1,634,109	1,645,828
Employee Benefits	-	1,092,797	1,092,797
Purchased Technical Services	-	3,391,006	3,391,006
Other Purchased Services	-	2,673	2,673
General Supplies	-	8,440	8,440
Other Expenses	3,800	-	3,800
Total Operating Expenses	<u>15,519</u>	<u>6,129,025</u>	<u>6,144,544</u>
Operating Income (Loss)	<u>(15,519)</u>	<u>1,703,964</u>	<u>1,688,445</u>
Nonoperating Revenues (Expenses):			
Transfers In (To) From Other Funds	-	(1,703,964)	(1,703,964)
Total Nonoperating Revenues	<u>-</u>	<u>(1,703,964)</u>	<u>(1,703,964)</u>
Change in Net Position	(15,519)	-	(15,519)
Net Position, July 1	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Net Position, June 30	<u>\$ (10,519)</u>	<u>\$ -</u>	<u>\$ (10,519)</u>

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

**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED JUNE 30, 2021**

	MAJOR FUNDS		
	BUSINESS-TYPE		
	ACTIVITIES -		
	ENTERPRISE		
	FUNDS		
	ADULT	OTHER	TOTALS
	SCHOOL	ENTERPRISE	
Cash Flows From Operating Activities:			
Receipts from Customers	\$ -	\$ 7,832,989	\$ 7,832,989
Payments to Employees	(11,719)	(1,634,109)	(1,645,828)
Payments for Employee Benefits	-	(1,092,797)	(1,092,797)
Payments to Suppliers	(3,800)	(2,737,491)	(2,741,291)
Net Cash Provided by/(Used for) Operating Activities	(15,519)	2,368,592	2,353,073
Cash Flows From Noncapital Financing Activities:			
Transfers to other Funds	-	(1,703,964)	(1,703,964)
Net Cash Provided by/(Used for) Noncapital Financing Activities	-	(1,703,964)	(1,703,964)
Net Increase/(Decrease) in Cash & Cash Equivalents	(15,519)	664,628	649,109
Balances - Beginning of Year	-	(1,026,665)	(1,026,665)
Balances - End of Year	\$ (15,519)	\$ (362,037)	\$ (377,556)
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (15,519)	\$ 1,703,964	\$ 1,688,445
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
(Increase)/Decrease in Accounts Receivable, Net	-	(2,377,841)	(2,377,841)
Increase/(Decrease) in Accounts Payable	-	3,042,469	3,042,469
Total Adjustments	-	664,628	664,628
Net Cash Used by Operating Activities	\$ (15,519)	\$ 2,368,592	\$ 2,353,073

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

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Fiduciary Fund
Not Applicable

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MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Monmouth-Ocean Education Services Commission (hereafter referred to as the Commission) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

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 (*N.J.S.A. 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 whether:

- ◆ the organization is legally separate (can sue or be sued in their own name);
- ◆ the Commission holds the corporate powers of the organization;
- ◆ the Commission appoints a voting majority of the organization's board
- ◆ the Commission is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the Commission; and
- ◆ there is a fiscal dependency by the organization on the Commission.

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

Component Units

GASB Statement No. 14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 80, *Blending Requirements for certain component Units - an Amendment of GASB Statement No. 14* and GASB Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plan- an Amendment of GASB Statements No. 14 and No. 84*. The Commission had no component units as of for the year ended June 30, 2021.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Accounting, Measurement Focus and Financial Statement Presentation

The accounts of the Commission are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

A. Government-Wide Financial Statements

The Commission's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the Commission accompanied by a total column. Fiduciary activities of the Commission are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Commission's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the Commission are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

B. Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The Commission has presented all major funds that met those qualifications.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The Commission’s deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the Commission, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the Commission. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the Commission and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

The Commission funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the Commission’s policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Commission’s policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

The Commission reports the following major governmental funds:

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

As required by the New Jersey Department of Education (DOE) the Commission includes budgeted capital outlay in this fund. GAAP as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings 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.

Special Revenue Fund - The special revenue fund is used to account for the proceeds of specific revenue from state and federal governments, other than major capital projects, debt service or proprietary funds, and local appropriations that are restricted or committed to expenditures for specified purposes.

C. Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The Commission reports the following major proprietary funds:

Adult School – This fund assists students with disabilities to successfully move from school into the adult world.

Contracted Services – This fund provides outsourced contracted services to local school districts including co-operative purchasing, therapy and nursing services, professional development and various other services.

D. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The Commission's fiduciary funds include Agency and Private-Purpose Trust Funds. Private Purpose Trust and Agency Funds are used to account for and report assets held by the Commission in a trustee capacity or as an agent for individuals, private organizations, and other governments. Private Purpose Trust and Agency Funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

The Commission has no fiduciary funds.

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the Commission eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in *N.J.A.C. 6A:23-2-2(f)1*. Transfers of appropriations may be made by Board resolution at any time during the fiscal year in accordance with *N.J.A.C. 6A:23-2-11*.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

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 one or more June 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.

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the general fund budgetary comparison schedules and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the Commission does not report encumbrances outstanding at fiscal 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 payments.

Encumbrances

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

Open encumbrances in the special revenue fund for which the Commission has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue 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.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

Cash, Cash Equivalents and Investments

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

Investments are stated at fair value in accordance with GASB. New Jersey Commissions are limited as to the types of investments and types of financial institutions they may invest in. *N.J.S.18A:20-37* provides a list of permissible investments that may be purchased by New Jersey Commissions.

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

For purposes of the statement of cash flows, the Commission considers all highly liquid investments (including restricted assets) with a maturity when purchased of twelve months or less and all local government investment pools to be cash equivalents.

Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Commission and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in the Statement of Net Position.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair market value at the date of donation. All reported capital assets except land and construction in progress are depreciated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The Commission does not possess any infrastructure. The Commission has established a threshold of \$2,000 for capitalization of depreciable assets.

Capital assets of the Commission are depreciated or amortized using the straight-line method over the following estimated useful lives:

Description:	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	50 Years	N/A
Building and Improvements	20 Years	N/A
Equipment	N/A	5-20 Years
Office and Computer Equipment	5-10 Years	N/A
Instructional Equipment	10 Years	N/A
Vehicles	10 Years	N/A

Compensated Absences

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

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the Commission is eligible to realize the revenue.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumption that affect certain reported amounts reported in the financial statements and accompanying note disclosures. Actual results could differ from those estimates.

Interfund Activity

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 in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net 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 a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

Pensions

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 pension plan's fiduciary net position of the Public Employees' Retirement System (PERS) and Teacher's Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

Fund Balance

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances in the governmental funds financial statements are classified into the following five categories, as defined below:

Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the Commission's intent to be used for a specific purpose but are neither restricted nor 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.

Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the Commission's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the Commission's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.

Restricted – This component of net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Commission or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted – This component of net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2021 and March 15, 2022, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Commission that would require disclosure.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 1. Summary of Significant Accounting Pronouncements (Continued)

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2021:

For the year June 30, 2021 the Commission implemented GASB Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities.

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. Management has determined the implementation of certain provisions within this Statement did not have a significant impact on the Commissions's financial statements.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. Management has determined the implementation of certain provisions within this Statement did not have a significant impact on the Commissions's financial statements.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Requirements of this pronouncement related to section 1, paragraph 4 are effective immediately. All other requirements will be effective for reporting periods beginning June 15, 2021. Management has determined the implementation of certain provisions within this Statement did not have a significant impact on the Commissions's financial statements.

Accounting Pronouncements Effective in Future Reporting Periods

Statement No. 87, *Leases*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

Statement No. 89, *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.

Statement No. 93, *Replacement of Interbank Offered Rates*. The requirements of this Statement, except for paragraphs 11b, 13, and 14 are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years periods beginning after June 15, 2021.

The Commission has not yet determined the impact of these pronouncements on its financial statements.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 2. Deposits and Investments

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, *NJSA 17:9-41 et seq.* requires that the 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 fund 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, student activity fund or other 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. As of June 30, 2021, the Commission’s bank balance of \$3,692,517 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	3,396,912
Uninsured and Uncollateralized		295,605
Total	\$	3,692,517

Investments

The Commission had no investments at June 30, 2021.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 3. Reserve Accounts

Unemployment Reserve

Unemployment reserve funds are restricted pursuant to *N.J.S.A. 43:21-7.3(g)*, which requires that employer and The activity of the unemployment reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$	1,944
Increased by:		
Interest Earnings		1
Subtotal		1,945
Ending Balance, June 30, 2021	\$	1,945

Note 4. Accounts Receivable

Accounts receivable at June 30, 2021 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the Commission’s governmental and business-type activities as of June 30, 2021, consisted of the following:

Description:	Governmental Funds		
	General Fund	Special Revenue Fund	Total Governmental Activities
Federal Awards	\$ -	\$ 308,100	\$ 308,100
Other	8,298,748	323,117	8,621,865
Total	\$ 8,298,748	\$ 631,217	\$ 8,929,965
Description:	Proprietary Funds		Total
	Food Service Fund	Business-Type Activities	Business-Type Activities
Other	\$ 3,785,255	\$ 3,785,255	3,785,255
Total	\$ 3,785,255	\$ 3,785,255	3,785,255

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2021 was as follows:

	Governmental Activities			
	Balance July 1, 2020	Additions	Adjustments	Balance June 30, 2021
Capital Assets not being Depreciated:				
Construction in Progress	\$ 22,725	\$ -	\$ (22,725)	\$ -
Total Capital assets not being Depreciated	<u>22,725</u>	<u>-</u>	<u>(22,725)</u>	<u>-</u>
Capital Assets being Depreciated:				
Buildings and Improvements	8,283,364	-	-	8,283,364
Equipment	1,192,696	-	13,783	1,206,479
Total Capital Assets being Depreciated	<u>9,476,060</u>	<u>-</u>	<u>13,783</u>	<u>9,489,843</u>
Accumulated Depreciation:				
Buildings and Improvements	(2,263,090)	(163,864)	-	(2,426,954)
Equipment	(1,018,702)	(31,748)	464	(1,049,986)
Total Accumulated Depreciation	<u>(3,281,792)</u>	<u>(195,612)</u>	<u>464</u>	<u>(3,476,940)</u>
Total Capital Assets being Depreciated, Net	<u>6,194,268</u>	<u>(195,612)</u>	<u>14,247</u>	<u>6,012,903</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 6,216,993</u>	<u>\$ (195,612)</u>	<u>\$ (8,478)</u>	<u>\$ 6,012,903</u>
	Business-Type Activities			
	Balance July 1, 2020	Additions	Adjustments	Balance June 30, 2021
Equipment	\$ 3,478	\$ -	\$ -	\$ 3,478
Total Capital Assets being Depreciated	<u>3,478</u>	<u>-</u>	<u>-</u>	<u>3,478</u>
Accumulated Depreciation:				
Equipment	(3,478)	-	-	(3,478)
Total Capital Assets being Depreciated, Net	<u>(3,478)</u>	<u>-</u>	<u>-</u>	<u>(3,478)</u>
Total Business-Type Activities Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 5. Capital Assets (Continued)

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

Governmental Activities:

Plant Operations & Maintenance	\$ 195,612
Total Depreciation Expense - Governmental Activities	\$ 195,612

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2021 are as follows:

Fund:	Interfund Receivables	Interfund Payables
General Fund	\$1,703,964	\$ 4,276
Special Revenue Fund	4,276	-
Enterprise Fund	-	1,703,964
Total	\$1,708,240	\$1,708,240

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one

The only interfund transfer made was \$1,703,964 transferred from the District's Contracted Services Fund to the General Fund.

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2021 the following changes occurred in long-term obligations for the governmental and business-type activities:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 110,783	\$ -	\$ 64,695	\$ 46,088	\$ -
Net Pension Liability	9,691,619	196,270	-	9,887,889	-
Total	\$ 9,802,402	\$ 196,270	\$ 64,695	\$ 9,933,977	\$ -

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 8. Pension Plans

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey (the State), 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 <http://www.nj.gov/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, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

Service retirement benefits of $1/55^{\text{th}}$ 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 $1/60^{\text{th}}$ 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 2020, 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 any 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.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 8. Pension Plans (Continued)

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2021, the Commission reported a liability of \$9,887,889 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2019, to the measurement date of June 30, 2020. The Commission's proportion of the net pension liability was based on the Commission's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020. The Commission's proportion measured as of June 30, 2020, was 0.06063442%, which was an increase of 0.00684733% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Commission recognized full accrual pension expense of \$1,152,637 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2020 measurement date. At June 30, 2021 the Commission reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 180,042	\$ 34,968
Changes of Assumptions	320,774	4,140,153
Net Difference between Projected and Actual Earnings on Pension Plan Investments	337,976	-
Changes in Proportion and Differences between Commission Contributions and Proportionate Share of Contributions	2,189,914	1,430
Commission contributions subsequent to measurement date	<u>617,299</u>	<u>-</u>
	<u>\$ 3,646,005</u>	<u>\$ 4,176,551</u>

\$617,299 reported as deferred outflows of resources resulting from Commission contributions subsequent to the measurement date is estimated based on unadjusted 2020-2021 total salaries for PERS employees multiplied by an employer pension contribution rate of 15.11%. The payable is due on April 1, 2020 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. 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:

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 8. Pension Plans (Continued)

Year Ending June 30,	
2021	\$ 111,066
2022	(1,349,468)
2023	79,489
2024	19,806
2025	(8,738)
	\$ (1,147,845)

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:

	Deferred Outflow of Resources	Deferred Inflow of Resources
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	-
June 30, 2020	5.16	-
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, 2019	-	5.21
June 30, 2020	-	5.16
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
Changes in Proportion and Differences Between District		
Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 8. Pension Plans (Continued)

Actuarial Assumptions – The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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%
Mortality Rate of Return:	
PERS	Pub-2010 General Below-Median Income Employee mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018

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-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 8. Pension Plans (Continued)

Asset Class:	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Commission's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Commission's proportionate share of the net pension liability as of June 30, 2020, calculated using the discount rate of 7.00% as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Commission's Proportionate Share of the Net Pension Liability	\$ 12,545,080	\$ 9,887,889	\$ 7,776,917

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 8. Pension Plans (Continued)

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2021 and 2020:

	06/30/21		06/30/20
Collective Deferred Outflows of Resources	\$ 2,347,583,337	\$	3,149,522,616
Collective Deferred Inflows of Resources	7,849,949,467		7,645,087,574
Collective Net Pension Liability	16,435,616,426		18,143,832,135
Commission's portion	0.060634%		0.053787%

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description - TPAF is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which 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 Division. For additional information about TPAF, please refer to the Division's annual financial statements which can be found at www.nj.gov/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, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. 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

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 8. Pension Plans (Continued)

Service retirement benefits of 1/55th 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 1/60th 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 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. 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 TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. Pursuant to the provisions of *Chapter 78, P.L. 2011*, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.5% in State fiscal year 2018. 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 2020, 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 18:66-33. 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 local participating employers.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the Commission as of June 30, 2021 was \$20,411,212. The Commission's proportionate share was \$0.

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating Commissions, actuarially determined. At June 30, 2020, the State proportionate share of the TPAF net pension liability attributable to the Commission was 0.030997091%, which was a decrease of 0.003155114% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the State recognized a pension expense in the amount of \$1,269,256 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, 2020 measurement date.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 8. Pension Plans (Continued)

Actuarial Assumption - The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
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 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 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-2020.

The actuarial assumptions used in the July 1, 2019 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, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 8. Pension Plans (Continued)

Asset Class:	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 2.21% as of June 30, 2020 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals 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. The State contributed 40% of the 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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Commission's proportionate share of the Net Pension Liability to Changes in the Discount Rate – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the Commission's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the Commission calculated using the discount rate of 5.40% as well as what the State's proportionate share of the net pension liability, attributable to the Commission's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 8. Pension Plans (Continued)

	At 1% Decrease (4.40%)	At Current Discount Rate (5.40%)	At 1% Increase (6.40%)
State's Proportionate Share of Net Pension Liability associated with the Commission	\$ 23,975,359	\$ 20,411,212	\$ 17,451,786

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 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.

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2021 and 2020:

	6/30/2021	06/30/20
Collective Deferred Outflows of Resources	\$ 9,626,548,228	\$ 10,129,162,237
Collective Deferred Inflows of Resources	14,591,988,841	17,736,240,054
Collective Net Pension Liability	65,993,498,688	61,519,112,443
Commission's portion	0.03100%	0.03415%

C. Defined Contribution Retirement Plan (DCRP)

Plan Description - DCRP was established July 1, 2007, under the provisions of *N.J.S.A. 43:15C-1 et seq.* The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage.

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in PERS or TPAF on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2019 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 8. Pension Plans (Continued)

Contributions - The contribution policy is set by *N.J.S.A. 43:15C-3* and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the Commission.

For the year ended June 30, 2021, employee contributions totaled \$39,092 and the Commission recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$21,309.

Note 9. Other Post-Retirement Benefits (OPEB)

General Information about the OPEB Plan

The State reports a liability as a result of its statutory requirements to pay OPEB 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 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: TPAF, PERS, 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.

Basis of Presentation

The following schedule presents the State's obligation under *NJSA 52:14-17.32f*. The following 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. The accompanying schedule was prepared in accordance with GAAP. Such preparation requires management of the State 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.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 9. OPEB (continued)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate 2.50%

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 - 4.45% based on years of service	2.00 - 6.00% based on years of service	3.25 - 15.25% based on years of service
Thereafter	1.55 - 4.45% based on years of service	3.00 - 7.00% based on years of service	Applied to all future years

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

OPEB Obligation and OPEB Expense - The State's proportionate share of the total Other Post Employment Benefits Obligations, attributable to the Commission as of June 30, 2020 was \$37,570,707. The Commission's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2020, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The State's proportionate share of the OPEB Obligation associated with the District was based on projection of the State's long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating Commissions, actuarially determined. At June 30, 2020, the State proportionate share of the OPEB Obligation attributable to the Commission was 0.055406%, which was a decrease of 0.00069% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the State of New Jersey recognized an OPEB expense in the amount of \$2,276,700 for the State's proportionate share of the OPEB expense attributable to the Commission. This OPEB expense was based on the OPEB plans June 30, 2020 measurement date.

**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)**

Note 9. OPEB (continued)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected.. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend is 5.0%.

Discount Rate

The discount rate for June 30, 2020 was 2.21%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate:

The following presents the total nonemployer OPEB liability as of June 30, 2020 calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2020		
	At 1% Decrease (1.21%)	At Discount Rate (2.21%)	At 1% Increase (3.21%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the Commission	\$ 45,293,427	\$ 37,570,707	\$ 31,532,284
State of New Jersey's Total Nonemployer OPEB Liability	\$ 81,748,410,002	\$ 67,809,962,608	\$ 56,911,439,160

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 9. OPEB (continued)

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:

The following presents the total nonemployer OPEB liability as of June 30, 2020, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2020		
	1% Decrease	Healthcare Cost Trend Rate*	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the Commission	\$ 30,328,342	\$ 37,570,707	\$ 46,194,755
State of New Jersey's Total Nonemployer OPEB Liability	\$ 54,738,488,540	\$ 67,809,962,608	\$ 83,375,182,975

* See Healthcare Cost Trend Assumptions for details of rates.

Additional Information

Collective balances of the Local Group at June 30, 2019 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected & Actual Experience	\$ 10,295,318,750.00	\$ (9,170,703,615)
Change in Assumptions	11,534,251,250	(7,737,500,827)
Contributions Made in Fiscal Year Year Ending 2021 After June 30, 2020 Measurement Date **	TBD	N/A
	\$ 21,829,570,000	\$ (16,908,204,442)

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 9. OPEB (continued)

Additional Information (continued):

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,		
2021	\$	43,440,417
2022		43,440,417
2023		43,440,417
2024		43,440,417
2025		43,440,417
Thereafter		<u>4,704,163,473</u>
	<u>\$</u>	<u>4,921,365,558</u>

** Employer Contributions made after June 30, 2020 are reported as a deferred outflow of resources, but are not amortized in expense.

Plan Membership

At June 30, 2020, the Program membership consisted of the following:

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	<u>149,304</u>
	<u><u>366,108</u></u>

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2021 (measurement date June 30, 2020) is as follows:

Total OPEB Liability	
Service Cost	\$ 1,790,973,822
Interest Cost	1,503,341,357
Difference Between Expected and Actual Experiences	11,544,750,637
Changes of Assumptions	12,386,549,981
Contributions: Member	35,781,384
Gross Benefit Payments	<u>(1,180,515,618)</u>
Net Change in Total OPEB Liability	26,080,881,563
Total OPEB Liability (Beginning)	<u>41,729,081,045</u>
Total OPEB Liability (Ending)	<u><u>\$ 67,809,962,608</u></u>
Total Covered Employee Payroll	\$ 14,267,738,657
Net OPEB Liability as a Percentage of Payroll	475%

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 10. On-Behalf Payments for Fringe Benefits and Salaries

As previously mentioned, the Commission receives on-behalf payments from the State for normal costs and post-retirement medical costs related to the TPAF pension plan. The Commission is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2021, the on-behalf payments for pension, social security, post-retirement medical costs, and long-term disability were \$893,397, \$217,220, \$279,977, and \$279, respectively.

Note 11. Risk Management

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

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 following is a summary of Commission contributions, reimbursements to the State for benefits paid and the ending balance of the Commission’s trust fund for the current and previous two years:

Fiscal Year Ended June 30,	Ending Balance				
	Contributions	Interest Earned	Amount Reimbursed	Restricted for: Unemployment Reserve	Unemployment Liability
2021	\$ -	\$ 1	\$ -	\$ 1,945	\$ -
2020	-	30	-	1,944	-
2019	-	42	-	1,914	-

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.

Note 12. Contingencies

State and Federal Grantor Agencies - The Commission participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the Commission has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2020 may be impaired. In the opinion of the Commission, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Litigation – The Commission is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Commission’s attorney that resolution of these matters will not have a material adverse effect on the financial condition of the Commission.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 12. Contingencies (Continued)

Economic Dependency – The Commission receives a substantial amount of its support from School Distirects. A significant reduction in the level of support, if this were to occur, could have an effect on the Commission’s programs and activities.

Note 13. Deferred Compensation

The Commission offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Lincoln Financial Advisors	AXA Equitable
VALIC	Lincoln Investment Planning, Inc.

Note 14. Compensated Absences

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

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

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2021, the liability for compensated absences reported was \$46,088.

Note 15. Tax Abatements

As defined by the GASB Statement No. 77, *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. Commissions are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the Commission 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 Commission’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 Commission.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021 (Continued)

Note 15. Tax Abatements (Continued)

For a local Commission board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the DOE based upon district property value and wealth.

Note 16. Fund Balances

General Fund – Of the \$3,345,870 General Fund fund balance at June 30, 2021, \$1,945 has been restricted for the Unemployment Reserve Account; \$352,708 has been assigned to other purposes; and \$2,991,217 was unassigned.

Note 17. Deficit in Net Position

Governmental Activities

Unrestricted Net Position – The School District governmental activities had a deficit in unrestricted net position in the amount of (\$7,737,897) at June 30, 2021. The primary causes of this deficit is the School District is due to the recording of the net pension liability for the PERS as of June 30, 2021. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

Business-type Activities

Deficit Net Position – The School District business-type activities had a deficit in net position in the amount of (\$10,519) at June 30, 2021. The primary cause of this deficit is as a result unfavorable operations in the current year due to the global pandemic.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Note 18. Prior Period Adjustment/Restatement of Fund Balance and Net Position

Net Position as of July 1, 2020, has been restated as follows for the implementation of GASB Statement No. 84, *Fiduciary Funds*.

Net Position as previously reported at June 30, 2020	\$	183,274
Prior Period Adjustment- Implementation of GASB 84: Restricted Fund Balance-Unemployment		1,944
Total Prior Period Adjustment		1,944
Net Position as restated, July 1, 2020	\$	185,218

Fund Balance in the General Fund and the Special Revenue Fund as of July 1, 2020, has been restated as follows for the implementation of GASB Statement No. 84, *Fiduciary Funds*.

		<u>General Fund</u>
Fund Balance as previously reported at June 30, 2020	\$	4,070,734
Prior Period Adjustment- Implementation of GASB 84: Restricted Fund Balance-Unemployment		1,944
Total Prior Period Adjustment		1,944
Fund Balance as restated, July 1, 2020	\$	4,072,678

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021**

ACCOUNT NUMBERS	JUNE 30, 2021				VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:					
Local Sources:					
Tuition From Other LEAs Within State	\$ 2,676,793	\$ -	\$ 2,676,793	\$ 1,462,845	\$ (1,213,948)
Transportation Fees From Other LEAs	51,485,000	-	51,485,000	27,509,868	(23,975,132)
Rents and Royalties	317,051	-	317,051	317,051	-
Unrestricted Miscellaneous Revenues	3,896,178	-	3,896,178	207,500	(3,688,678)
Total Local Sources	58,375,022	-	58,375,022	29,497,264	(28,877,758)
State Sources:					
Nonbudgeted:					
TPAF Pension (on-behalf)	-	-	-	893,397	893,397
TPAF Social Security (reimbursed)	-	-	-	217,220	217,220
TPAF Post Retirement Medical Benefits (on-behalf)	-	-	-	279,977	279,977
TPAF Long-Term Disability Insurance (on-behalf)	-	-	-	279	279
Total State Sources	-	-	-	1,390,873	1,390,873
Total Revenues	58,375,022	-	58,375,022	30,888,137	(27,486,885)
Current Expense:					
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	130,254	-	130,254	105,988	24,266
Other Salaries	19,998	(1,995)	18,003	-	18,003
Purchased Professional - Educational Services	1,550	128	1,678	1,678	-
General Supplies	12,448	(1,228)	11,220	7,177	4,043
Textbooks	1,500	-	1,500	971	529
Other Objects	3,662	-	3,662	3,120	542
Total Resource Room/Resource Center	169,412	(3,095)	166,317	118,934	47,383
Total Special Education - Instruction	169,412	(3,095)	166,317	118,934	47,383
Other Instructional Programs - Instruction:					
Salaries	517,800	(23,518)	494,282	439,125	55,157
Purchased Services	320,925	34,876	355,801	292,165	63,636
Supplies and Materials	50,996	(5,490)	45,506	12,216	33,290
Other Objects	13,500	-	13,500	988	12,512
Total Other Instructional Programs - Instruction	903,221	5,868	909,089	744,494	164,595

**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021**

	ACCOUNT NUMBERS	JUNE 30, 2021			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Undistributed Expenditures Attendance and Social Work:					
Salaries of Drop-Out Prevention Officer/Coordinators	11-000-211-171	56,673	6	56,679	5
Purchased Professional and Technical Services	11-000-211-300	8,702	(6)	8,696	-
Total Undistributed Expenditures Attendance and Social Work		65,375	-	65,375	5
Undistributed Expenditures - Health Services:					
Purchased Professional & Technical Services	11-000-213-300	36,400	-	36,400	10,327
Supplies and Materials	11-000-213-600	950	-	950	590
Total Undistributed Expenditures - Health Services		37,350	-	37,350	10,917
Undistributed Expenditures - Child Study Teams:					
Other Purchased Prof. and Tech. Services	11-000-219-390	50,000	-	50,000	1,085
Miscellaneous Purchased Services	11-000-219-592	11,000	-	11,000	8,704
Supplies and Materials	11-000-219-600	8,000	1,709	9,709	5,210
Other Objects	11-000-219-800	1,709	(1,709)	-	-
Total Undistributed Expenditures - Child Study Teams		70,709	-	70,709	14,999
Undistributed Expenditures - Instructional Staff Training Services:					
Purchased Professional - Educational Services	11-000-223-320	5,500	-	5,500	2,872
Other Purchased Services	11-000-223-500	4,000	-	4,000	4,000
Supplies and Materials	11-000-223-600	5,000	-	5,000	5,000
Total Undistributed Expenditures - Instructional Staff Training Services		14,500	-	14,500	11,872

**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021**

	ACCOUNT NUMBERS	JUNE 30, 2021			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Undistributed Expenditures -					
Support Services - General Administration:					
Salaries	11-000-230-100	530,196	(147,498)	382,698	746
Legal Services	11-000-230-331	250,000	(24,297)	225,703	33,350
Audit Fees	11-000-230-332	32,500	30,000	62,500	21,625
Architectural/Engineering Services	11-000-230-334	10,000	(1,000)	9,000	9,000
Other Purchased Professional Services	11-000-230-339	20,000	(2,000)	18,000	18,000
Purchased Technical Services	11-000-230-340	52,725	(5,000)	47,725	16,548
Communications/Telephone	11-000-230-530	75,500	-	75,500	24,928
Other Purchased Services	11-000-230-590	53,190	-	53,190	32,224
General Supplies	11-000-230-610	12,200	-	12,200	8,927
BOE In-House Training/Meeting Supplies	11-000-230-630	4,400	-	4,400	4,400
Judgements Against School District	11-000-230-820	300,000	278,001	578,001	1
Miscellaneous Expenditures	11-000-230-890	35,110	-	35,110	20,445
Total Undistributed Expenditures -		1,375,821	128,206	1,504,027	190,194
Support Services - General Administration					
Undistributed Expenditures -					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	11-000-240-103	570,295	(44,296)	525,999	72,607
Salaries of Secretaries & Clerical Assistants	11-000-240-105	324,840	-	324,840	94,922
Other Purchased Services	11-000-240-500	5,500	-	5,500	5,500
Supplies and Materials	11-000-240-600	10,875	-	10,875	3,598
Other Objects	11-000-240-800	5,000	-	5,000	3,861
Total Undistributed Expenditures -		916,510	(44,296)	872,214	180,488
Support Services - School Administration					
Undistributed Expenditures - Central Services:					
Salaries	11-000-251-100	621,938	-	621,938	121,823
Purchased Professional Services	11-000-251-330	27,100	18,645	45,745	27
Purchased Technical Services	11-000-251-340	3,500	(350)	3,150	2,250
Miscellaneous Purchased Services	11-000-251-592	15,000	(500)	14,500	13,755
Supplies and Materials	11-000-251-600	7,000	-	7,000	4,004
Interest on Lease Purchase Agreements	11-000-251-832	3,200	-	3,200	951
Miscellaneous Expenditures	11-000-251-890	8,790	-	8,790	5,010
Total Undistributed Expenditures - Central Services		686,528	17,795	704,323	147,820

**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021**

	ACCOUNT NUMBERS	JUNE 30, 2021			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Undistributed Expenditures -					
Administrative Information Technology:					
Salaries	11-000-252-100	343,142	-	343,142	60,464
Purchased Technical Services	11-000-252-340	56,760	(1,194)	55,566	9,680
Other Purchased Services	11-000-252-500	37,000	(5,350)	31,650	2,301
Supplies and Materials	11-000-252-600	9,800	3,828	13,628	1,828
Other Objects	11-000-252-800	1,000	-	1,000	1,000
Total Undistributed Expenditures -		447,702	(2,716)	444,986	75,273
Administrative Information Technology					
Undistributed Expenditures - Custodial Services:					
Salaries	11-000-262-100	154,511	2,454	156,965	19,770
Cleaning, Repair & Maintenance Services	11-000-262-420	110,799	(5,339)	105,460	22,732
Other Purchased Property Services	11-000-262-490	9,500	500	10,000	1,771
Insurance	11-000-262-520	30,880	(500)	30,380	112
Travel	11-000-262-580	-	250	250	250
Miscellaneous Purchased Services	11-000-262-590	2,750	(250)	2,500	50
General Supplies	11-000-262-610	29,616	1,368	30,984	4
Energy (Natural Gas)	11-000-262-621	30,000	-	30,000	8,896
Energy (Electricity)	11-000-262-622	72,000	(1,743)	70,257	33,209
Energy (Gasoline)	11-000-262-626	3,500	-	3,500	3,275
Other Objects	11-000-262-800	5,175	-	5,175	4,148
Total Undistributed Expenditures - Custodial Services		448,731	(3,260)	445,471	96,617
Undistributed Expenditures -					
Care and Upkeep of Grounds:					
Cleaning, Repair & Maintenance Services	11-000-263-420	57,500	3,260	60,760	-
Total Undistributed Expenditures -		57,500	3,260	60,760	-
Care and Upkeep of Grounds					
Security:					
Salaries	11-000-266-100	49,744	-	49,744	42,507
General Supplies	11-000-266-610	1,500	-	1,500	750
Total Security		51,244	-	51,244	43,257

**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021**

	ACCOUNT NUMBERS	JUNE 30, 2021			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Undistributed Expenditures -					
Student Transportation Services:					
Salaries of Non-Instructional Aides	11-000-270-107	468,816	(6,200)	462,616	305,305
Other Purchased Prof. and Technical Serv.	11-000-270-390	144,000	17,200	161,200	160,288
Contract Serv. (Sp Ed Stds)-Joint Agrmnts	11-000-270-515	49,053,041	(11,000)	49,042,041	26,153,704
Travel	11-000-270-580	1,500	-	1,500	(164)
General Supplies	11-000-270-610	10,600	-	10,600	4,106
Miscellaneous Expenditures	11-000-270-800	550	-	550	-
Total Undistributed Expenditures -		49,678,507	-	49,678,507	26,623,239
Student Transportation Services					23,055,268
Unallocated Benefits:					
Group Insurance	11-000-291-210	7,510	2,180	9,690	9,507
Social Security Contributions	11-000-291-220	400,000	(2,180)	397,820	-
Other Retirement Contributions - PERS	11-000-291-241	530,000	-	530,000	217,370
Pension Contributions	11-000-291-249	45,000	-	45,000	-
Unemployment Compensation	11-000-291-250	75,000	-	75,000	-
Workmen's Compensation	11-000-291-260	120,000	-	120,000	103,852
Health Benefits	11-000-291-270	1,901,798	(96,650)	1,805,148	377,268
Tuition Reimbursement	11-000-291-280	40,000	-	40,000	575
Other Employee Benefits	11-000-291-290	112,500	(5,055)	107,445	59,375
Unused Sick Payment to Staff	11-100-100-299	25,000	-	25,000	4,400
Total Unallocated Benefits		3,256,808	(101,705)	3,155,103	772,347
Undistributed Expenditures -					
Food Service:					
Student Breakfasts and Lunches	11-000-310-500	44,000	(2,773)	41,227	6,403
Total Undistributed Expenditures -		44,000	(2,773)	41,227	6,403
Food Service					34,824
Nonbudgeted:					
TPAF Pension (on-behalf)		-	-	-	893,397
TPAF Social Security (reimbursed)		-	-	-	217,220
TPAF Post Retirement Medical Benefits (on-behalf)		-	-	-	279,977
TPAF Long-Term Disability Insurance (on-behalf)		-	-	-	279
Total Undistributed Expenditures		57,151,285	(5,489)	57,145,796	32,292,379
Total Expenditures - Current Expense		58,223,918	(2,716)	58,221,202	33,155,807
Total Expenditures - Current Expense					25,065,395

**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021**

ACCOUNT NUMBERS	JUNE 30, 2021			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Capital Outlay:				
Undistributed Expenditures:				
Undistributed Expenditures - General Admin.	20,950	-	20,950	4,595
Undist. Expend. - Security	64,950	2,716	67,666	64,950
Total Equipment	85,900	2,716	88,616	69,545
Total Capital Outlay	85,900	2,716	88,616	69,545
Special Schools:				
Summer School - Instruction:				
Salaries	175,000	-	175,000	30,969
Total Summer School - Instruction	175,000	-	175,000	30,969
Total Special Schools				
Total Expenditures	58,484,818	-	58,484,818	25,165,909
Excess/(Deficiency) of Revenues Over/(Under) Expenditures Before Other Financing Sources/(Uses)	(109,796)	-	(109,796)	(52,652,794)
Other Financing Sources/(Uses):				
Transfers In/(Out):				
Transfer In From Other Funds	-	-	-	1,703,964
Total Other Financing Sources/(Uses)	-	-	-	1,703,964
Excess/(Deficiency) of Revenues Over/(Under) Expenditures After Other Financing Sources/(Uses)	(109,796)	-	(109,796)	(50,948,830)
Fund Balances, July 1 (As Restated)	4,072,678	-	4,072,678	-
Fund Balances, June 30	\$ 3,962,882	\$ -	\$ 3,962,882	\$ (50,948,830)

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:	\$ 1,945
Unemployment Reserve	
Assigned Fund Balance:	352,708
Year-End Encumbrances	2,991,217
Unassigned Fund Balance	
Fund Balance per Governmental Funds (GAAP)	\$ 3,345,870

**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021**

	JUNE 30, 2021			VARIANCE
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	FINAL TO ACTUAL (OVER/ UNDER)
Revenues:				
Local Sources	\$ 6,316,527	\$ 2,177,093	\$ 8,493,620	\$ 7,143,717
Federal Sources	564,025	(71,068)	492,957	477,792
Total Revenues	6,880,552	2,106,025	8,986,577	7,621,509
Expenditures:				
Instruction:				
Salaries of Teachers	1,464,230	(161,830)	1,302,400	1,291,795
Other Salaries for Instruction	483,775	(65,348)	418,427	418,427
Purchased Professional - Educational Services	-	75,905	75,905	75,905
General Supplies	1,152,000	(613,989)	538,011	51,126
Textbooks	-	461,297	461,297	454,319
Total Instruction	3,100,005	(303,965)	2,796,040	2,291,572
Support Services:				
Salaries of Other Professional Staff	770,522	(65,117)	705,405	705,405
Salaries of Secretarial and Clergical Assistants	106,092	(65,000)	41,092	41,092
Personal Services - Employee Benefits	-	1,148,630	1,148,630	982,321
Purchased Educational Services	2,813,383	(433,668)	2,379,715	1,741,693
Transportation	1,000	77,977	78,977	78,977
Supplies and Materials	89,550	1,732,651	1,822,201	1,780,449
Other Objects	-	14,517	14,517	-
Total Support Services	3,780,547	2,409,990	6,190,537	5,329,937
Total Expenditures	6,880,552	2,106,025	8,986,577	7,621,509
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	-	-	-	-
Fund Balances, July 1	-	-	-	-
Fund Balances, June 30	\$ -	\$ -	\$ -	\$ -

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

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**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGET TO GAAP RECONCILIATION
YEAR ENDED JUNE 30, 2021**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 30,888,137	\$ 7,621,509
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year	-	(676,150)
Prior Year	-	536,155
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 30,888,137	\$ 7,481,514
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule. (C-1, C-2)		
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
	-	(139,995)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 33,318,909	\$ 7,481,514

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST EIGHT FISCAL YEARS ****

	2021	2020	2019	2018	2017	2016	2015	2014
Commission's proportion of the net pension liability	0.06063%	0.05379%	0.04868%	0.04706%	0.04708%	0.04398%	0.03575%	0.03411%
Commission's proportionate share of the net pension liability	\$ 9,887,889	\$ 9,691,619	\$ 9,583,885	\$ 10,953,920	\$ 13,943,879	\$ 9,872,210	\$ 6,692,723	\$ 6,518,873
Commission's covered payroll	\$ 3,427,577	\$ 4,062,474	\$ 3,565,958	\$ 3,322,054	\$ 3,025,156	\$ 3,167,776	\$ 2,938,714	Not Available
Commission's proportionate share of the net pension liability as a percentage of its covered payroll	288.48%	238.56%	268.76%	329.73%	460.93%	311.64%	227.74%	Not Available
Plan fiduciary net position as a percentage of the total pension liability	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

** This schedule is presented to illustrate the requirement 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
SCHEDULE OF SCOMMISSION'S CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST EIGHT FISCAL YEARS **/****

	2021	2020	2019	2018	2017	2016	2015	2014
Commission's contractually required contribution	\$ 666,310	\$ 552,735	\$ 514,077	\$ 478,015	\$ 448,129	\$ 378,094	\$ 249,689	\$ 257,003
Contributions in relation to the contractually required contribution	(666,310)	(552,735)	(514,077)	(478,015)	(448,129)	(378,094)	(249,689)	(257,003)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commission's covered payroll	\$ 2,818,296	\$ 3,427,577	\$ 4,062,474	\$ 3,565,958	\$ 3,322,054	\$ 3,025,156	\$ 3,167,776	Not Available
Contributions as a percentage of covered payroll	23.64%	16.13%	12.65%	13.40%	13.49%	12.50%	7.88%	Not Available

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

** This schedule is presented to illustrate the requirement 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
SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST EIGHT FISCAL YEARS ****

	2021	2020	2019	2018	2017	2016	2015	2014
Commission's proportion of the net pension liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Commission's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Commission	\$ 20,411,212	\$ 20,959,531	\$ 22,263,465	\$ 20,453,158	\$ 19,783,484	\$ 17,947,932	\$ 16,584,787	\$ 19,022,262.00
	\$ -	\$ 20,959,531	\$ 22,263,465	\$ 20,453,158	\$ 19,783,484	\$ 17,947,932	\$ 16,584,787	\$ 19,022,262.00
Commission's covered payroll	\$ 3,324,216	\$ 3,250,219	\$ 3,488,327	\$ 3,523,252	\$ 3,713,043	\$ 3,655,183	\$ 3,201,923	Not Available
Commission's proportionate share of the net pension liability as a percentage of its covered payroll	614.02%	644.87%	638.23%	580.52%	532.81%	491.03%	517.96%	Not Available
Plan fiduciary net position as a percentage of the total pension liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

** This schedule is presented to illustrate the requirement 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.

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SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR OTHER POST EMPLOYMENT BENEFITS (GASB 75)

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**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (OPEB)
LAST FOUR FISCAL YEARS***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Commission's Total OPEB Liability				
Service Cost	\$ 1,350,619	\$ 1,408,640	\$ 1,617,644	\$ 1,930,599
Interest Cost	835,401	1,005,420	1,108,947	938,833
Differences Between Expected and Actual Experiences	6,323,686	(4,150,047)	(3,994,433)	-
Changes of Assumptions	6,862,877	340,433	(2,858,322)	(3,869,761)
Contributions: Member	19,825	20,776	23,019	25,311
Gross Benefit Payments	(654,075)	(700,886)	(666,032)	(687,387)
Net Change in Commission's Total OPEB Liability	14,738,333	(2,075,664)	(4,769,177)	(1,662,405)
Commission's Total OPEB Liability (Beginning)	<u>22,832,374</u>	<u>24,908,038</u>	<u>29,677,215</u>	<u>31,339,620</u>
Commission's Total OPEB Liability (Ending)	<u>\$ 37,570,707</u>	<u>\$ 22,832,374</u>	<u>\$ 24,908,038</u>	<u>\$ 29,677,215</u>
Commission's Covered Employee Payroll	\$ 6,142,512	\$ 8,411,383	\$ 8,801,196	\$ 8,328,045
Commission's Net OPEB Liability as a Percentage of Payroll	612%	271%	283%	356%

Note - The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

* This schedule is presented to illustrate the requirement 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.

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

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**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
YEAR ENDED JUNE 30, 2021**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 5.60% as of June 30, 2019, to 5.40% as of June 30, 2020.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 6.28% as of June 30, 2019, to 7.00% as of June 30, 2020.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.50% as of June 30, 2019, to 2.21% as of June 30, 2020.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2021**

	McKinney-Vento Homeless Education	Coronavirus Relief Aid	COVID Relief Fund	I.D.E.A. - Part B
Revenues:				
Local Sources	-	-	\$ 272,788	\$ 1,288,028
Federal Sources	450,551	27,241	-	-
Total Revenues	450,551	27,241	272,788	1,288,028
Expenditures:				
Instruction:				
Salaries of Teachers	3,705	15,166	-	392,454
Other Salaries for Instruction	-	-	-	418,427
Purchased Professional - Educational Services	72,192	-	-	-
General Supplies	36,150	-	-	9,287
Textbooks	-	-	-	-
Total Instruction	112,047	15,166	-	820,168
Support Services:				
Salaries of Other Professional Staff	59,700	-	-	-
Salaries of Secretarial and Clergical Assistants	41,092	-	-	-
Personal Services - Employee Benefits	7,489	-	-	397,200
Purchased Educational Services	145,111	-	-	70,660
Transportation	78,977	-	-	-
Supplies and Materials	6,135	12,075	272,788	-
Total Support Services	338,504	12,075	272,788	467,860
Total Expenditures	450,551	27,241	272,788	1,288,028
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-
Fund Balance, July 1	-	-	-	-
Fund Balance, June 30	-	-	-	-

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2021

	New Jersey Non-public Textbook Aid	New Jersey Non-public Nurse Aid	New Jersey Non-public Security Aid
Revenues:			
Local Sources	\$ 454,319	\$ 838,091	\$ 1,373,676
Federal Sources	-	-	-
Total Revenues	454,319	838,091	1,373,676
Expenditures:			
Instruction:			
Salaries of Teachers	-	-	-
Other Salaries for Instruction	-	-	-
Purchased Professional - Educational Services	-	-	-
General Supplies	-	-	-
Textbooks	454,319	-	-
Total Instruction	454,319	-	-
Support Services:			
Salaries of Other Professional Staff	-	-	-
Salaries of Secretarial and Clerical Assistants	-	-	-
Personal Services - Employee Benefits	-	-	-
Purchased Educational Services	-	722,316	-
Transportation	-	-	-
Supplies and Materials	-	115,775	1,373,676
Total Support Services	-	838,091	1,373,676
Total Expenditures	454,319	838,091	1,373,676
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	-	-	-
Fund Balance, July 1	-	-	-
Fund Balance, June 30	-	-	-

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2021

	New Jersey Non-public Auxiliary Services Chapter 192		
	Compensatory Education	English as a Second Language	Home Instruction
Revenues:			
Local Sources	\$ 1,208,382	\$ 125,673	\$ 5,506
Federal Sources	-	-	-
Total Revenues	1,208,382	125,673	5,506
Expenditures:			
Instruction:			
Salaries of Teachers	754,398	124,279	1,793
Other Salaries for Instruction	-	-	-
Purchased Professional - Educational Services	-	-	3,713
General Supplies	4,295	1,394	-
Textbooks	-	-	-
Total Instruction	758,693	125,673	5,506
Support Services:			
Salaries of Other Professional Staff	-	-	-
Salaries of Secretarial and Clerical Assistants	-	-	-
Personal Services - Employee Benefits	449,689	-	-
Purchased Educational Services	-	-	-
Transportation	-	-	-
Supplies and Materials	-	-	-
Total Support Services	449,689	-	-
Total Expenditures	1,208,382	125,673	5,506
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	-	-	-
Fund Balance, July 1	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2021

	New Jersey Non-public Auxiliary Services Chapter 193				
	Supplementary Instruction	Examination and Classification	Corrective Speech	Totals	
Revenues:					
Local Sources	\$ 773,648	\$ 595,683	\$ 207,923	\$	7,143,717
Federal Sources	-	-	-	-	477,792
Total Revenues	773,648	595,683	207,923	7,621,509	
Expenditures:					
Instruction:					
Salaries of Teachers		-	-	-	1,291,795
Other Salaries for Instruction		-	-	-	418,427
Purchased Professional - Educational Services		-	-	-	75,905
General Supplies		-	-	-	51,126
Textbooks		-	-	-	454,319
Total Instruction	-	-	-	-	2,291,572
Support Services:					
Salaries of Other Professional Staff	645,705	-	-	-	705,405
Salaries of Secretarial and Clerical Assistants	-	-	-	-	41,092
Personal Services - Employee Benefits	127,943	-	-	-	982,321
Purchased Educational Services	-	595,683	207,923	-	1,741,693
Transportation	-	-	-	-	78,977
Supplies and Materials	-	-	-	-	1,780,449
Total Support Services	773,648	595,683	207,923	5,329,937	
Total Expenditures	773,648	595,683	207,923	7,621,509	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	-

F. Capital Projects Fund

Not Applicable

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H. Fiduciary Fund

Not Applicable

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I. Long-Term Debt

Not Applicable

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STATISTICAL SECTION (Unaudited)

Third Section

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Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance. The Exhibits are presented for the last ten fiscal years.

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MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental Activities:										
Net Investment in Capital Assets	\$ 6,012,903	\$ 6,216,993	\$ 6,390,848	\$ 6,555,841	\$ 6,598,874	\$ 6,693,335	\$ 6,780,041	\$ 5,804,922	\$ 5,952,522	\$ 6,065,693
Restricted	1,945	109,796	-	-	-	-	-	-	-	-
Unrestricted (Deficit)	(7,737,897)	(6,143,515)	(5,519,386)	(4,991,407)	(4,013,225)	(4,660,516)	(4,550,848)	2,466,308	3,152,093	3,427,538
Total Governmental Activities Net Position	\$ 183,274	\$ 871,462	\$ 1,564,434	\$ 1,569,658	\$ 2,585,649	\$ 2,032,819	\$ 2,229,193	\$ 8,271,230	\$ 9,104,615	\$ 9,493,231
Business-Type Activities:										
Net Investment in Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(10,519)	5,000	5,000	5,224	17,504	6,914	7,133	(77,238)	(378,349)	(581,071)
Total Business-Type Activities Net Position	\$ (10,519)	\$ 5,000	\$ 5,000	\$ 5,224	\$ 17,504	\$ 6,914	\$ 7,133	\$ (77,238)	\$ (378,349)	\$ (581,071)
Government-wide										
Net Investment in Capital Assets	\$ 6,012,903	\$ 6,216,993	\$ 6,390,848	\$ 6,555,841	\$ 6,598,874	\$ 6,693,335	\$ 6,780,041	\$ 5,804,922	\$ 5,952,522	\$ 6,065,693
Restricted	1,945	109,796	-	-	-	-	-	-	-	-
Unrestricted	(7,748,416)	(6,138,515)	(5,514,386)	(4,986,183)	(3,995,721)	(4,653,602)	(4,543,715)	2,389,070	2,773,744	2,846,467
Total District Net Position	\$ (1,733,568)	\$ 188,274	\$ 876,462	\$ 1,569,658	\$ 2,603,153	\$ 2,039,733	\$ 2,236,326	\$ 8,193,992	\$ 8,726,266	\$ 8,912,160

Source: CAFR Schedule A-1

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS

	FISCAL YEAR ENDED:									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses:										
Governmental Activities:										
Current:										
Regular Instruction	\$ 5,128,377	\$ 3,835,092	\$ 4,295,986	\$ 3,501,486	\$ 3,584,026	\$ 4,263,659	\$ 3,596,451	\$ 2,931,500	\$ 1,220,935	\$ 1,916,321
Special Schools Instruction	266,240	-	-	-	-	-	-	722,190	419,812	700,346
Other Special Instruction	1,666,264	-	-	-	-	-	-	1,567,359	1,319,349	2,753,927
Other Instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic School Programs	-	-	-	-	-	-	-	-	-	-
Support Services And Undistributed Costs:										
Student & Instruction Related Services	5,631,486	63,560	61,800	60,092	50,353	48,886	5,839	5,676,957	6,195,546	4,183,388
Attendance & Social Work Services	68,345	27,658	28,709	28,085	28,477	16,013	16,013	-	-	-
Health Services	27,658	3,116,998	3,552,821	4,014,189	3,942,945	3,062,042	3,840,300	-	-	-
Other Support Services	-	-	-	-	-	-	-	-	-	-
Educational Media Services	-	1,517	1,804	1,375	3,701	2,699	3,303	-	-	-
Instruction Staff Training	722,871	696,126	970,518	866,645	894,008	785,768	969,061	1,212,378	1,257,094	1,501,498
School Administrative Services	581,699	823,785	894,226	868,005	870,028	966,248	944,344	2,423,408	2,491,667	2,554,531
Central Services	1,373,148	997,377	986,245	947,468	1,002,528	831,416	865,487	-	-	-
General Administrative Services	386,335	-	-	-	-	-	-	-	-	-
Admin Info Technology	-	-	-	-	-	-	-	-	-	-
Allowed Maintenance For School Facilities	660,534	607,053	628,516	857,076	563,019	552,738	748,797	582,701	445,364	462,785
Other Operation & Maintenance Of Plant	-	29,247	49,728	72,830	41,640	41,860	70,815	-	-	-
Care & Upkeep Of Grounds	-	38,008,905	43,011,909	40,517,345	36,425,335	32,024,563	30,822,701	30,504,256	28,724,628	25,560,539
Pupil Transportation	27,824,593	6,403	-	-	-	-	-	-	-	-
Food Services	-	-	-	-	-	-	-	-	-	-
Business And Other Support Services	-	2,121,093	2,005,949	2,223,551	1,668,043	2,197,619	1,513,948	-	-	-
Unallocated Employee Benefits	-	478,500	543,237	621,684	533,260	534,046	440,618	-	-	-
Non-Budgeted Expenditure	-	129,482	141,880	148,863	182,699	236,362	242,791	316,788	274,926	256,880
Special Schools	150,505	-	-	-	-	-	-	-	-	-
Interest On Long-Term Debt	-	-	-	-	-	-	-	-	-	-
Amortization Of Bond Issuance Costs	-	-	-	-	-	-	-	-	-	-
Unallocated Depreciation	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	44,494,458	50,935,936	57,170,288	54,729,318	49,790,062	45,575,991	44,123,945	46,054,338	42,466,122	40,007,016
Business-Type Activities:										
Expenses:										
Adult School	15,519	-	-	-	-	-	-	-	-	-
Contracted Services	6,129,025	5,393,601	5,319,804	4,748,370	3,853,435	3,081,705	3,339,615	616,573	653,253	864,215
Total Business-Type Activities Expenses	6,144,544	5,393,601	5,319,804	4,748,370	3,853,435	3,081,705	3,339,615	616,573	653,253	864,215
Total Government-Wide Expenses	50,639,002	56,329,537	62,490,092	59,477,688	53,643,497	48,657,696	47,463,560	46,670,911	43,119,375	40,871,231
Program Revenues:										
Government Activities:										
Charges For Services:										
Instruction (Tuition)	\$ 7,827,091	\$ 2,030,847	\$ 1,668,874	\$ 2,074,120	\$ 2,606,267	\$ 2,897,257	\$ 2,400,701	\$ 4,934,634	\$ 4,148,294	\$ 3,844,414
Pupil Transportation	27,509,868	39,186,586	44,745,780	42,027,992	37,881,761	33,253,945	32,023,696	31,541,096	29,702,494	26,555,482
Operating Grants And Contributions	10,907,171	5,577,054,000	6,584,774,000	6,461,683,000	6,364,511,000	6,200,209,000	6,410,959,000	6,124,591,000	6,170,580	6,600,733
Total Governmental Activities Program Revenues	38,417,039	46,794,487	52,999,428	50,563,795	46,852,539	42,351,411	40,835,356	42,600,321	40,021,368	36,800,629
Business-Type Activities:										
Charges For Services:										
Contracted Services	7,827,091	7,575,051	7,598,095	6,658,966	5,328,694	4,230,114	4,615,448	904,860	847,824	897,618
Operating Grants And Contributions	-	-	-	-	-	-	-	9,011	-	1,971
Total Business-Type Activities Program Revenues	7,827,091	7,575,051	7,598,095	6,658,966	5,328,694	4,230,114	4,615,448	913,871	850,175	899,589
Total Government-Wide Program Revenues	46,244,130	54,369,538	60,597,523	57,222,761	52,194,672	46,601,819	45,468,720	43,514,192	40,871,543	37,700,218
Net (Expenses)/Revenues:										
Governmental Activities	\$ (6,077,419)	\$ (4,141,449)	\$ (4,170,860)	\$ (4,165,523)	\$ (2,937,523)	\$ (3,224,580)	\$ (3,288,589)	\$ (3,454,017)	\$ (2,444,754)	\$ (3,206,387)
Business-Type Activities	1,682,547	2,181,450	2,282,921	1,910,596	1,488,698	1,168,703	1,293,749	1,530,444	1,503,428	1,765,804
Total Government-Wide, Net (Expenses)/Revenues	\$ (4,394,872)	\$ (1,959,999)	\$ (3,942,569)	\$ (2,254,927)	\$ (1,448,825)	\$ (2,055,877)	\$ (1,994,840)	\$ (1,923,573)	\$ (941,326)	\$ (1,442,583)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
On-Behalf and TPAF Aid	477,792	478,500	543,217	621,684	533,260	534,046	440,618	530,057	708,083	741,319
Miscellaneous Income	524,551	793,311	656,136	599,748	1,478,985	1,025,238	384,006	2,094,388	1,353,856	2,149,750
Tuition Charges	1,462,845	-	-	-	300,000	-	2,411,215	-	-	48
Transfers From (To) Other Funds	1,703,964	2,181,450	2,278,515	1,922,876	1,478,108	1,168,922	892,167	(3,813)	(5,800)	(1,375)
Total Government Activities	4,169,152	3,453,261	3,477,888	3,144,308	3,490,353	3,028,206	4,128,006	2,620,632	2,056,139	2,889,742

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
 CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
 LAST TEN FISCAL YEARS

	FISCAL YEAR ENDED,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Business-Type Activities:										
Miscellaneous	\$ 5,898	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers From (To) Other Funds	(1,703,964)	(2,181,450)	(2,278,515)	(1,922,876)	(1,478,108)	(1,168,922)	(892,122)	3,813	5,800	1,375
Total Business-Type Activities	(1,698,066)	(2,181,450)	(2,278,515)	(1,922,876)	(1,478,108)	(1,168,922)	(892,122)	3,813	5,800	1,375
Total Government-Wide General Revenues and Other Changes in Net Position	\$ 2,471,086	\$ 1,271,811	\$ 1,199,373	\$ 1,221,432	\$ 2,012,245	\$ 1,859,284	\$ 3,235,884	\$ 2,624,445	\$ 2,061,939	\$ 2,891,117
Change in Net Position:										
Governmental Activities	\$ (1,908,267)	\$ (688,188)	\$ (692,972)	\$ (1,021,215)	\$ 552,830	\$ (196,374)	\$ 839,417	\$ (833,385)	\$ (388,615)	\$ (316,645)
Business-Type Activities	(15,519)	-	(224)	(12,280)	10,590	(219)	401,627	1,534,257	1,509,228	1,765,179
Total Government-Wide Change in Net Position	\$ (1,923,786)	\$ (688,188)	\$ (693,196)	\$ (1,033,495)	\$ 563,420	\$ (196,593)	\$ 1,241,044	\$ 700,872	\$ 1,120,613	\$ 1,448,534

Source: CAFR Schedule A-2

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund:										
Restricted	\$ 1,945	\$ 109,796	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned	352,708.00	-	-	-	-	-	-	-	-	-
Unreserved	2,991,217	3,960,938	3,942,138	3,991,956	4,194,863	3,380,292	2,917,389	2,162,391	2,372,380	2,847,027
Total General Fund	\$ 3,345,870	\$ 4,070,734	\$ 3,942,138	\$ 3,991,956	\$ 4,194,863	\$ 3,380,292	\$ 2,917,389	\$ 2,162,391	\$ 2,372,380	\$ 2,847,027

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)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues:										
Commission Charges	\$ 7,143,717	\$ 5,577,054	\$ 6,584,774	\$ 6,461,683	\$ 6,364,511	\$ 6,200,209	\$ 6,444,558	\$ 6,124,591	\$ 6,170,580	\$ 6,476,989
Transportation Fees	27,509,868	39,186,586	44,745,780	42,027,992	37,881,761	33,253,945	32,023,696	31,541,096	29,702,494	26,355,482
Tuition Charges	1,462,845	2,030,847	1,668,874	2,074,120	2,606,267	2,897,257	2,400,701	2,330,071	2,392,961	2,721,739
Interest Earnings	-	-	-	-	-	-	-	-	-	48
Interest Earned On Capital Reserve Funds	-	36,721	60,208	50,621	3,122	3,766	3,766	-	-	-
Miscellaneous	524,551	346,713	431,212	333,519	450,595	507,898	350,407	2,098,437	1,353,856	2,149,750
State Sources	1,390,873	478,500	543,237	621,684	533,260	534,046	440,618	530,057	708,083	863,162
Federal Sources	477,792	549,538	-	-	-	-	-	-	-	1,901
Total Revenues	38,509,646	48,205,959	54,034,085	51,569,619	47,839,516	43,397,121	41,659,980	42,624,252	40,327,974	38,569,071
Expenditures:										
Current:										
Regular Instruction	2,291,572	-	-	-	-	-	-	1,420,863	1,372,184	1,541,239
Special Education Instruction	118,934	3,835,092	4,295,986	3,501,486	3,584,026	4,263,659	3,596,451	510,105	325,296	495,484
Other Instruction	744,494	-	-	-	-	-	-	-	-	-
Nonpublic School Programs	-	-	-	-	-	-	-	-	-	-
Support Services And Undistributed Costs:										
Instruction	65,370	63,560	61,800	60,092	50,353	48,886	43,477	-	-	-
Attendance	26,433	27,201	25,669	28,709	28,477	28,085	16,013	-	-	-
Health Services	-	3,116,998	3,552,821	4,014,189	3,942,945	3,062,042	3,840,300	-	-	-
Other Support Services	-	1,517	1,804	1,375	3,701	2,699	3,303	-	-	-
Student & Inst. Related Services	5,388,275	-	-	-	-	-	-	2,558,359	4,642,045	2,975,093
General Administrative Services	1,313,833	696,126	970,518	866,645	894,008	785,768	969,061	1,682,297	1,748,197	1,816,238
School Administrative Services	691,726	823,785	894,226	868,005	870,028	866,248	944,344	767,800	806,783	1,003,405
Other Administrative	556,503	997,377	986,245	947,468	1,002,528	831,416	865,487	-	-	-
Information Technology	369,713	-	-	-	-	-	-	-	-	-
Allowed Maintenance For School Facilities	-	-	-	-	-	-	-	-	-	-
Other Operation & Maintenance Of Plant	417,601	342,644	397,181	378,248	316,728	327,671	355,288	543,938	414,512	433,527
Care & Upkeep Of Grounds	-	29,247	49,728	72,830	41,640	41,860	70,815	-	-	-
Security	-	49,953	44,742	44,525	44,462	43,116	86,737	-	-	-
Student Transportation Services	26,623,239	38,008,905	43,011,909	40,517,345	36,425,335	32,024,563	30,822,701	30,323,859	28,572,384	25,396,868
Food Services	6,403	-	-	-	-	-	-	-	-	-
Business And Other Support Services:										
Unallocated Employee Benefits	772,347	1,478,164	1,527,788	1,448,276	1,500,763	1,625,048	1,658,006	3,226,513	2,384,015	2,992,487
Non-Budgeted Expenditures	1,390,873	478,500	543,237	621,684	533,260	534,046	440,618	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	52,519	51
Transfer To Cover Deficit	-	-	-	40,681	26,971	874	-	-	-	-
Special Schools	144,031	129,482	141,880	148,863	182,699	236,362	242,791	197,319	174,444	170,316
Capital Outlay	19,071	40,601	21,600	382,403	108,501	99,301	247,133	84,377	41,003	28,488
Total Expenditures	40,940,418	50,119,152	56,527,134	53,942,824	49,556,425	44,821,644	44,208,364	42,882,789	40,957,242	38,816,973
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(2,430,772)	(1,913,193)	(2,493,049)	(2,383,205)	(1,716,909)	(1,524,523)	(2,548,384)	(258,537)	(629,268)	(247,902)
Other Financing Sources/(Uses):										
NJ Doe Audit Payable	-	-	-	-	-	-	-	-	160,421	-
Capital Leases (Non-Budgeted)	-	-	-	-	-	-	-	52,361	-	-
Transfers In	1,703,964	2,041,789	2,443,231	2,180,298	2,531,480	1,987,426	892,167	(3,813)	(5,800)	(1,375)
Transfers Out	-	-	-	-	-	-	2,411,215	(3,813)	(5,800)	(1,375)
Total Other Financing Sources (Uses)	1,703,964	2,041,789	2,443,231	2,180,298	2,531,480	1,987,426	3,303,382	48,548	154,621	(1,375)
Net Change In Fund Balances	\$ (726,808)	\$ 128,596	\$ (49,818)	\$ (202,907)	\$ 814,571	\$ 462,903	\$ 754,998	\$ (209,989)	\$ (474,647)	\$ (249,277)

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)**

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	PRIOR YEAR UNDER- EXPENDITURES	EARNINGS AND ADMINISTRATIVE FEES	TUITION CHARGES	SALE OF BUILDING AND/OR EQUIPMENT	RENT AND FACILITY USAGE FEES	MISCELLANEOUS	TOTAL
2021	\$ 8,453	\$ -	\$ 27,509,868	\$ 1,462,845	\$ -	\$ 317,051	\$ 203,322	\$ 29,501,539
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
Total	\$ 162,934	\$ 54,318	\$ 43,416,531	\$ 1,462,845	\$ 4,055	\$ 2,769,745	\$ 1,013,551	\$ 48,883,979

Source: Commission Records

Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

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**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
INSURANCE SCHEDULE
JUNE 30, 2021
UNAUDITED**

NEW JERSEY SCHOOL BOARDS ASSOCIATION

INSURANCE GROUP:	COVERAGE	DEDUCTIBLE
COMMERCIAL PACKAGE POLICY:		
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	-
Automotive	11,000,000	-
SCHOOL LEADERS' ERRORS AND OMISSIONS:		
Coverage A	1,000,000	15,000
Coverage B	100,000 / 300,000	15,000
SURETY BONDS:		
School Business Administrator/Board Secretary	300,000	1,000
WORKER'S COMPENSATION AND EMPLOYERS' LIABILITY:		
Pro	9,544,740	-
Non-pro	97,670	-

Source: Commission Records

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SINGLE AUDIT SECTION

Fourth Section

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Certified Public Accountants + Advisors

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EXHIBIT 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

Honorable President and Members
of the Board of Education
Monmouth-Ocean Educational Services Commission
County of Monmouth
Tinton Falls, New Jersey 07712

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, each major fund and the aggregate remaining fund information of the Monmouth-Ocean Educational Services Commission (hereafter referred to as the Commission) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated March 15, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Findings 2021-001 and 2021-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, which are described in the accompanying schedule of findings and questions costs as Findings 2021-001 and 2021-002.

The Monmouth-Ocean Educational Services Commission's Response to Findings

The Monmouth-Ocean Educational Services Commission's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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, and federal and state awarding agencies and pass-through entities, in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty
Certified Public Accountant
Public School Accountant, No. 2470

Lakewood, New Jersey
March 15, 2022



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EXHIBIT K-2

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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 07712

Report on Compliance for Each Major State Program

We have audited the Monmouth-Ocean Educational Services Commission's compliance with the types of compliance requirements described in the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Commission's major state programs for the fiscal year ended June 30, 2021. The 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Monmouth-Ocean Educational Services Commission's major 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; New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards and New Jersey OMB's 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 state program occurred. An audit includes examining, on a test basis, evidence about the 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 federal and state program. However, our audit does not provide a legal determination of the Commission's compliance.

Opinion on Each Major State Program

In our opinion, the 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, 2021.

Report on Internal Control Over Compliance

Management of the 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 the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB's Circular 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 the 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 or 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 or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.

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 New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty
Certified Public Accountant
Public School Accountant, No. 2470

Lakewood, New Jersey
March 15, 2022

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL FAIN NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2020	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	(ACCOUNTS RECEIVABLE)	BALANCE, JUNE 30, 2021	DUE TO GRANTOR
U.S. Department of Education Passed Through New Jersey Department of Education: McKinney-Vento Education for Homeless Children and Youth	84.196	N/A	100-034-5064-088	\$ 492,690	7/1/20-6/30/21	\$ (452,744)	\$ 617,799	\$ (450,551)	\$ -	\$ (285,496)	\$ -	\$ -
Total U.S. Department of Education						(452,744)	617,799	(450,551)	-	(285,496)	-	-
U.S. Department of the Treasury Passed Through the County of Monmouth: Coronavirus Relief Aid	21.019	N/A	N/A	27,241	3/1/20-12/30/20	\$ -	\$ 4,637	\$ (27,241)	\$ -	\$ (22,604)	\$ -	\$ -
Total U.S. Department of the Treasury						-	4,637	(27,241)	-	(22,604)	-	-
Total Expenditures of Federal Awards						\$ (452,744)	\$ 622,436	\$ (477,792)	\$ -	\$ (308,100)	\$ -	\$ -

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

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

STATE GRANTOR/PROGRAM TITLE OR CLUSTER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2020	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2021	MEMO	
									BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
New Jersey Department of Education:										
General Fund:										
Reimbursed TPAF Social Security Contributions	495-034-5094-003	\$ 221,443	7/1/19-6/30/20	\$ (10,081)	10,081	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursed TPAF Social Security Contributions	495-034-5094-003	217,220	7/1/20-6/30/21	-	217,220	(217,220)	-	-	-	217,220
TPAF - Pension Contributions (Noncash Assistance)	495-034-5094-002	893,397	7/1/20-6/30/21	-	893,397	(893,397)	-	-	-	893,397
TPAF - Long-Term Disability Insurance (Noncash Assistance)	495-034-5094-004	279	7/1/20-6/30/21	-	279	(279)	-	-	-	279
TPAF - Post Retirement Medical (Noncash Assistance)	495-034-5095-001	279,977	7/1/20-6/30/21	-	279,977	(279,977)	-	-	-	279,977
Total General Fund				(10,081)	1,400,954	(1,390,873)	-	-	-	1,390,873
Total New Jersey Department of Education				(10,081)	1,400,954	(1,390,873)	-	-	-	1,390,873
Total State Financial Assistance				(10,081)	1,400,954	(1,390,873)	-	-	-	1,390,873
State Financial Assistance Programs not subject to Calculation for Major Program Determination:										
TPAF - Pension Contributions (Noncash Assistance)	495-034-5094-002	\$ 893,397	7/1/20-6/30/21			\$ 893,397				
TPAF - Long-Term Disability Insurance (Noncash Assistance)	495-034-5094-004	279	7/1/20-6/30/21			279				
TPAF - Post Retirement Medical (Noncash Assistance)	495-034-5095-001	279,977	7/1/20-6/30/21			279,977				
Total State Financial Assistance subject to Calculation for Major Program Determination						<u>\$ (217,220)</u>				

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

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2021

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Central Regional School District (School District). The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of *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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as Teacher's Pension and Annuity Fund (TPAF) Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2021. 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, 2021.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2021 (Continued)

Note 3. Relationship to Basic Financial Statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$139,995 for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 1,390,873	\$ 1,390,873
Special Revenue Fund	477,792	-	477,792
Total Awards & Financial Assistance	<u>\$ 477,792</u>	<u>\$ 1,390,873</u>	<u>\$ 1,868,665</u>

Note 4. Relationship to Federal and State Financial Reports

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

Note 5. Federal and State Loans Outstanding

At June 30, 2021, the School District is not the guarantor of any loans outstanding.

**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	<u>Unmodified</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified?	<u> X </u> Yes	<u> </u> No
2) Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> No
Noncompliance material to financial statements Noted?	<u> X </u> Yes	<u> </u> None reported

Federal Awards - Section Not Applicable

Internal control over major programs:		
1) Material weakness(es) identified?	<u> </u> Yes	<u> </u> No
2) Significant deficiency(ies) identified?	<u> </u> Yes	<u> </u> No

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of Uniform Guidance?	<u> </u> Yes	<u> </u> No
---	--------------	-------------

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dollar threshold used to determine Type A programs _____

Auditee qualified as low-risk auditee?	<u> </u> Yes	<u> </u> No
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**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

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

State Financial Assistance

Dollar threshold used to determine Type A programs	\$	<u>750,000</u>
Auditee qualified as low-risk auditee?	<u>X</u> Yes	_____ No
Internal control over major programs:		
1) Material weakness(es) identified?	_____ Yes	<u>X</u> No
2) Significant deficiency(ies) identified?	_____ Yes	<u>X</u> No
Type of auditor's report issued on compliance for major programs		<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with New Jersey OMB's Circular 15-08?	_____ Yes	<u>X</u> No

Identification of major programs:

State Grant/Project Number(s)

495-034-5094-003

Name of State Program

Reimbursed TPAF Social Security Contributions

**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
SCHEDULE OF FINDINGS & QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

Finding 2021-001:

Criteria or Specific Requirement:

N.J.A.C. 6A:23A-6.4 requires that the Commission's internal control policies promote operational efficiency and effectiveness, provide reliable financial information, safeguard assets and records, encourage adherence to prescribed policies and comply with laws and regulations.

Condition:

During our audit we noted that the Commission is not maintaining a complete and accurate general ledger in accordance with accounting principles generally accepted in the United States of America.

Context:

Numerous entries were required to bring the Commission's general ledger into compliance at year-end including misposting of cash disbursements and cancellation of open purchase orders.

Cause:

Lack of oversight over the financial reporting process.

Effect or Potential Effect:

Failure to maintain a complete and accurate general ledger led to inaccurate financial reporting.

Recommendation:

That the Commission implement internal controls to ensure that a complete and accurate general ledger is maintained and financial reports are reviewed regularly for accuracy.

View of Responsible Officials & Planned Corrective Actions:

The Commission will address this finding in the Corrective Action Plan.

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
SCHEDULE OF FINDINGS & QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

Section II - Financial Statement Findings

Finding 2021-002:

Criteria or Specific Requirement:

As a function of effective internal controls, an accurate general ledger should be maintained and cash accounts should be reconciled in accordance with N.J.S.A. 18A:17-9.

Condition:

During our testing it was noted the bank reconciliations were not accurately performed.

Context:

Numerous adjustments were required to correct errors in the Commission's bank reconciliations, including disbursements made subsequent to year end posted to the current year and outstanding reconciling items that are more than a year old.

Cause:

The Commission did not properly record activity and failed to monitor cash balances.

Effect or Potential Effect:

Misstatement of cash and potentially over-expending bank accounts.

Recommendation:

That bank reconciliations be completed accurately and timely.

View of Responsible Officials & Planned Corrective Actions:

The Commission will address this finding in the Corrective Action Plan.

**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
SCHEDULE OF FINDINGS & QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section III - Federal Awards & State Financial Assistance Findings & Questioned Costs

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS - SECTION NOT APPLICABLE

STATE FINANCIAL ASSISTANCE

No Current Year Findings

**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
YEAR ENDED JUNE 30, 2021**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with Government Auditing Standards, *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards (Uniform Guidance)*, and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards - Section Not Applicable

State Financial Assistance

No Prior Year Findings.