TOWNSHIP OF OCEAN SCHOOL DISTRICT

TOWNSHIP OF OCEAN
BOARD OF EDUCATION
OAKHURST, NEW JERSEY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

TOWNSHIP OF OCEAN SCHOOL DISTRICT

OAKHURST, NEW JERSEY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2011

Prepared by
Township of Ocean Board of Education
Finance Department

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF OCEAN BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

TABLE OF CONTENTS

PAGE

INTRODUCTORY SECTION

Letter of Transmittal ..... 1 – 5
Organizational Chart 6
Roster of Officials 7
Consultants and Advisors 8
Certificate of Excellence 9

FINANCIAL SECTION

Independent Auditor's Report ..... 10 – 11

Required Supplementary Information – Part I
Management's Discussion and Analysis ..... 12 - 21

Basic Financial Statements

A. District-wide Financial Statements:

A-1 Statement of Net Assets 22
A-2 Statement of Activities 23

B. Fund Financial Statements:

Governmental Funds:
B-1 Balance Sheet 24
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances 25
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 26

Proprietary Funds:
B-4 Statement of Fund Net Assets 27
B-5 Statement of Revenues, Expenses and Changes in Fund Net Assets 28
B-6 Statement of Cash Flows 29

Fiduciary Funds:
B-7 Statement of Fiduciary Net Assets 30
B-8 Statement of Changes in Fiduciary Net Assets 31

Notes to the Basic Financial Statements ..... 32 – 51

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF OCEAN BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

TABLE OF CONTENTS (CONTINUED)

PAGE

FINANCIAL SECTION (Continued)

Required Supplementary Information – Part II

C. Budgetary Comparison Schedules:

C-1 Budgetary Comparison Schedule – General Fund ..... 52 – 59
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual ..... N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund 60

Notes to the Required Supplementary Information

C-3 Budget-to-GAAP Reconciliation 61

Other Supplementary Information

D. School Level Schedules:

D-1 Combining Balance Sheet ..... N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type - Actual ..... N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual ..... N/A

E. Special Revenue Fund:

E-1-1b Combining Schedule of Revenues and Expenditures, Special Revenue Fund – Budgetary Basis ..... 62 - 64
E-2 Demonstrably Effective Program Aid Schedule of Expenditures – Budgetary Basis ..... N/A
E-3 Early Childhood Program Aid Schedule of Expenditures – Budgetary Basis ..... N/A
E-4 Distance Learning Network Aid Schedule of Expenditures – Budgetary Basis ..... N/A
E-5 Instructional Supplement Aid Schedule of Expenditures – Budgetary Basis ..... N/A

F. Capital Projects Fund:

F-1 Summary Schedule of Project Expenditures 65
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis 66
F-2a Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis 67

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF OCEAN BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

TABLE OF CONTENTS (CONTINUED)

PAGE

FINANCIAL SECTION (Continued)

G. Proprietary Funds:

Enterprise Fund:

G-1	Combining Statement of Net Assets	N/A
G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	N/A
G-3	Combining Statement of Cash Flows	N/A

Internal Service Fund:

G-4	Combining Statement of Net Assets	N/A
G-5	Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	N/A
G-6	Combining Statement of Cash Flows	N/A

H. Fiduciary Funds:

H-1	Combining Statement of Fiduciary Net Assets	68
H-2	Combining Statement of Changes in Fiduciary Net Assets	69
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	70
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	71

I. Long-Term Debt:

I-1	Schedule of Serial Bonds	72
I-2	Schedule of Obligations under Capital Lease	73
I-3	Debt Service Fund Budgetary Comparison Schedule	74

STATISTICAL SECTION (UNAUDITED)

J-1	Net Assets by Component	75
J-2	Changes in Net Assets	76 - 77
J-3	Fund Balances – Governmental Funds	78
J-4	Changes in Fund Balances – Governmental Funds	79 - 80
J-5	General Fund – Other Local Revenue by Source	81
J-6	Assessed Value and Actual Value of Taxable Property – Township of Ocean	82
J-6a	Assessed Value and Actual Value of Taxable Property - Village of Loch Arbour	83
J-7	Direct and Overlapping Property Tax Rates	84
J-8	Principal Property Taxpayers – Township of Ocean	85
J-8a	Principal Property Taxpayers – Village of Loch Arbour	86
J-9	Property Tax Levies and Collections	87
J-10	Ratios of Outstanding Debt by Type	88

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF OCEAN BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

TABLE OF CONTENTS (CONTINUED)

PAGE

STATISTICAL SECTION (UNAUDITED) (Continued)

J-11	Ratios of Net General Bonded Debt Outstanding	89
J-12	Direct and Overlapping Governmental Activities Debt	90
J-13	Legal Debt Margin Information	91
J-14	Demographic and Economic Statistics	92
J-15	Principal Employers	93
J-16	Full-Time Equivalent District Employees by Function/Program	94
J-17	Operating Statistics	95
J-18	School Building Information	96
J-19	Schedule of Required Maintenance by School Facility	97
J-20	Insurance Schedule	98 - 99

SINGLE AUDIT SECTION

K-1	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*	100 - 101
K-2	Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04	102 - 103
K-3	Schedule of Expenditures of Federal Awards, Schedule A	104
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	105 - 106
K-5	Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	107 - 108
K-6	Schedule of Findings and Questioned Costs	
	Part I – Summary of Auditor's Results	109 - 110
	Part II – Schedule of Financial Statement Findings	111
	Part III – Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs	112
K-7	Summary Schedule of Prior Audit Findings	113

INTRODUCTORY SECTION

TOWNSHIP OF OCEAN SCHOOL DISTRICT

KENNETH JANNARONE

SCHOOL BUSINESS ADMINISTRATOR

November 8, 2011

Honorable President and
Members of the Board of Education
Township of Ocean School District
Monmouth County
Oakhurst, New Jersey

Dear Board Members:

The comprehensive annual financial report (CAFR) of the Township of Ocean School District (District) for the fiscal year ended June 30, 2011, is hereby submitted. This CAFR includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards, Board 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 Education (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 District. All disclosures necessary to enable the reader to gain an understanding of the District'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, Certificate of Excellence Award, the Districts organizational chart and a list of principal officials. The financial section includes Management's Discussion and Analysis, the Basic Financial Statements and notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information, as well as the auditor's report hereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis, as the information was available to us. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996, as amended, and the U.S. Office of Management and Budget Circular Letter A-133 "Audits of States, Local Governments, and Non-Profit Organizations", and New Jersey OMB's Circular 04-04, "Single audit policy for recipients of Federal Grants, State Grants, and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

163 MONMOUTH ROAD, OAKHURST, N.J. 07755 • (732) 531-5600 EXT 3100 • FAX (732) 531-3874 • EMAIL: KJANNARONE@OCEAN.K12.NJ.US

1) REPORTING ENTITY AND ITS SERVICES: Township of Ocean School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds of the District are included in this report. The Township of Ocean Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2010-2011 fiscal year with an enrollment of 4,010 students, which is 96 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years.

**Note: Below enrollments do not include 'out of district' tuition students.*

ACTUAL STUDENT ENROLLMENT

Fiscal Year	Student Enrollment	Percent Change
2010-2011	4,010	<2.34>%
2009-2010	4,106	<1.53>%
2008-2009	4,170	<1.49>%
2007-2008	4,233	<2.44>%
2006-2007	4,339	

PROJECTED STUDENT ENROLLMENT

Fiscal Year	Student Enrollment	Percent Change
2011-2012	3,937	<1.82>%
2012-2013	3,880	<1.45>%
2013-2014	3,841	<1.01>%
2014-2015	3,775	<1.72>%
2015-2016	3,707	<1.80>%

2) ECONOMIC CONDITION AND OUTLOOK: Housing in Ocean Township has been affected by the economy and the conversion of former year round residences to summer living and winter rentals. The real estate market continues to be depressed as there are many more homes for sale in Ocean Township than ever before. Though the average price of homes has come down there are fewer homes being sold. Additionally there are an ever increasing number of homes that are used for summer living only resulting in a student enrollment decrease.

.

3) MAJOR INITIATIVES: The Township of Ocean Schools continues to meet the educational needs of all students. Our technology initiatives have progressed incrementally with our teacher laptop distribution now completed, K-12. Smartboards, Elmos, and data projectors continue to be added to classrooms, computer labs, and school libraries. The high school science wing will have all computers replaced in 2011-2012. Also the district is moving toward a high school scheduling redesign toward a 21st century school model.

4) FACILITIES: The Township of Ocean School District operates out of 6 buildings as follows:

Building	Address	Year Built	Approximate Square Footage
Ocean Twp. High School	550 West Avenue	1964	200,215
Twp. of Ocean Intermediate School	1200 West Park Ave	1974	257,400
Wayside Elementary School	733 Bowne Road	1969	147,375
Ocean Twp. Elementary School	555 Dow Avenue	1957	76,160
Wanamassa Elementary School	901 Bendermere Ave	1930	59,580
Administration Office Bldg.	163 Monmouth Road	1900	46,850

All buildings, though aging, have been well maintained. The last major referendum was in 2007 for 6.1 million dollars. This energy referendum addressed many of the mechanical systems in each school building.

5) INTERNAL ACCOUNTING CONTROLS: Management of the Township of Ocean School District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control

structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

6) BUDGETARY CONTROLS: In addition to internal accounting controls, the District 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 voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service 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 reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balances at June 30, 2011.

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

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

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

10) OTHER INFORMATION: **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board

selected the accounting firm of Paduano, DiTomasso, and Golda, LLC. In addition to meeting the requirements of the Single Audit Act of 1996, as amended, and the related OMB Circular A-133 and New Jersey OMB's Circular 04-04. The auditor's report on the general-purpose 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. The district received the Association of School Business Officials International (ASBO) Certificate of Excellence in financial reporting award. This award was for the district Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010

11) ACKNOWLEDGEMENTS:

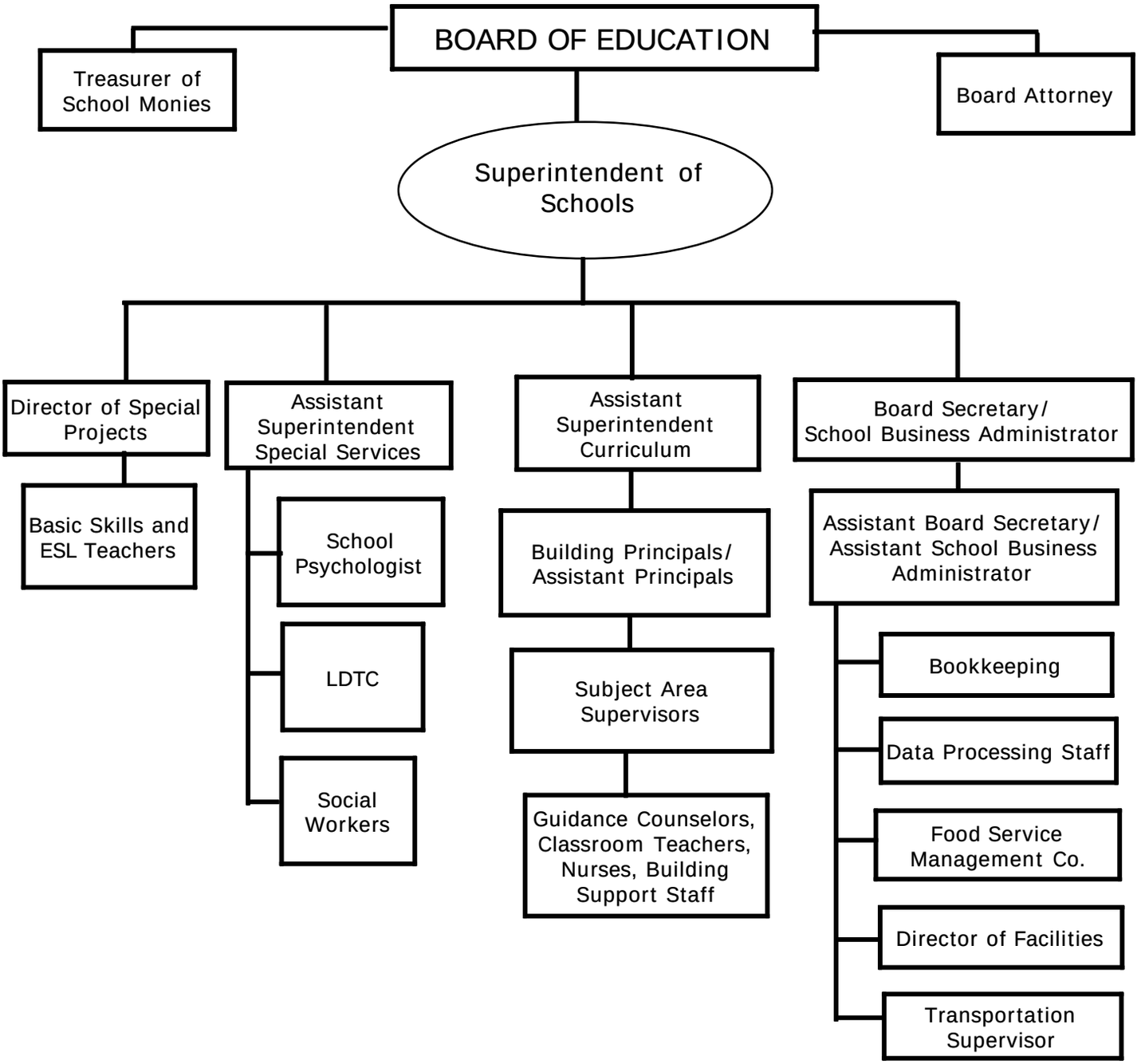
We would like to express our appreciation to the members of the Township of Ocean School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

John Lysko
Superintendent of Schools

Kenneth Jannarone
School Business Administrator/
Board Secretary

Township of Ocean School District
Organizational Chart
June 30, 2011



TOWNSHIP OF OCEAN BOARD OF EDUCATION
OAKHURST, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2011

Members of the Board of Education	**Term Expires**
Denise Parlamas, President	2012
Sean P. Moore, Vice President	2013
Robert V. Acerra, Sr.	2014
Joseph Hadden	2014
Richard H. Long	2014
Angela Finch	2013
Sylvia A. Sylvia	2013
Michael Beson	2012
Anne Marie Sparaco	2012

Gianna Kinhofer – Student Representative

Eric Musto – Student Representative

Other Officials

John Lysko, Superintendent

Kenneth Jannarone, Board Secretary/School Business Administrator

George Stone, Assistant School Business Administrator

Stephen Gallagher, Treasurer

Michael J. Gross, Esq., Board Attorney

Nathanya G. Simon, Esq., Special Counsel for Special Education

TOWNSHIP OF OCEAN BOARD OF EDUCATION
OAKHURST, NEW JERSEY

CONSULTANTS AND ADVISORS
JUNE 30, 2011

Board Attorney

Kenny, Gross, Kovats, Campbell & Pruchnik
Attorneys at Law
130 Maple Avenue
Red Bank, NJ 07701

Board Auditor

Paduano, DiTommaso & Golda, LLC
220 Monmouth Road
PO Box 206
Oakhurst, NJ 07755

Official Depository

Sovereign Bank
Monmouth Road
Oakhurst, NJ 07755

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

This Certificate of Excellence in Financial Reporting is presented to

TOWNSHIP OF OCEAN SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2010

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

FINANCIAL SECTION

PADUANO,
DITOMMASO
& GOLDA, LLC

Certified Public Accountants and Consultants

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Township of Ocean School District
County of Monmouth
Oakhurst, New Jersey 07755

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 Board of Education of the Township of Ocean School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Ocean Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2011 on our consideration of the Township of Ocean Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

PO Box 206, 220 Monmouth Road, Oakhurst, NJ 07755
732-531-4100 • Fax 732-531-4130 • www.pdgcpa.com

The Management's Discussion and Analysis and Budgetary Comparison Schedule as detailed on the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Paduano, DiTommaso & Golda, LLC

Laura A. DiTommaso

Paduano, DiTommaso & Golda, LLC
October 13, 2011

Certified Public Accountant
Licensed Public School Accountant #CS00164

REQUIRED SUPPLEMENTARY INFORMATION

PART I

The management's discussion and analysis of the Township of Ocean School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic annual financial statements and notes to enhance their understanding of the School District's financial performance. Certain comparative information between the current fiscal year (2010-2011) and the prior fiscal year (2009-2010) is presented in the Management's Discussion and Analysis.

Financial Highlights

Key financial highlights for 2011 are as follows:

- In total, net assets increased $2,428,415, which represents a 13 percent increase from 2010.
- General revenues accounted for $65,033,987 in revenue or 88 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for $8,966,009 or 12 percent of total revenues of $73,999,996.
- Total assets of governmental activities decreased by $51,516 as cash and cash equivalents increased by $1,518,981, receivables decreased by $223,762 and net capital assets decreased by $1,346,735. The decrease in net capital assets represents depreciation expense and the result of no material additions as there were no major capital projects completed in the fiscal year.
- The School District had $71,571,581 in expenses; only $8,966,009 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of $65,033,987 were adequate to provide for these programs.
- Among major funds, the General Fund had $66,416,204 in revenues and $64,343,107 in expenditures. The General Fund's balance increased $2,021,082 from 2010.
- Fund Balance for the General Fund as of the fiscal year end was $5,530,986. The undesignated portion of surplus was $3,145,313. Based on our calculation of excess surplus, the maximum of undesignated fund balance (2%) is $1,301,365. The excess $1,843,948 must be utilized for tax relief in the succeeding year's budget.
- The revenues for operating grants and contributions were recorded as an offset to expenses in this current year rather than as a general revenue on Schedule A-2.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District reports two types of activities:

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

- Business-type activities - This service is provided on a charge for goods or services basis to recover the expense of the goods or services provided. The Food Service fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 24. Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

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

Proprietary Funds

Proprietary funds include enterprise funds and fiduciary funds. The enterprise fund uses the same basis of accounting as business-type activities. Our School District uses the enterprise fund to report the Board's cafeteria operations. Fiduciary funds are used to account for assets held by the School District on behalf of others and include the Student Activities Fund, Payroll and Agency Funds, and the Unemployment Trust Fund.

Long Term Debt

A separate section is used to account for all Long Term Debt including detail of serial bonds payable and Obligations under Capital Leases.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 32 to 51 of this report.

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Net assets may serve over time as a useful indicator of a government's financial position.

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

Table 1 provides a summary of the School District's net assets for 2011 and 2010.

Table 1
Net Assets

	Governmental Activities		Business-type Activities	
	2011	2010	2011	2010
Assets				
Current and other assets	$ 7,024,742	$ 5,729,523	$ 411,127	$ 231,540
Capital assets	39,175,230	40,521,965	64,236	77,390
Total Assets	46,199,972	46,251,488	475,363	308,930
Liabilities				
Long-term liabilities	19,745,997	22,266,443	-	-
Current portion of long-term debt	2,879,755	2,731,993	-	-
Other liabilities	2,475,753	2,563,008	385,442	239,001
Total Liabilities	25,101,505	27,561,444	385,442	239,001
Net Assets				
Invested in capital assets, net of debt	18,865,230	17,705,236	64,236	77,390
Restricted	5,283,098	3,534,807	-	-
Unrestricted	(3,049,861)	(2,549,999)	25,685	(7,461)
Total Net Assets	$ 21,098,467	$ 18,690,044	$ 89,921	$ 69,929

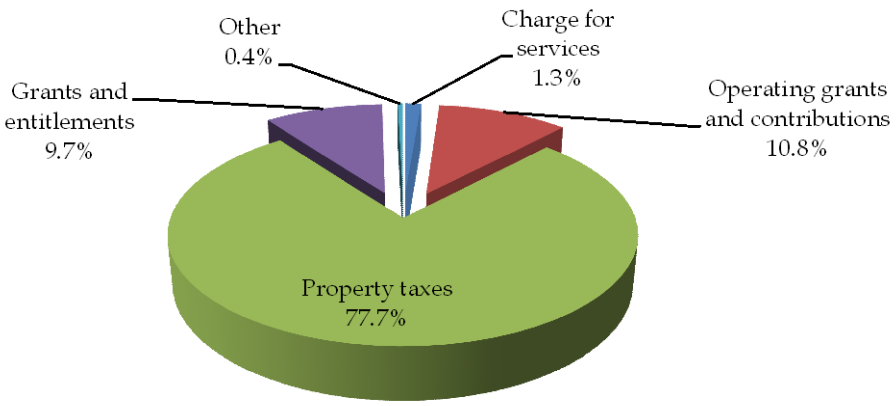
The District's combined net assets of $21,188,388 on June 30, 2011 results in an increase of 13 percent from the prior year.

Table 2 shows the changes in net assets for fiscal year 2011 and 2010.

Table 2
Change In Net Assets

	Governmental Activities		Business-type Activities	
	2011	2010	2011	2010
Revenues				
Program revenues:				
Charge for services	$ 283,329	$ 252,369	$ 689,179	$ 710,072
Operating grants and contributions	7,569,905	7,219,481	423,596	391,510
General revenues:				
Property taxes	57,526,735	55,163,243	-	-
Grants and entitlements	7,204,310	8,105,252	-	-
Other	202,942	110,705	100,000	-
Total revenues	72,787,221	70,851,050	1,212,775	1,101,582
Program Expenses				
Instruction	40,147,603	41,074,186	-	-
Support services:				
Pupils and instructional staff	12,244,979	11,769,167	-	-
General and school administration and business services	5,418,202	6,074,049	-	-
Operations and maintenance of facilities	7,004,447	6,924,274	-	-
Pupil transportation	3,908,346	3,918,662	-	-
Interest on debt	1,460,077	1,007,071	-	-
Food service	-	-	1,192,783	1,141,723
Other	195,144	245,499	-	-
Total expenses	70,378,798	71,012,908	1,192,783	1,141,723
Increase (decrease) in Net Assets	$ 2,408,423	$ (161,858)	$ 19,992	$ (40,141)
Net Assets - beginning	18,690,044	18,851,902	69,929	110,070
Net Assets - ending	$ 21,098,467	$ 18,690,044	$ 89,921	$ 69,929

SOURCES OF REVENUES FOR FISCAL YEAR 2011

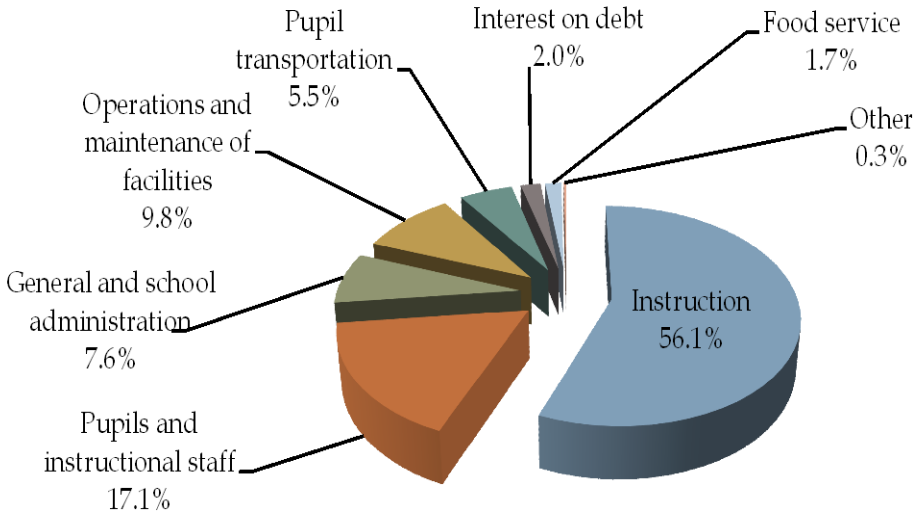


Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the School District operations. Property taxes made up 78 percent of revenues for governmental activities for the Township of Ocean School District for fiscal year 2011 and 77 percent for fiscal year 2010. Property tax revenues increased by $2,363,492, which is a 4 percent increase over the prior year. The increase was needed to fund the additional expenditures associated with higher operating costs and a decrease in state aid. Federal and state grants accounted for another 11 percent of revenues.

Total expenses for the fiscal year were $71,571,581.

EXPENSES FOR THE FISCAL YEAR 2011



Program expenses include instruction that comprises 56 percent of total expenses. Support services comprise 40 percent of total expenses.

Business-type Activities are included above. Revenues for the Food Service Fund totaled $1,112,775 which were comprised of charges for services in the amount of $689,179 and federal and state reimbursements in the amount of $423,596. Total operating expenses totaled $1,192,783.

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

Table 3

	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
Instruction	$ 40,147,603	$ 34,720,068	$ 41,074,186	$ 35,949,466
Support services:				
Pupils and instructional staff	12,244,979	11,148,713	11,769,167	10,717,323
General and school administration and business services	5,418,202	4,919,390	6,074,049	5,543,038
Operations and maintenance of facilities	7,004,447	6,527,355	6,924,274	6,503,197
Pupil transportation	3,908,346	3,760,686	3,918,662	3,793,842
Interest and fiscal charges	1,460,077	1,273,808	1,007,071	788,693
Other	195,144	175,544	245,499	245,499
Total expenses	$ 70,378,798	$ 62,525,564	$ 71,012,908	$ 63,541,058

- Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.
- Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.
- General administration, school administration and business include expenses associated with administrative and financial supervision of the district.
- Operations and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.
- Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.
- Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.
- Other includes special schools.

The dependence upon tax revenues is apparent. Over 99 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 99.9 percent. The community, as a whole, is the primary support for the Township of Ocean School District.

The School District's Funds

Information about the School District's governmental funds starts on page 24. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $72,748,405 and expenditures of $70,800,002. The net change in fund balance for the year was most significant in the General Fund, a decrease of $2,021,082. As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

As the graph and table below illustrates, the largest portion of General fund expenditures is for salaries. The district is a service entity and as such is labor intensive.

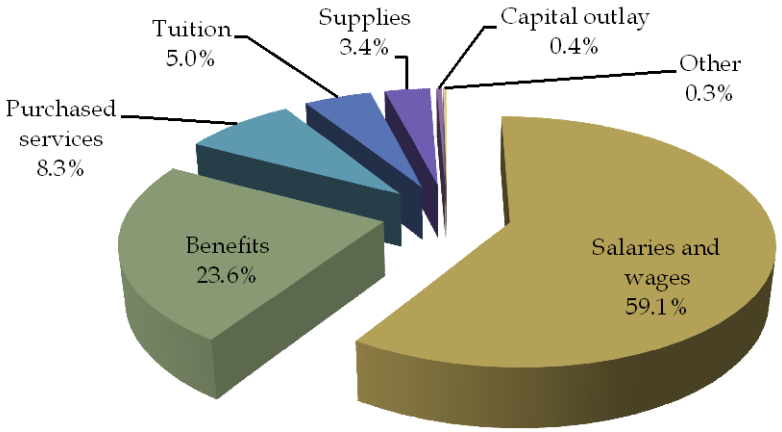


Table 4
Expenditures by Object for the Fiscal Year Ended June 30,

	2011	2010	% Change
Salaries and wages	$ 38,042,075	$ 39,896,595	-4.65%
Benefits	15,192,995	15,146,095	0.31%
Purchased services	5,317,554	5,475,695	-2.89%
Tuition	3,205,753	2,936,248	9.18%
Supplies	2,165,587	2,484,521	-12.84%
Capital outlay	251,967	533,548	-52.78%
Special Revenue fund	3,027,878	2,699,322	12.17%
Capital Projects fund	86,685	481,500	-82.00%
Debt Service fund	3,342,332	3,442,430	-2.91%
Other	167,176	151,823	10.11%
Total	$ 70,800,002	$ 73,247,777	-3.34%

Expenditures are down $2,447,775 or 3.34 percent from the prior year mostly due to budget cuts made as state aid revenue was cut.

General Fund Budgeting Highlights

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

During the course of the fiscal 2011 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Revisions in the budget were made to recognize revenues and expenditures that were not anticipated and to prevent over expenditures in specific expense accounts. Significant revisions are noted below.

- Salaries overall were reduced as many positions were eliminated due to the decrease in state aid.
- Capital outlay was increased during the year due to various projects that were needed that were not originally budgeted.
- Transfers to other funds was increased due to a significant loss in the food service fund that was not anticipated.
- Various Instructional Aide salary lines were adjusted due to employee movement.

Capital Assets

At the end of the fiscal year 2011, the School District had $39,175,230 invested in land, buildings, furniture and equipment, and vehicles. Table 5 shows fiscal 2011 balances compared to 2010.

Table 5
Capital Assets (Net of Depreciation) at June 30,

	2011	2010
Governmental Activities		
Land	$ 984,968	$ 984,968
Site improvements	1,910,696	1,910,696
Buildings and improvements	33,634,899	34,707,088
Machinery and equipment	2,644,667	2,919,213
	$ 39,175,230	$ 40,521,965

Capital assets decreased $1,346,735 from fiscal year 2010 to fiscal year 2011. The decrease in capital assets is due to depreciation expense. For more detailed information, please refer to the Notes to Financial Statements.

Debt Administration

At June 30, 2011, the School District had $22,625,752 as outstanding debt. Of this amount $2,315,752 is for compensated absences, and the balance of $20,310,000 is for bonds for school construction.

At June 30, 2011, the School District's overall legal debt margin was over $180 million. For more detailed information, please refer to the Notes to Financial Statements.

For the Future

The Township of Ocean School District is in very good financial condition presently. There are no major concerns other than budgeting limits with S1701 and the increased reliance on local property taxes. However, future finances are not without challenges as the community continues to grow and state funding is decreased.

The Township of Ocean School District's budget for 2011-2012 was passed by the voters. The contributing factors are thought to be the small tax rate increase and the addition of state aid that was taken away in the previous year.

The Township of Ocean is primarily a residential community, with very few ratables; thus the burden is focused on homeowners to foot the tax burden.

The labor agreement for teachers, administrators, and several other employee groups has been negotiated through June 30, 2011. Each year of this contract will have an impact on the District's future operating budgets.

The School District routinely monitors the rules and regulations of the No Child Left Behind federal legislation to assess and ensure financial compliance.

The School District had approved and completed two capital improvement projects in 2009 for two schools The School District has completed all other capital improvement projects in the prior year. It is one of the School District's goals and a budget priority to continue to upgrade and maintain the school facilities.

In conclusion, the Township of Ocean School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Kenneth Jannarone, School Business Administrator/Board Secretary at the Township of Ocean Board of Education, 163 Monmouth Road, Oakhurst, NJ 07755 or email kjannarone@ocean.k12.nj.us.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 4,599,339	$ 227,866	$ 4,827,205
Receivables, net	134,226	161,291	295,517
Inventory	-	21,970	21,970
Bond issuance costs	93,959	-	93,959
Restricted assets:			
Cash and cash equivalents	56,770	-	56,770
Capital reserve account - cash	1,575,305	-	1,575,305
Intergovernmental receivable	565,143	-	565,143
Capital assets, net	39,175,230	64,236	39,239,466
Total assets	46,199,972	475,363	- 46,675,335
LIABILITIES			
Accounts payable	1,170,083	375,079	1,545,162
Contracts payable	43,482	-	43,482
Bond premium	830,757	-	830,757
Accrued interest	301,969	-	301,969
Payable to state government	29,462	-	29,462
Interfund payable	100,000	-	100,000
Unearned revenue	-	10,363	10,363
Noncurrent liabilities:			
Due within one year	2,879,755	-	2,879,755
Due beyond one year	19,745,997	-	19,745,997
Total liabilities	25,101,505	385,442	25,486,947
NET ASSETS			
Invested in capital assets, net of related debt	18,865,230	64,236	18,929,466
Restricted for:			
Other purposes	5,283,098	-	5,283,098
Unrestricted	(3,049,861)	25,685	(3,024,176)
Total net assets	$ 21,098,467	$ 89,921	$ 21,188,388

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental activities:						
Instruction:						
Regular	$ 30,672,356	$ -	$ 4,120,858	$ (26,551,498)	$ -	$ (26,551,498)
Special education	6,672,604	-	1,027,163	(5,645,441)	-	(5,645,441)
Other special instruction	1,345,531	-	200,477	(1,145,054)	-	(1,145,054)
Other instruction	1,457,112	-	79,037	(1,378,075)	-	(1,378,075)
Support services:						
Instruction	3,992,315	-	-	(3,992,315)	-	(3,992,315)
Student and instruction related services	8,252,664	-	1,096,266	(7,156,398)	-	(7,156,398)
School administrative services	2,820,723	-	326,225	(2,494,498)	-	(2,494,498)
General administrative services	1,164,642	-	61,114	(1,103,528)	-	(1,103,528)
Central services	1,292,534	-	77,448	(1,215,086)	-	(1,215,086)
Administrative information technology	140,303	-	34,025	(106,278)	-	(106,278)
Plant operations and maintenance	7,004,447	254,889	222,203	(6,527,355)	-	(6,527,355)
Pupil transportation	3,908,346	8,840	138,820	(3,760,686)	-	(3,760,686)
Special schools	164,599	19,600	-	(144,999)	-	(144,999)
Charter school	30,545	-	-	(30,545)	-	(30,545)
Interest on long-term debt	1,460,077	-	186,269	(1,273,808)	-	(1,273,808)
Total governmental activities	70,378,798	283,329	7,569,905	(62,525,564)	-	(62,525,564)
Business-type activities:						
Food Service	1,192,783	689,179	423,596	-	(80,008)	(80,008)
Total business-type activities	1,192,783	689,179	423,596	-	(80,008)	(80,008)
Total primary government	$ 71,571,581	$ 972,508	$ 7,993,501	$ (62,525,564)	$ (80,008)	$ (62,605,572)
General revenues:						
Property Taxes Levied for:						
General purposes				$ 54,408,683	$ -	$ 54,408,683
Debt service				3,118,052	-	3,118,052
Federal and State aid not restricted				7,204,310	-	7,204,310
Investment Earnings				16,408	-	16,408
Miscellaneous Income				268,441	-	268,441
Gain on disposal of capital assets				18,093	-	18,093
Transfers in(out)				(100,000)	100,000	-
Total general revenues, special items, extraordinary items and transfers				64,933,987	100,000	65,033,987
Change in Net Assets				2,408,423	19,992	2,428,415
Net Assets—beginning				18,690,044	69,929	18,759,973
Net Assets—ending				$ 21,098,467	$ 89,921	$ 21,188,388

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

FUND FINANCIAL STATEMENTS

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 4,080,659	$ -	$ -	$ 56,770	$ 4,137,429
Receivables, net	18,092	-	-	-	18,092
Due from other funds	336,968	-	-	-	336,968
Receivables from other governments	116,134	565,143	-	-	681,277
Restricted cash and cash equivalents	1,575,305	-	-	-	1,575,305
Total assets	$ 6,127,158	$ 565,143	$ -	$ 56,770	$ 6,749,071
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 452,690	$ 198,713	$ -	$ -	$ 651,403
Contracts payable	43,482	-	-	-	43,482
Interfund payable	100,000	336,968	-	-	436,968
Payable to state government	-	29,462	-	-	29,462
Total liabilities	596,172	565,143	-	-	1,161,315
Fund balances:					
Restricted for:					
Excess surplus - current year	1,843,948	-	-	-	1,843,948
Excess surplus - prior year - designated for subsequent year's expenditures	424,269	-	-	-	424,269
Capital reserve	1,575,305	-	-	-	1,575,305
Debt service	-	-	-	2	2
Assigned to:					
Designated by the BOE for subsequent year's expenditures	1,382,806	-	-	56,768	1,439,574
Unassigned:					
General fund	304,658	-	-	-	304,658
Total fund balances	5,530,986	-	-	56,770	5,587,756
Total liabilities and fund balances	$ 6,127,158	$ 565,143	$ -	$ 56,770	

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

The premiums and costs associated with the issuance of the various bonds are reflected as income and expense in the year the bonds are issued but are capitalized on the statement of net assets. The bond premium net of bond issuance costs is $846,348 and accumulated amortization is $109,550.	(736,798)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is $65,655,641 and the accumulated depreciation is $26,480,411.	39,175,230
Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	(22,927,721)
	$ 21,098,467

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources:					
Local tax levy	$ 54,408,683	$ -	$ -	$ 3,118,052	$ 57,526,735
Tuition charges	19,600	-	-	-	19,600
Transportation fees	8,840	-	-	-	8,840
Interest earned on investments	16,406	-	2	-	16,408
Miscellaneous	402,607	-	-	-	402,607
Total - local sources	54,856,136	-	2	3,118,052	57,974,190
State sources	11,491,337	598,207	-	186,269	12,275,813
Federal sources	68,731	2,429,671	-	-	2,498,402
Total revenues	66,416,204	3,027,878	2	3,304,321	72,748,405
EXPENDITURES					
Current:					
Regular instruction	19,692,418	2,204,888	-	-	21,897,306
Special education instruction	4,582,938	-	-	-	4,582,938
Other special instruction	919,375	-	-	-	919,375
Other instruction	1,150,970	-	-	-	1,150,970
Support services and undistributed costs:					
Instruction	3,175,208	817,107	-	-	3,992,315
Student and instruction related services	5,816,263	-	-	-	5,816,263
General administrative services	992,083	-	-	-	992,083
School administrative services	2,036,891	-	-	-	2,036,891
Central services and administrative information technology	1,087,093	-	-	-	1,087,093
Plant operations and maintenance	6,134,451	-	-	-	6,134,451
Pupil transportation	3,115,311	-	-	-	3,115,311
Unallocated benefits	15,192,995	-	-	-	15,192,995
Special schools	164,599	-	-	-	164,599
Transfer to charter school	30,545	-	-	-	30,545
Debt service:					
Principal	-	-	-	2,530,000	2,530,000
Interest and other charges	-	-	-	812,332	812,332
Capital outlay	251,967	5,883	86,685	-	344,535
Total expenditures	64,343,107	3,027,878	86,685	3,342,332	70,800,002
Excess (Deficiency) of revenues over expenditures	2,073,097	-	(86,683)	(38,011)	1,948,403
OTHER FINANCING SOURCES (USES)					
Proceeds from bond refunding	-	-	-	8,585,000	8,585,000
Payment to escrow agent	-	-	-	(9,199,528)	(9,199,528)
Premium on sale of bonds	-	-	-	692,118	692,118
Cost of issuance	-	-	-	(47,700)	(47,700)
Sale of Assets	18,093	-	-	-	18,093
Transfers in	29,892	-	-	-	29,892
Transfers out	(100,000)	-	(2)	(29,890)	(129,892)
Total other financing sources (uses)	(52,015)	-	(2)	-	(52,017)
Net change in fund balances	2,021,082	-	(86,685)	(38,011)	1,896,386
Fund balance - July 1	3,509,904	-	86,685	94,781	3,691,370
Fund balance - June 30	$ 5,530,986	$ -	$ -	$ 56,770	$ 5,587,756

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2011

Total net change in fund balances - governmental funds (from B-2)		$ 1,896,386
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation expense	$ (1,691,270)	
Capital outlays	344,535	(1,346,735)
Repayment of long-term debt, i.e. bond principal, is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		11,091,729
Bond premium and issuance costs are amortized over the lives of the bonds in the statement of activities but are recorded as an addition from the proceeds from sales of bonds in the government funds.		(573,592)
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.		(8,585,000)
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in accrued interest is an addition in the reconciliation.		59,680
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition in the reconciliation.		(134,045)
Change in net assets of governmental activities		$ 2,408,423

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Statement of Fund Net Assets
Proprietary Funds
June 30, 2011

	Business-type Activities Enterprise Funds	Internal Service Funds
	Food Service Fund	Self-Insurance Activities
ASSETS		
Current assets:		
Cash and cash equivalents	$ 227,866	$ 518,680
Other receivables	161,291	-
Inventories	21,970	-
Total current assets	411,127	518,680
Non-current assets:		
Furniture, machinery and equipment	471,256	-
Less: accumulated depreciation	(407,020)	-
Total non-current assets	64,236	-
Total assets	$ 475,363	$ 518,680
LIABILITIES		
Current liabilities:		
Accounts payable	$ 375,079	$ 518,680
Prepaid school lunches	6,691	-
Deferred revenue	3,672	-
Total current liabilities	385,442	518,680
NET ASSETS		
Invested in capital assets	64,236	-
Unrestricted	25,685	-
Total net assets	89,921	-
Total liabilities and net assets	$ 475,363	$ 518,680

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Business-type Activities Enterprise Funds	Internal Service Funds
	Food Service Fund	Self-Insurance Activities
Operating Revenues		
Charges for services:		
Daily sales - reimbursable program	$ 367,917	$ -
Daily sales - non-reimbursable program	311,172	-
Special functions	10,090	-
Services provided to other funds	-	2,104,500
Total operating revenues	689,179	2,104,500
Operating Expenses		
Cost of sales	624,115	-
Salaries	366,865	-
Employee benefits	117,404	2,104,500
Management fee	45,000	-
Insurance	26,245	-
Depreciation	13,154	-
Total operating expenses	1,192,783	2,104,500
Operating Income (loss)	(503,604)	-
Non-operating Revenues		
State sources:		
School lunch program	10,877	-
Breakfast program	-	-
Federal sources:		
National school lunch program	310,780	-
Breakfast program	9,099	-
Special milk program	828	-
Food distribution program	47,012	-
Sodexho:		
Food service guarantee	45,000	-
Total non-operating revenues	423,596	-
Change in Net Assets before transfers	(80,008)	-
Transfer In-general fund	100,000	-
Change in Net Assets	19,992	-
Total Net Assets - Beginning	69,929	-
Total Net Assets - Ending	$ 89,921	$ -

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Business-type Activities Enterprise Funds	Internal Service Funds
	Food Service Fund	Self-Insurance Activities
Cash Flows from Operating Activities		
Receipts from customers and other funds	$ 679,996	$ 2,104,500
Payments to employees	(366,865)	-
Payments for employee benefits	(117,404)	(1,978,286)
Payments to suppliers	(492,583)	-
Net cash provided by (used for) operating activities	(296,856)	126,214
Cash Flows from Non-capital Financing Activities		
State sources	9,967	-
Federal sources	332,173	-
Net cash provided by non-capital financing activities	342,140	-
Net Increase in Cash and Cash Equivalents	45,284	126,214
Balance - Beginning of Year	182,582	392,466
Balance - End of Year	$ 227,866	$ 518,680
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:		
Operating loss	$ (503,604)	$ -
Adjustments to reconcile operating income (loss) to net cash used for operating activities		
Depreciation	13,154	-
(Increase) decrease in accounts receivable, net	(5,692)	-
(Increase) decrease in inventories	7,845	-
Increase (decrease) in accounts payable	202,226	126,214
Increase/(decrease) in prepaid school lunches	(3,492)	-
Increase (decrease) in deferred revenue	(7,293)	-
Total adjustments	206,748	126,214
Net Cash Provided by (Used for) Operating Activities	$ (296,856)	$ 126,214

Noncash noncapital financing activities:

The Board of Education received $47,012 of food commodities from the US Department of Agriculture for the year ended June 30, 2011.

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Agency Fund
ASSETS			
Cash and cash equivalents	$ 412,158	$ 35,666	$ 1,461,264
Total Assets	412,158	35,666	$ 1,461,264
LIABILITIES			
Payroll deductions and withholdings	36,043	-	$ 1,075,392
Due to student groups	-	-	385,872
Total Liabilities	36,043	-	$ 1,461,264
NET ASSETS			
Held in trust for unemployment claims and other purposes	$ 376,115		
Reserved for Scholarships		$ 35,666	

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2011

	Unemployment Compensation Trust	Private Purpose Scholarship Fund
ADDITIONS		
Contributions:		
Plan member	$ 99,232	$ -
Scholarship donations	-	7,685
Total Contributions	99,232	7,685
Investment Earnings:		
Interest	598	-
Net Investment Earnings	598	-
Total Additions	99,830	7,685
DEDUCTIONS		
Quarterly contribution reports & assessment	40,660	-
Unemployment claims	306,474	-
Scholarships awarded	-	11,605
Total Deductions	347,134	11,605
Change in Net Assets	(247,304)	(3,920)
Net Assets - Beginning of Year	623,419	39,586
Net Assets - End of Year	$ 376,115	$ 35,666

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of the Township of Ocean School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School district also applies Financial Accounting Standards Board (FASB) Statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The District's Proprietary Funds have elected not to apply the standards issued by FASB after November 30, 1989. The more significant of the Board's accounting policies are described below.

A. Reporting Entity

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. The operations of the District include the elementary schools, intermediate school and high school located in Ocean Township, New Jersey.

The financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The District, as the primary government for financial reporting entity purposes, has oversight responsibility and control over all activities related to the Township of Ocean Board of Education in Ocean Township, New Jersey. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding entities.

The District has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

B. District-Wide and Fund Financial Statements

The District-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, service, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Continued

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. District-Wide and Fund Financial Statements (continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and capital leases, are recorded only when payment is due.

Property taxes, interest and state equalization monies associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year.

The District has reported the following major government funds:

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

Special Revenue Fund: The District maintains one special revenue fund, primarily consisting of government grants, for which the proceeds of specific revenue sources (other than fiduciary funds or major capital projects) are legally restricted to expenditures for specified purposes.

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

Debt Service Fund: The debt service fund accounts for the resources accumulated and payment made for principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary fund:

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

Internal Service Fund: The internal service fund may be used to report any activity that provides goods or services to other funds, departments or agencies of the primary entity on a cost–reimbursement basis. The school district accounts for risk management and health insurance costs provided to the Board of Education employees through the internal service fund.

Continued

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Additionally, the District reports the following fiduciary fund types:

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Trust Funds: The unemployment compensation and private purpose scholarship funds are accounted for in essentially the same manner as governmental funds. The unemployment compensation fund is used to account for contribution from employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims. The private purpose scholarship fund is an expendable trust whereby principal and interest may be spent.

Agency Funds (Payroll and Student Activity Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

As a general rule, the effect of interfund activity has been eliminated from the District-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 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 taxes.

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the enterprise fund includes the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The District reports unearned revenue on its balance sheet. Unearned revenue arises when a potential revenue does not meet both the "measureable" and "available" criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Ad Valorem (Property) Taxes are susceptible to accrual as, under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payments schedule and the unpaid amount is considered to be an "accounts receivable."

The following statutory dates are applicable to property taxes collected by the respective municipalities:

Levy date	January 1
Lien Date	January 1
Due Dates:	August 1, November 1, February 1, and May 1

Continued

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets, except for the special revenue fund, 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 details as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23. The over-expenditure in the general fund is due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures. All budget amendments/transfers must be approved by School Board resolution. Budgetary transfers were made during the current year and were within allowable limits permitted by the State. The District did not deem them to be significant or unusual in nature. 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 GAAP with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

E. Cash, Cash Equivalents and Investments

Cash and cash equivalents consist of petty cash, amounts on deposit, money market accounts and short-term investments with original maturities of three months or less from date of acquisition.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, “Accounting and Financial Reporting for Certain Investments and for External Investment Pools.”

F. Interfund Receivable/Payable

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

G. Inventories

Inventories that benefit future periods, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase.

Inventories in the enterprise fund are expensed using the consumption method. Enterprise fund inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. At June 30, 2011, the unused Food Donation Program commodities of $3,672 are reported as deferred revenue in the enterprise fund.

Continued

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets

Capital assets, which include land, property, plant and machinery and equipment and construction in progress, are reported in the applicable governmental or business-type activities columns in the District-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant and equipment of the District is depreciated using the straight-line method under the half-year convention. The following estimated useful lives are used to compute depreciation:

Asset Class	Estimated Useful Lives
School building	50
Building improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and computer equipment	5 – 10
Instructional equipment	10
Grounds equipment	15

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

I. Compensated Absences

The District accounts for compensated absences (e.g. unused vacation, sick leave) as directed by Governmental Accounting Standards Board No. 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to service 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 right to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policies. Upon termination, employees are paid for accrued vacation. The District's 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 District for the unused sick leave in accordance with the District's agreement with the various employee unions.

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2011, no material liability existed for compensated absences in the food service fund.

Continued

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

K. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

L. Unamortized Bond Premiums, Discounts and Bond Issuance Costs

Premiums, discounts and bond issuance costs on the revenue bonds are amortized using the interest method, over the maturity of the related issue.

M. Fund Balance Reporting

The District has adopted GASB 54 as part of its 2010-11 fiscal year reporting. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the District's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the users of those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Non-spendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items and principal (corpus) of an endowment fund. The District does not have any prepaid item or nonspendable funds related to endowments.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints for the government from its highest level of decision making authority.
- Assigned: fund balances that contain self-imposed constraints of the government to the used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

Continued

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Fund Balance Reporting (continued)

The Board of Education has classified its fund balances with the following hierarchy:

Spendable: The Board of Education has classified the spendable fund balances as *Restricted, Committed, Assigned and Unassigned* and considered each to have been spent when expenditures are incurred.

- Restricted for Excess Surplus and Capital Reserve:

  New Jersey School Districts are required to reserve fund balance of the general fund if they did not appropriate a required minimum amount as budgeted fund balance. The capital reserve account is used to accumulate funds for use as capital outlay expenditures in subsequent fiscal years. The funds have been included in restricted category of fund balance. The restricted fund balances totaled $3,843,522 and represented $2,268,217 in excess surplus and $1,575,305 in capital reserve.

- Assigned for School Operations and Capital Projects:

  The School Board has set aside certain spendable fund balance for school operations and capital projects. At year end, the assigned fund balance is $1,439,579 of which $1,382,806 is for school operations and $56,770 is for debt service. The assigned fund balance for school operations includes $282,806 for outstanding encumbrances and $1,100,000 for appropriation of existing unassigned fund balance at year-end to be utilized toward tax relief in the next year's budget.

- Unassigned:

  The unassigned fund balance for the General Fund is $304,658.

N. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for reserve fund balance – excess surplus is a required calculation pursuant to the New Jersey Comprehensive Education Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve fund balance of the general fund at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in the subsequent years' budget. The District has excess fund balance generated during the 2011 fiscal year in the amount of $1,843,948 which will be designated for tax relief in 2012-2013.

O. Net Assets

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

P. Management Estimates

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

Continued

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey social security contributions and post-retirement medical and pension benefits for certified members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the District's annual budget.

R. Allocation of expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable by function. Employee benefits, including the employer's share of social security, workers' compensation and medical and dental benefits, were allocated based on salaries of the program.

NOTE 2. RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net asset – governmental activities as reported in the District-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, capital leases and compensated absences, are not due and payable in the current period and therefore are not reported in the funds. The details of this $22,927,721 difference are as follows:

Bonds payable	$ 20,310,000
Accrued interest payable	301,969
Compensated absences	2,315,752
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	$ 22,927,721

NOTE 3. DEPOSITS AND INVESTMENTS

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statue 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks that deposits of which are federally insured. GUDPA requires that all public depositories must pledge collateral, having a market value of 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.

Continued

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund (NJCMF), New Jersey Arbitrage Rebate Management Fund (NJARM) and M.B.I.A. Class.

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

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

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

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

Operating cash, in the form of Negotiable Order of Withdrawal ("NOW") accounts, is held in the District's name by a commercial banking institution. At June 30, 2011, the carrying amount of the District's deposits was $4,045,564 and the bank balance was $5,248,436. The District also held $1,400 in petty cash at June 30, 2011.

Based on levels of risk, $250,000 of the District's cash deposits on June 30, 2011 were secured by federal depository insurance. The remaining bank balance of $3,795,564 was covered by the New Jersey Governmental Unit Deposit Protection Act (GUDPA).

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the District's NOW accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that, in the event of failure of the counterparty, the District would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

At June 30, 2011, all of the District's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The District does not have a policy for the management of custodial credit risk, other than depositing all its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by financial institutions, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Investments

New Jersey statutes permit the District to purchase the following types of securities:

a. Bonds or other obligations of the United States or obligations guaranteed by the United States.

b. Bond of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.

Continued

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Investments (continued)

c. Bonds or other obligations of the School District.

d. New Jersey Cash Management Fund, New Jersey Arbitrage Rebate Management Fund and M.B.I.A. Class.

The Board of Education participates in the New Jersey Asset and Rebate Management Program which is a joint investment trust for local government units in the State of New Jersey. It was formed to make available comprehensive investment management, accounting and rebate calculation services for the issuers of tax exempt bonds and complies with all New Jersey statutes and regulations for the allowable investment of public funds. The Board participates in the joint investment account which provides a convenient method for local governments to pool funds for temporary investing. These investments consist of United States Treasury Bills and notes and other obligations guaranteed by the United States of America, Federal agency bonds and notes with a maturity not greater than 397 days, and fully collateralized repurchase agreements. The carrying amount and fair value as of June 30, 2011 was $1,665,769.

Custodial Credit Risk: Pursuant to GASB 40, the NJARM, a pooled investment, is exempt from custodial credit risk disclosure. The District does not have a policy for custodial credit risk.

Credit Risk: The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. THE NJARM is rated AAAm by Standard and Poor's.

Interest Rate Risk: The District does not have policy to limit interest rate risk. The weighted average maturity of the NJARM portfolio at December 31, 2010, was 50 days.

NOTE 4. RECEIVABLES

Receivables at June 30, 2011, consisted of accounts (rent and tuition), accrued interest, interfund, intergovernmental, and property taxes. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables are as follows:

	Governmental Fund	Government Wide
State Aid	$ 106,909	$ 108,799
Federal Aid	544,906	598,615
Other	384,522	153,246
Gross Receivables	1,036,337	860,660
Less: Allowance for Uncollectibles	-	-
Total Receivables, net	$ 1,036,337	$ 860,660

NOTE 5. RESTRICTED ASSETS

The proceeds of the District's bonds are classified as restricted assets (cash, cash equivalents and accounts receivables) as they are restricted to payments relating to the referendum projects in the capital projects fund, funds set aside in a capital reserve fund, and accounts receivable in the special revenue fund.

Continued

NOTE 6. CAPITAL ASSETS

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2011:

	Beginning Balance	Transfers or Additions	Transfers or Retirements	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 984,968	$ -	$ -	$ 984,968
Construction in progress	-	-	-	-
Total capital assets not being depreciated	984,968	-	-	984,968
Capital assets being depreciated:				
Site improvements	1,910,696	-	-	1,910,696
Building and building improvements	50,838,896	215,848	295,730	50,759,014
Machinery and equipment	11,805,598	424,417	229,052	12,000,963
Totals at historical cost	64,555,190	640,265	524,782	64,670,673
Less accumulated depreciation for:				
Building and improvements	16,131,808	992,307	-	17,124,115
Equipment	8,886,385	698,963	229,052	9,356,296
	25,018,193	1,691,270	229,052	26,480,411
Total capital assets being depreciated, net of accumulated depreciation	39,536,997	(1,051,005)	295,730	38,190,262
Government activity capital assets, net	$ 40,521,965	$ (1,051,005)	$ 295,730	$ 39,175,230

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

Instruction	$ 1,152,292
General and business adminstrative services	74,492
Plant operations and maintenance	106,920
Pupil transportation	284,589
School administrative services	72,977
Total	$ 1,691,270

The following is a summary of the business-type capital assets for the year ended June 30, 2011:

	Beginning Balance	Transfers or Additions	Transfers or Retirements	Ending Balance
Business-type activities				
Capital assets being depreciated:				
Equipment	$ 471,256	$ -	$ -	$ 471,256
Less accumulated depreciation	393,866	13,154	-	407,020
Enterprise fund capital assets, net	$ 77,390	$ (13,154)	$ -	$ 64,236

Continued

NOTE 7. LONG-TERM LIABILITIES

Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds. Principal and interest due on all serial bonds outstanding is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	$ 2,610,000	$ 726,908	$ 3,336,908
2013	2,645,000	634,248	3,279,248
2014	2,690,000	554,442	3,244,442
2015	2,745,000	469,214	3,214,214
2016	1,265,000	369,367	1,634,367
2017 -2021	6,510,000	1,107,153	7,617,153
2022 - 2023	1,845,000	72,141	1,917,141
	$ 20,310,000	$ 3,933,473	$ 24,243,473

Bonds Authorized But Not Issued

As of June 30, 2011, the District had no authorized but not issued bonds.

Defeasance

The Board adopted a refunding bond ordinance and a resolution on September 21, 2010, for the purpose of issuing Refunding Bonds in order to advance refund a portion of the outstanding 2002 Bond issuance dated March 29, 2002 which were used to finance the construction of additions to and renovations of the existing schools.

Approval was obtained from the New Jersey Local Finance Board of the Department of Community Affairs on September 17, 2010.

On November 4, 2010 the Board issued $8,585,000 of refunding school bonds with net interest cost of 2.50% to advance refund $8,542,000 of outstanding series 2002 bonds with an average interest cost of 4.61%. The net proceeds of $9,199,528 (after payment of costs of issuance of $47,700) plus an additional $692,118 of bond premium and accrued interest were used to purchase US Government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 2002 series bonds. As a result the 2002 bonds are considered to be defeased and the liability for these bonds has been removed from the net assets.

This refunding resulted in an economic gain as well as savings from refunding. The economic gain realized from this refunding was $29,890 and the savings resulting from the refunding is detailed below:

Cash flow requirements to service old debt	$ 13,162,539
Cash flow requirements for new debt	12,486,784
Net savings from refunding	$ 675,755

Continued

NOTE 7. LONG-TERM LIABILITIES (continued)

Unamortized Bond Premium

Unamortized bond premium, net of bond issuance costs, as of June 30, 2011 and 2010 is $736,798 and $163,204, respectively.

Changes in Long-Term Liabilities

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011	Amounts Due within One Year
Compensated absences payable	$ 2,131,707	$ 259,653	$ 75,608	$ 2,315,752	$ 269,755
Serial bonds payable with interest rates ranging from 4.10% to 4.875%	22,797,000	8,585,000	11,072,000	20,310,000	2,610,000
Capital lease payable with interest rate of 9.25%	19,729	-	19,729	-	-
Environmental remediation	50,000	-	50,000	-	-
	$ 24,998,436	$ 8,844,653	$ 11,217,337	$ 22,625,752	$ 2,879,755

Compensated absences and capital lease liabilities are liquidated by expenditures charged to the general fund. Serial bonds payable are liquidated by expenditures charged to the debt service fund.

NOTE 8. PENSION PLANS

Plan Descriptions

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

Teachers' Pension and Annuity Fund (TPAF)

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

Continued

NOTE 8. PENSION PLANS (continued)

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide coverage including post-retirement health care to substantially all full-time employees of the State or any county, municipality, school district, or public agency, provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above formula, but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55)

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

Funding Policy

The contribution policy is set by New Jersey State statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of five percent of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

Funding Policy (continued)

The Board's actuarially determined contributions to PERS for the years ended June 30, 2011, 2010 and 2009 were $841,059, $601,450 and $539,268, respectively, equal to the required contributions for each year. During the year ended June 30, 2011, the State of New Jersey contributed $2,070,038 to the TPAF for post-retirement medical benefits and normal costs of pension on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board $2,216,989 during the fiscal year ended June 30, 2011 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

NOTE 9. POST-RETIREMENT BENEFITS

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

Continued

NOTE 9. POST-RETIREMENT BENEFITS (continued)

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

In June 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Financial Reporting by Employers for Postemployment Benefits Other Than Pension*. This statement established standards of accounting and financial reporting for other postemployment benefits (OPEB) expense/expenditures and related OPEB liabilities or OPEB assets, note disclosures and required supplementary information (RSI) in the financial reports of state and local government employers. Since the State of New Jersey pays OPEB benefits on behalf of the District and the State is recording the OPEB liability on its financial statements, this GASB does not apply to the District.

NOTE 10. RISK MANAGEMENT AND HEALTH INSURANCE

The District is exposed to various risks of loss related to torts; theft, damage, or destruction of assets; errors and omissions; employee health and accident claims; and natural disasters.

Property and Liability Insurance

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds and does not retain risk of loss. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. There have been no significant reductions in insurance coverage from the prior year and no settlements that have exceeded insurance coverage for the last three years.

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District 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 District is billed quarterly for amounts due to the State. The table below is a summary of the district contributions, employee contributions, reimbursements to the state for benefits paid and the ending balance of the district's trust fund for the current and previous two years:

Fiscal Year	Interest	Employee Contributions	Amount Reimbursed	Ending Balance
2010 - 2011	$ 598	$ 99,232	$ (347,134)	$ 376,115
2009 - 2010	1,608	114,204	(147,744)	623,419
2008 - 2009	9,977	105,783	(75,509)	655,351

Health Insurance

Beginning in the fiscal year 2009, the District began to self-insure for employee prescription plans. Costs associated with these risks are reported in the internal service fund.

Continued

NOTE 10. RISK MANAGEMENT AND HEALTH INSURANCE (continued)

Health Insurance (continued)

Liabilities for unpaid claims are based on recommendations by third-party administrators. There have been no significant reductions in insurance coverage from coverage in prior years. The amounts of settlements have not exceeded insurance coverage in any of the past three fiscal years.

The following schedule represents the changes in claims liability for the past two fiscal years for the District's Self Insurance Program:

	Beginning of Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2011-12	$ 392,466	$ 2,104,500	$ (1,978,286)	$ 518,680
2010-11	333,086	2,102,469	(2,043,089)	392,466

NOTE 11. DEFERRED COMPENSATION

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan, which is administered by various insurance companies, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits participants to defer a portion of their salary until future years. All amounts of compensation deferred are held for the exclusive benefit of plan participants and beneficiaries. Amounts deferred under the plan are distributable upon separation from service, death or unforeseeable emergency.

Participants' rights under the plan are equal to the fair market value of the deferred account for each participant. The District has no liability for losses under the plan.

The plan administrators are AXA- Equitable, ING- USA, Metropolitan Life, Ameriprise, and VALIC (Variable Annuity Life Insurance Co.).

NOTE 12. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2011, the interfund receivables and payables that resulted from regularly recurring operational transfers are detailed below:

Due to the Proprietary fund from the General Fund to cover deficit	$ 100,000
Due to the General Fund from the Special Revenue Fund to cover cash overdraft	336,968
	$ 436,968

Continued

NOTE 12. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (continued)

The interfund between the capital projects fund and debt service fund represent interest earned on investments in the capital projects fund that must be transferred to the general fund The interfund between the general fund and the capital projects and special revenue funds represents loans between the funds. All interfunds are expected to be paid within one year.

Interfund transfers during the year were as follows:

	Transfers from Other Funds	Transfers to Other Funds
General Fund	$ 29,892	$ 100,000
Capital Projects	-	2
Debt Service	-	29,890
Proprietary Fund	100,000	-
	$ 129,892	$ 129,892

The general fund transferred $100,000 to cover a deficit in the operations of the food service fund. The debt service fund transferred excess proceeds of $29,890 from the bond refunding to the general fund. New Jersey statute requires that interest earned on the investments in the capital projects fund be credited to the general or debt service fund.

NOTE 13. ECONOMIC DEPENDENCY

The School District is dependent on the State of New Jersey for a substantial portion of its operating funds. Due to additional funding uncertainties at the State level, funding for school districts was reduced. The ultimate effect of possible reductions in funding on the District's future operations is not yet determinable.

NOTE 14. CONTINGENT LIABILITIES

Litigation

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

As a result of the School Funding Reform Act's (SFRA) impact on property taxes on the Village of Loch Arbour, the Village brought suit in connection with the funding formula. Specifically, the SFRA repealed a portion of the previous funding formula which exempted the Village from the previous funding formula and established a unique tax formula for Village residents to pay to the School District. Prior to the enactment of the SFRA, the Village paid the Township approximately $330,000 per year for education costs. Under the current funding formula, the Village must now pay the Township approximately $1.9 million in education costs. The Village has currently made all applicable payments to the Township. In January 2010, the Superior Court ruled against the Village and the matter was appealed. On July 13, 2011, the Appellate Division determined that the arguments of the Village of Loch Arbour were without merit and issued an opinion affirming the decision of the Superior Court.

Grant Programs

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

Continued

NOTE 15. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of $400,000 during 2000-2001 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A* 19:60-2. Pursuant to *N.J.A.C.* 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

Beginning balance, July 1, 2010	$ 724,559
Interest earnings	746
Deposits (per Board resolution June 28, 2011)	850,000
Withdrawals	
Board resolution (per approved budget)	-
Ending balance, June 30, 2011	$ 1,575,305

The June 30, 2011 LRFP balance of local support costs of uncompleted capital projects is $4,236,976.

NOTE 16. DEFICIT FUND BALANCES

As reflected on Exhibit A-1, Statement of Net Assets, a deficit in unrestricted net assets of $3,049,861 existed as of June 30, 2011 for governmental activities. The primary cause of this deficit is the District not recognizing the receivable for the last state aid payment and the recording of the long-term liability for compensated absences. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net Assets, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net assets for governmental activities does not indicate that the District is facing financial difficulties.

NOTE 17. FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1)

Of the $5,530,986 General Fund balance in the fund financial statements at June 30, 2011, $282,806 is reserved for encumbrances, $1,843,948 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7, $424,269 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2011; $1,575,305 has been reserved in the Capital Reserve Account, $1,100,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2011; and $304,658 is unreserved and undesignated.

Continued

NOTE 17. FUND BALANCE APPROPRIATED (continued)

Debt Service Fund

Of the Debt Service Fund fund balance at June 30, 2011, $56,768 is reserved in accordance with *N.J.S.A.* 7F-41c(2) and $2 is unreserved and undesignated

NOTE 18. RELATED ORGANIZATIONS

Not included in the School Board's financial statements are certain Parent-Teacher Associations (PTAs), Parent-Teacher-Student Associations (PTSAs) and athletic and band booster clubs. These agencies provide services to students and employees of the School Board, but are separate legal entities having sufficient autonomy in the management of the own affairs to distinguish them as separate from the administrative organization of the School Board. The School Board does not account for these entities as component units or joint ventures; it does not maintain an ongoing financial interest or have responsibility for these entities.

NOTE 19. ENVIRONMENTAL MATTERS

The Whitman Companies, Inc. (Whitman) initiated site investigations at the Ocean Township High School Bus Compound in May 2000. Whitman was retained due to the presence of petroleum-contaminated soils identified during the removal of two (2) 5,000-gallon underground storage tanks (USTs) performed by another consultant in August 1999. The USTs contained gasoline and diesel fuel. The UST removals and subsequent site investigation were reported to the New Jersey Department of Environmental Protection-Bureau of Underground Storage Tanks (NJDEP-BUST) on October 20, 2000.

As a result of chlorinated compounds detected in several private wells located near the Bus Compound, the Board of Education retained Whitman to perform further site investigations at the Bus Compound and perform Preliminary Assessments (PAs) for both the High School and Bus Compound properties to determine if any potential areas of environmental concern (AECs) exist.

Based on the results of further ground water and soil investigations and findings of the Preliminary Assessment Reports, Whitman identified other potential AECs at the High School and adjacent Bus Compound that required further remedial investigations and remedial actions.

A Site Investigation Report, Soil Remedial Action Report, Ground Water Investigation Report and Remedial Investigation Report for ground water and soil at the Bus Compound property were also submitted to NJDEP.

Whitman submitted the PA Report associated with the High School including a completed Memorandum of Agreement (MOA) to NJDEP. The High School remedial investigations and actions were being performed under a MOA, which is part of the NJDEP's Voluntary Cleanup Program. The MOA is the regulatory mechanism for obtaining NJDEP oversight and approvals in instances where environmental investigations and/or remedial actions are not governed by a specific regulatory program. The High School remedial investigations and actions were completed and since have received a No Further Action (NFA) on February 27, 2006.

On June 8, 2011 the NEDEP issued a conditional letter of no further action for the remediation of the Bus Compound investigation. The Board must monitor for compliance with institutional controls and submit biennial certifications that the systems have been properly maintained as well as decommission all monitoring wells. The first certification is due June 8, 2013. The NJDEP determined that the pollution in the ground water at this site was contaminated by a source unrelated to the Board of Education.

Based on the NJDEP no further action letter, the Board has determined that any provision for liability is no longer necessary.

Continued

NOTE 20. SUBSEQUENT EVENT

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2011 through October 13, 2011, the date that the financial statements were issued, for possible disclosure and recognition in the financial statements. The following item occurred subsequent to June 30, 2011.

The Board has been notified that it will receive additional state aid of $652,905, of which $152,905 will be budgeted for technology improvements during 2011-2012 and $500,000 will be utilized for tax relief. The Board was also notified that it has been allocated $326,399 under the Educational Job Fund which will be utilized to restore programs that had been eliminated in the original budget for 2011-2012.

The contract with the Township of Ocean Education Association expired on June 30, 2011. The Board is presently in negotiation with the Education Association through mediation.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	$ 54,408,683	$ -	$ 54,408,683	$ 54,408,683	$ -
Tuition	15,000	-	15,000	19,600	4,600
Transportation fees	-	-	-	8,840	8,840
Interest on investments	150,000	-	150,000	15,660	(134,340)
Capital reserve interest	5,000	-	5,000	746	(4,254)
Miscellaneous	55,000	-	55,000	147,717	92,717
Rental fee	170,000	-	170,000	254,889	84,889
Total - local sources	54,803,683	-	54,803,683	54,856,135	52,452
State sources:					
Categorical special education aid	2,195,245	-	2,195,245	2,195,245	-
Categorical security aid	408,331	-	408,331	408,331	-
Adjustment aid	2,662,828	-	2,662,828	2,662,828	-
Categorical transportation aid	1,321,803	-	1,321,803	1,321,803	-
Adult education aid	-	-	-	-	-
Extraordinary aid	251,543	-	251,543	316,508	64,965
Aid in lieu adjustment	-	-	-	33,278	33,278
On-behalf TPAF pension contributions (non-budgeted)	-	-	-	2,070,038	2,070,038
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	2,216,989	2,216,989
Total - state sources	6,839,750	-	6,839,750	11,225,020	4,385,270
Federal sources:					
Medical assistance program	38,740	-	38,740	68,731	29,991
Total - federal sources	38,740	-	38,740	68,731	29,991
Total revenues	61,682,173	-	61,682,173	66,149,886	4,467,713
EXPENDITURES:					
CURRENT EXPENSE:					
Regular programs - instruction:					
Salaries of teachers:					
Preschool/kindergarten	476,150	15,100	491,250	488,250	3,000
Grades 1-5	6,912,465	(31,525)	6,880,940	6,725,514	155,426
Grades 6-8	4,839,215	54,800	4,894,015	4,778,431	115,584
Grades 9-12	6,463,365	(31,000)	6,432,365	6,323,813	108,552
Regular programs - home instruction:					
Salaries of teachers	41,000	12,000	53,000	50,990	2,010
Purchased professional-educational services	28,000	15,000	43,000	41,896	1,104
Regular programs - undistributed instruction:					
Other salaries for instruction	86,689	96,036	182,725	182,725	-
Purchased professional-educational services	8,500	(880)	7,620	6,804	816
Purchased technical services	139,146	-	139,146	133,999	5,147
Other purchased services (400 - 500 series)	51,902	2,500	54,402	35,520	18,882
General supplies	785,439	(40,732)	744,707	670,894	73,813
Textbooks	299,485	(32,940)	266,545	245,807	20,738
Other objects	14,990	-	14,990	7,775	7,215
Total regular programs	20,146,346	58,359	20,204,705	19,692,418	512,287

(Continued)

See management's discussion and analysis section of this report for explanation of significant budget variances, original and final.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special education - instruction:					
Learning and/or language disabilities:					
Salaries of teachers	$ 985,880	$ (30,200)	$ 955,680	$ 953,355	$ 2,325
Other salaries for instruction	261,120	(22,854)	238,266	212,737	25,529
General supplies	8,710	(226)	8,484	8,452	32
Textbooks	4,200	180	4,380	4,340	40
Total learning and/or language disabilities	1,259,910	(53,100)	1,206,810	1,178,884	27,926
Behavioral disabilities:					
Salaries of teachers	380,420	-	380,420	379,420	1,000
Other salaries for instruction	43,932	-	43,932	43,656	276
General supplies	1,626	(310)	1,316	1,282	34
Textbooks	1,000	(86)	914	902	12
Total behavioral disabilities	426,978	(396)	426,582	425,260	1,322
Multiple disabilities:					
Salaries of teachers	163,400	35,950	199,350	198,350	1,000
Other salaries for instruction	152,560	(41,576)	110,984	102,177	8,807
General supplies	4,194	488	4,682	4,545	137
Textbooks	1,500	(45)	1,455	1,259	196
Total multiple disabilities	321,654	(5,183)	316,471	306,331	10,140
Resource room:					
Salaries of teachers	2,397,885	(82,219)	2,315,666	2,261,585	54,081
General supplies	9,759	(593)	9,166	9,144	22
Textbooks	5,040	505	5,545	5,462	83
Total resource room	2,412,684	(82,307)	2,330,377	2,276,191	54,186
Preschool disabilities - part-time:					
Salaries of teachers	336,525	8,725	345,250	340,364	4,886
Other salaries for instruction	109,069	(56,808)	52,261	51,261	1,000
General supplies	4,830	(110)	4,720	4,647	73
Total preschool disabilities - part-time	450,424	(48,193)	402,231	396,272	5,959
Total special education - instruction	4,871,650	(189,179)	4,682,471	4,582,938	99,533
Basic skills/remedial - instruction:					
Salaries of teachers	671,811	(256,960)	414,851	302,485	112,366
Other salaries for instruction	-	18,418	18,418	16,060	2,358
Other purchased services (400 - 500 series)	400	(400)	-	-	-
General supplies	8,163	1,600	9,763	9,115	648
Textbooks	2,200	(1,200)	1,000	245	755
Total basic skills/remedial - instruction	682,574	(238,542)	444,032	327,905	116,127

(Continued)

See management's discussion and analysis section of this report for explanation of significant budget variances, original and final.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Bilingual education - instruction:					
Salaries of teachers	$ 616,900	$ (28,000)	$ 588,900	$ 586,900	$ 2,000
Other purchased services (400 - 500 series)	170	-	170	69	101
General supplies	4,707	-	4,707	4,501	206
Total bilingual education - instruction	621,777	(28,000)	593,777	591,470	2,307
School sponsored cocurricular activities - instruction:					
Salaries	319,380	2,235	321,615	275,270	46,345
Purchased services (300 - 500 series)	31,095	-	31,095	29,979	1,116
Supplies and materials	13,424	-	13,424	2,910	10,514
Other objects	1,645	-	1,645	360	1,285
Transfers to cover deficit	5,000	-	5,000	-	5,000
Total school sponsored cocurricular activities - instruction	370,544	2,235	372,779	308,519	64,260
School sponsored athletics - instruction:					
Salaries	643,475	6,705	650,180	597,870	52,310
Purchased services (300 - 500 series)	137,823	11,109	148,932	111,418	37,514
Supplies and materials	67,290	(8,332)	58,958	55,092	3,866
Other objects	8,880	-	8,880	8,219	661
Transfers to cover deficit	75,000	-	75,000	69,852	5,148
Total school sponsored athletics - instruction	932,468	9,482	941,950	842,451	99,499
Total - instruction	27,625,359	(385,645)	27,239,714	26,345,701	894,013
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within state - regular	-	13,751	13,751	10,083	3,668
Tuition to other LEAs within state - special	220,500	163,895	384,395	382,852	1,543
Tuition to county vocational school districts - regular	534,950	31,249	566,199	565,342	857
Tuition to county vocational school districts - special	100,000	(30,000)	70,000	52,000	18,000
Tuition to CSSD and regional day schools	55,310	-	55,310	55,138	172
Tuition to private schools for disabled within state	2,361,352	(178,895)	2,182,457	2,074,543	107,914
Tuition state facilities	35,250	-	35,250	35,250	-
Total undistributed expenditures - instruction	3,307,362	-	3,307,362	3,175,208	132,154
Attendance and social work services:					
Salaries	85,502	(7,828)	77,674	76,472	1,202
Total attendance and social work services	85,502	(7,828)	77,674	76,472	1,202
Health services:					
Salaries	463,770	(37,980)	425,790	425,790	-
Purchased professional and technical services	38,000	-	38,000	26,111	11,889
Supplies and materials	14,471	1,060	15,531	13,057	2,474
Total health services	516,241	(36,920)	479,321	464,958	14,363

(Continued)

See management's discussion and analysis section of this report for explanation of significant budget variances, original and final.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Speech, occupational therapy, physical therapy, related services:					
Salaries	$ 823,100	$ (27,327)	$ 795,773	$ 747,998	$ 47,775
Purchased professional-educational services	212,303	8,585	220,888	190,493	30,395
Supplies and materials	3,835	347	4,182	3,652	530
Other objects	1,000	(30)	970	294	676
Total speech, occupational therapy, physical therapy, related services	1,040,238	(18,425)	1,021,813	942,437	79,376
Other support services - students - extra services:					
Salaries	89,001	111,577	200,578	190,047	10,531
Total other support services - students - extra services	89,001	111,577	200,578	190,047	10,531
Other support services - guidance:					
Salaries of other professional staff	1,017,810	(45,370)	972,440	950,178	22,262
Salaries of secretarial and clerical assistants	119,420	-	119,420	119,220	200
Other purchased services (400 - 500 series)	10,635	(2,300)	8,335	6,720	1,615
Supplies and materials	50,730	1,010	51,740	46,884	4,856
Other objects	4,675	1,290	5,965	4,953	1,012
Total other support services - guidance	1,203,270	(45,370)	1,157,900	1,127,955	29,945
Other support services - child study team:					
Salaries of other professional staff	1,409,521	-	1,409,521	1,391,334	18,187
Salaries of secretarial and clerical assistants	64,785	-	64,785	63,580	1,205
Purchased professional-educational services	25,000	10,000	35,000	34,680	320
Other purchased professional and technical services	27,350	1,700	29,050	22,349	6,701
Other purchased services (400 - 500 series)	5,820	-	5,820	2,913	2,907
Supplies and materials	25,000	-	25,000	20,852	4,148
Other objects	5,000	30	5,030	4,372	658
Total other support services - child study team	1,562,476	11,730	1,574,206	1,540,080	34,126
Improvement of instructional services:					
Salaries of supervisors of instruction	634,140	52,080	686,220	679,312	6,908
Salaries of other professional staff	110,710	(12,340)	98,370	96,337	2,033
Salaries of secretarial and clerical assistants	96,477	20,135	116,612	115,131	1,481
Other purchased services (400 - 500 series)	11,500	(6,910)	4,590	4,045	545
Supplies and materials	9,244	970	10,214	9,962	252
Other objects	3,000	2,200	5,200	5,163	37
Total improvement of instructional services	865,071	56,135	921,206	909,950	11,256
Educational media services/school library:					
Salaries	426,120	(12,357)	413,763	404,402	9,361
Purchased professional and technical services	4,750	-	4,750	3,750	1,000
Other purchased services (400 - 500 series)	70	-	70	35	35
Supplies and materials	81,602	72	81,674	74,661	7,013
Other objects	13,610	-	13,610	12,647	963
Total educational media services/school library	526,152	(12,285)	513,867	495,495	18,372

(Continued)

See management's discussion and analysis section of this report for explanation of significant budget variances, original and final.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Instructional Staff Training Services:					
Salaries of other professional staff	$ 65,474	$ -	$ 65,474	$ 50,056	$ 15,418
Salaries of secretarial and clerical assistants	6,378	526	6,904	6,789	115
Purchased professional-educational services	5,500	(1,790)	3,710	3,710	-
Other purchased services (400 - 500 series)	24,934	-	24,934	8,312	16,622
Other objects	1,000	(1,000)	-	-	-
Total instructional staff training services	103,286	(2,264)	101,022	68,867	32,155
Support services - general administration:					
Salaries	452,320	-	452,320	449,210	3,110
Legal services	127,500	-	127,500	72,479	55,021
Audit fees	42,000	-	42,000	33,000	9,000
Architectural/Engineering services	11,000	-	11,000	4,605	6,395
Other purchased professional services	66,825	15,000	81,825	57,829	23,996
Purchased technical services	14,117	2,000	16,117	12,396	3,721
Communications/telephone	275,000	15,800	290,800	257,439	33,361
BOE other purchased professional services	1,000	-	1,000	379	621
Other purchased services (400 - 500 series)	66,000	(2,000)	64,000	50,062	13,938
General supplies	25,000	-	25,000	7,373	17,627
BOE in-house training/meeting supplies	3,325	7,042	10,367	1,701	8,666
Miscellaneous expenditures	51,500	-	51,500	45,610	5,890
BOE membership dues and fees	500	-	500	-	500
Total support services - general administration	1,136,087	37,842	1,173,929	992,083	181,846
Support services - school administration:					
Salaries of principals/assistant principals	1,157,480	-	1,157,480	1,063,398	94,082
Salaries of other professional staff	215,580	-	215,580	198,760	16,820
Salaries of secretarial and clerical assistants	725,744	(33,000)	692,744	544,712	148,032
Purchased professional and technical services	900	500	1,400	-	1,400
Other purchased services (400 - 500 series)	218,242	(4,097)	214,145	158,145	56,000
Supplies and materials	60,053	(3,103)	56,950	43,221	13,729
Other objects	27,000	7,500	34,500	28,655	5,845
Total support services - school administration	2,404,999	(32,200)	2,372,799	2,036,891	335,908
Central services:					
Salaries	539,463	(15,800)	523,663	491,929	31,734
Purchased professional services	79,100	-	79,100	63,990	15,110
Purchased technical services	84,000	-	84,000	48,250	35,750
Other purchased services (400 - 500 series)	48,092	(2,000)	46,092	30,992	15,100
Supplies and materials	18,812	-	18,812	5,923	12,889
Miscellaneous expenditures	8,430	2,000	10,430	8,525	1,905
Total central services	777,897	(15,800)	762,097	649,609	112,488
Administrative information technology:					
Salaries	434,201	-	434,201	425,637	8,564
Other purchased services (400 - 500 series)	28,648	(14,801)	13,847	11,847	2,000
General supplies	2,000	-	2,000	-	2,000
Total administrative information technology	464,849	(14,801)	450,048	437,484	12,564

(Continued)

See management's discussion and analysis section of this report for explanation of significant budget variances, original and final.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Required allowable maintenance for school facilities:					
Salaries	$ 468,970	$ 10,000	$ 478,970	$ 460,607	$ 18,363
Cleaning, repair and maintenance services	423,082	11,855	434,937	297,590	137,347
General supplies	205,344	20,000	225,344	163,794	61,550
Total required allowable maintenance for school facilities	1,097,396	41,855	1,139,251	921,991	217,260
Other operation and maintenance of plant services:					
Salaries	1,969,184	6,462	1,975,646	1,949,372	26,274
Salaries of non-instructional aids	48,000	28,000	76,000	67,460	8,540
Purchased professional and technical services	102,271	(53,600)	48,671	22,475	26,196
Cleaning, repair and maintenance services	207,975	30,575	238,550	172,306	66,244
Rental of land and buildings other than lease purchase agreements	9,539	-	9,539	7,841	1,698
Other purchased property services	289,750	(11,060)	278,690	214,015	64,675
Insurance	340,509	16,943	357,452	347,502	9,950
Travel	1,000	-	1,000	536	464
General supplies	333,050	109,000	442,050	382,756	59,294
Energy (natural gas)	828,650	(182,000)	646,650	523,921	122,729
Energy (electricity)	1,199,300	-	1,199,300	1,088,962	110,338
Energy (oil)	19,000	(12,250)	6,750	-	6,750
Other objects	25,569	5,000	30,569	26,667	3,902
Total other operation and maintenance of plant services	5,373,797	(62,930)	5,310,867	4,803,813	507,054
Care and upkeep of grounds:					
Salaries	165,848	2,428	168,276	167,890	386
Cleaning, repair and maintenance services	2,500	14,400	16,900	849	16,051
General supplies	58,000	49,200	107,200	105,545	1,655
Total care and upkeep of grounds	226,348	66,028	292,376	274,284	18,092
Security:					
Salaries	131,320	5,000	136,320	134,364	1,956
Total security	131,320	5,000	136,320	134,364	1,956
Student transportation services:					
Salaries of non-instructional aids	154,110	3,616	157,726	149,688	8,038
Salaries for pupil transportation:					
(between home and school) - regular	1,304,305	(3,231)	1,301,074	1,267,970	33,104
(between home and school) - special education	361,851	-	361,851	285,285	76,566
(other than between home and school)	70,000	-	70,000	33,649	36,351
Other purchased professional and technical services	5,000	-	5,000	4,700	300
Cleaning, repair and maintenance services	440,000	18,000	458,000	446,048	11,952
Contracted services (between home and school) - vendo	425,000	(750)	424,250	422,365	1,885
Contracted services (Sp Ed) - vendors	9,000	3,396	12,396	12,389	7
Contracted services (Sp Ed) - joint agreements	1,606	1,264	2,870	2,868	2
Contracted services - aid in lieu payments	150,000	(42,000)	108,000	104,469	3,531
Miscellaneous purchased services - transportation	143,261	(20,910)	122,351	114,650	7,701
General supplies	6,061	-	6,061	3,965	2,096
Transpiration supplies	218,000	39,000	257,000	253,330	3,670
Miscellaneous expenditures	13,000	2,000	15,000	13,935	1,065
Total student transportation services	3,301,194	385	3,301,579	3,115,311	186,268

(Continued)

See management's discussion and analysis section of this report for explanation of significant budget variances, original and final.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Personal services - employee benefits:					
Unallocated benefits:					
Group insurance	$ 21,500	$ -	$ 21,500	$ 18,187	$ 3,313
Social security contributions	885,400	(6,000)	879,400	762,888	116,512
Other retirement contribution - PERS	686,875	154,184	841,059	841,059	-
Other retirement contribution - ERIP	41,000	-	41,000	34,924	6,076
Other retirement contribution - regular	-	6,000	6,000	5,911	89
Workmen's compensation	565,949	(28,052)	537,897	509,572	28,325
Health benefits	9,075,463	(185,644)	8,889,819	8,458,423	431,396
Tuition reimbursement	180,000	11,460	191,460	191,413	47
Other employee benefits	177,700	-	177,700	83,591	94,109
Total unallocated benefits	11,633,887	(48,052)	11,585,835	10,905,968	679,867
Food services:					
Transfers to cover deficit (Enterprise)	-	-	-	-	-
Total food services	-	-	-	-	-
On-behalf contributions:					
On-behalf TPAF pension contributions (non-budgeted)	-	-	-	2,070,038	(2,070,038)
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	2,216,989	(2,216,989)
Total on-behalf contributions	-	-	-	4,287,027	(4,287,027)
	-	-	-	-	-
Total personal services - employee benefits	11,633,887	(48,052)	11,585,835	15,192,995	(3,607,160)
Total undistributed expenditures	35,846,373	33,677	35,880,050	37,550,294	(1,670,244)
Total general current expense	63,471,732	(351,968)	63,119,764	63,895,995	(776,231)
CAPITAL OUTLAY:					
Equipment:					
Regular programs - instruction:					
Grades 1-5	-	3,800	3,800	-	3,800
Undistributed expenditures:					
School-spons. & other instructional program	-	8,332	8,332	8,332	-
School administration	41,651	51,301	92,952	79,632	13,320
Required maintenance school facilities	12,000	132,285	144,285	54,885	89,400
Care and upkeep of grounds	-	44,000	44,000	11,450	32,550
Total equipment	53,651	239,718	293,369	154,299	139,070
Facilities acquisition and construction services:					
Construction services	15,215	12,250	27,465	24,465	3,000
Other objects	73,203	-	73,203	73,203	-
Total facilities acquisition and construction services	88,418	12,250	100,668	97,668	3,000
Increase in capital reserve	-	-	-	-	-
Total capital outlay	142,069	251,968	394,037	251,967	142,070

(Continued)

See management's discussion and analysis section of this report for explanation of significant budget variances, original and final.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
SPECIAL SCHOOLS:					
Summer school - instruction:					
Salaries of teachers	$ 144,750	$ -	$ 144,750	$ 103,380	$ 41,370
Other salaries for instruction	61,363	-	61,363	60,905	458
General supplies	2,500	-	2,500	314	2,186
Total summer school - instruction	208,613	-	208,613	164,599	44,014
Total special schools	208,613	-	208,613	164,599	44,014
Transfer of funds to Charter School	59,271	-	59,271	30,545	28,726
Total expenditures	63,881,685	(100,000)	63,781,685	64,343,106	(561,421)
Excess (deficiency) of revenues over (under) expenditures	(2,199,512)	100,000	(2,099,512)	1,806,780	3,906,292
Other financing sources (uses):					
Operating transfers in:					
Transfer from other funds	-	-	-	29,892	29,892
Operating transfers out:					
Transfer to Food Service Fund- Board Contribution	-	(100,000)	(100,000)	(100,000)	-
Sale of Assets	-	-	-	18,093	18,093
Total other financing sources (uses)	-	(100,000)	(100,000)	(52,015)	47,985
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	(2,199,512)	-	(2,199,512)	1,754,765	3,954,277
Fund balance, July 1	3,775,628	-	3,775,628	4,772,928	997,300
Fund balance, June 30	$ 1,576,116	$ -	$ 1,576,116	$ 6,527,693	$ 4,951,577

Recapitulation

Restricted fund balance:	
Capital reserve	$ 1,575,305
Excess surplus - designated for subsequent year's expenditures	424,269
Excess surplus - current year	1,843,948
Assigned fund balances:	
Designated for subsequent year's expenditures	1,382,806
Unassigned fund balances	1,301,365
Reconciliation to governmental funds statements (GAAP)	6,527,693
Last state aid payment not recognized on GAAP basis	(996,707)
Fund Balance per governmental funds (GAAP)	$ 5,530,986

See management's discussion and analysis section of this report for explanation of significant budget variances, original and final.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State sources	$ 622,776	$ 4,893	$ 627,669	$ 598,207	$ (29,462)
Federal sources	1,413,182	1,371,759	2,784,941	2,535,965	(248,976)
Total Revenues	2,035,958	1,376,652	3,412,610	3,134,172	(278,438)
EXPENDITURES:					
Instruction					
Salaries of teachers	1,023,755	(444,290)	579,465	567,932	11,533
Other salaries for instruction	-	552,498	552,498	552,498	-
Purchased professional and technical services	52,036	870	52,906	51,809	1,097
General supplies	-	88,992	88,992	81,940	7,052
Textbooks	43,881	(3,241)	40,640	38,304	2,336
Miscellaneous purchased services	916,286	5,951	922,237	896,208	26,029
Total Instruction	2,035,958	200,780	2,236,738	2,188,691	48,047
Support Services					
Salaries of secretaries and clerical assistants	-	126,508	126,508	108,577	17,931
Other salaries	-	-	-	-	-
Personal services - employee benefits	-	112,451	112,451	112,451	-
Purchased professional-educational services	-	447,356	447,356	438,943	8,413
Travel	-	13,614	13,614	13,225	389
Supplies and materials	-	19,327	19,327	17,454	1,873
Total Support Services	-	719,256	719,256	690,650	28,606
Facilities Acquisition and Construction Services:					
Instructional equipment	-	254,831	254,831	254,831	-
Noninstructional equipment	-	-	-	-	-
Total Facilities Acquisition and Construction Services	-	254,831	254,831	254,831	-
Total Expenditures	2,035,958	1,174,867	3,210,825	3,134,172	76,653
Other Financing Sources (Uses)					
Transfer in from general fund	-	-	-	-	-
Transfer out to whole school reform (general fund)	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
	-	-	-	-	-
Total Outflows	2,035,958	1,174,867	3,210,825	3,134,172	76,653
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	$ -	$ 201,785	$ 201,785	$ -	$ (201,785)

See management's discussion and analysis section of this report for explanation of significant budget variances, original and final.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Required Supplementary Information
Budgetary Comparison Schedule
Budget-to-GAAP Reconciliation
Fiscal Year ended June 30, 2011

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	$ 66,149,886	$ 3,134,172
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	(106,294)
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until subsequent year.	(996,707)	-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,263,025	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	$ 66,416,204	$ 3,027,878
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	$ 64,343,107	$ 3,134,172
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	-	(106,294)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 64,343,107	$ 3,027,878

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES

SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources other than expendable trusts or major capital projects that are legally restricted for specific purposes.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	I.D.E.A. Part B			I.D.E.A. Part B ARRA		Title I	Total Other Special	Total Nonpublic	
	Regular 2010-2011	Carryover	Preschool 2010-2011	Regular 2010-2011	Preschool 2010-2011	Basic 2010-2011	Projects (Ex. E-1a)	Programs (Ex. E-1b)	Totals 2011
REVENUES:									
State sources	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 598,207	$ 598,207
Federal sources	977,530	21,631	42,429	597,010	39,232	454,804	403,329	-	2,535,965
Total revenues	$ 977,530	$ 21,631	$ 42,429	$ 597,010	$ 39,232	$ 454,804	$ 403,329	$ 598,207	$ 3,134,172
EXPENDITURES:									
Instruction:									
Salaries of teachers	$ -	$ -	$ -	$ -	$ -	$ 272,150	$ 295,782	$ -	$ 567,932
Other salaries for instruction	472,611	-	41,114	-	38,773	-	-	-	552,498
Purchased professional and technical services	4,820	-	-	-	-	-	2,625	44,364	51,809
General supplies	21,848	3,700	-	31,087	-	15,956	9,349	-	81,940
Textbooks	-	-	-	-	-	-	-	38,304	38,304
Miscellaneous purchased services	188,000	-	-	192,669	-	-	-	515,539	896,208
Total instruction	687,279	3,700	41,114	223,756	38,773	288,106	307,756	598,207	2,188,691
Support services:									
Salaries of secretarial and clerical assistants	90,646	17,931	-	-	-	-	-	-	108,577
Other salaries	-	-	-	-	-	-	-	-	-
Personal services - employee benefits	-	-	-	-	-	51,944	60,507	-	112,451
Purchased professional and technical services	190,126	-	1,315	118,423	459	112,539	16,081	-	438,943
Travel	4,514	-	-	-	-	2,215	6,496	-	13,225
Supplies and materials	4,965	-	-	-	-	-	12,489	-	17,454
Total support services	290,251	17,931	1,315	118,423	459	166,698	95,573	-	690,650
Facilities acquisition and construction services:									
Instructional equipment	-	-	-	254,831	-	-	-	-	254,831
Total expenditures	$ 977,530	$ 21,631	$ 42,429	$ 597,010	$ 39,232	$ 454,804	$ 403,329	$ 598,207	$ 3,134,172

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis (Continued)
For the Fiscal Year Ended June 30, 2011

	Title I ARRA 2010-2011	Title II, Part A Teacher and Principal Training & Recruiting 2010-2011	Title II, Part A Teacher and Principal Training & Recruiting Carryover	Title II, Part D Enhancing Education Through Technology 2010-2011	Title III Part A 2010-2011	Carry forward to E-1 Total Other Special Projects
REVENUES:						
State sources	$ -	$ -	$ -	$ -	$ -	$ -
Federal sources	253,528	100,833	3,278	1,006	44,684	403,329
Total revenues	$ 253,528	$ 100,833	$ 3,278	$ 1,006	$ 44,684	$ 403,329
EXPENDITURES:						
Instruction:						
Salaries of teachers	$ 203,071	$ 63,180	$ -	$ -	$ 29,531	$ 295,782
Other salaries for instruction	-	-	-	-	-	-
Purchased professional and technical services	-	-	-	-	2,625	2,625
General supplies	1,184	3,594	-	-	4,571	9,349
Textbooks	-	-	-	-	-	-
Miscellaneous purchased services	-	-	-	-	-	-
Total instruction	204,255	66,774	-	-	36,727	307,756
Support services:						
Salaries of secretarial and clerical assistants	-	-	-	-	-	-
Other salaries	-	-	-	-	-	-
Personal services - employee benefits	46,878	9,288	-	-	4,341	60,507
Purchased professional and technical services	1,800	8,800	3,278	-	2,203	16,081
Travel	-	5,611	-	245	640	6,496
Supplies and materials	595	10,360	-	761	773	12,489
Total support services	49,273	34,059	3,278	1,006	7,957	95,573
Facilities acquisition and construction services:						
Instructional equipment	-	-	-	-	-	-
Total expenditures	$ 253,528	$ 100,833	$ 3,278	$ 1,006	$ 44,684	$ 403,329

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis (Continued)
For the Fiscal Year Ended June 30, 2011

	N.J. Nonpublic Handicapped Services Ch. 193			N.J. Nonpublic Auxiliary Services Ch. 192			Carry forward to E-1 Total Nonpublic Programs
	Examination and Classification	Corrective Speech	Supplemental Instruction	Compensatory	Nonpublic Nursing	Nonpublic Textbooks	
REVENUES:							
State sources	$ 139,550	$ 54,919	$ 92,412	$ 228,658	$ 44,364	$ 38,304	$ 598,207
Federal sources	-	-	-	-	-	-	-
Total revenues	$ 139,550	$ 54,919	$ 92,412	$ 228,658	$ 44,364	$ 38,304	$ 598,207
EXPENDITURES:							
Instruction:							
Salaries of teachers	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other salaries for instruction	-	-	-	-	-	-	-
Purchased professional and technical services	-	-	-	-	44,364	-	44,364
General supplies	-	-	-	-	-	-	-
Textbooks	-	-	-	-	-	38,304	38,304
Miscellaneous purchased services	139,550	54,919	92,412	228,658	-	-	515,539
Total instruction	139,550	54,919	92,412	228,658	44,364	38,304	598,207
Support services:							
Salaries of program directors	-	-	-	-	-	-	-
Salaries of secretarial and clerical assistants	-	-	-	-	-	-	-
Other salaries	-	-	-	-	-	-	-
Personal services - employee benefits	-	-	-	-	-	-	-
Purchased professional and technical services	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Supplies and materials	-	-	-	-	-	-	-
Total support services	-	-	-	-	-	-	-
Facilities acquisition and construction services:							
Instructional equipment	-	-	-	-	-	-	-
Total expenditures	$ 139,550	$ 54,919	$ 92,412	$ 228,658	$ 44,364	$ 38,304	$ 598,207

CAPITAL PROJECTS FUND
DETAIL STATEMENTS

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2011

Project Title / Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date Prior Years	GAAP Expenditures to Date Current Year	Unexpended Appropriations June 30, 2011
Energy System Upgrades	5/15/2007	$ 6,113,000	$ 6,026,315	$ 86,685	$ -
Totals		$ 6,113,000	$ 6,026,315	$ 86,685	$ -

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, 2011

Revenues and Other Financing Sources	
State sources	$ -
Transfer from capital reserve	-
Total revenues	-
Expenditures and Other Financing Uses	
Purchased professional and technical services	-
Construction services	86,685
Other objects	-
Transfer to capital reserve	-
Transfer to debt service fund	-
Total expenditures	86,685
Excess (deficiency) of revenues over (under) expenditures	(86,685)
Fund balance - beginning	86,685
Fund balance - ending	$ -

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Energy System Upgrades
From Inception and for the Fiscal Year Ended June 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State sources	$ -	$ -	$ -	$ -
Bond proceeds and transfers	6,113,000	-	6,113,000	6,113,000
Transfer from capital reserve	-	-	-	-
Total revenues	6,113,000	-	6,113,000	6,113,000
Expenditures and Other Financing Uses				
Purchased professional and technical services	695,370	-	695,370	695,370
Construction services	5,330,945	86,685	5,417,630	5,417,630
Other objects	-	-	-	-
Total expenditures	6,026,315	86,685	6,113,000	6,113,000
Excess (deficiency) of revenues over (under) expenditures	$ 86,685	$ (86,685)	$ -	$ -

Additional project information	
Project number	3810-040-05-1000
Grant date	5/1/2007
Bond authorization date	8/23/2007
Bonds authorized	$ 6,113,000
Bonds issued	$ 6,113,000
Original authorized cost	$ 6,113,000
Additional authorized cost	$ -
Revised authorized cost	$ 6,113,000
Percentage increase over original authorized cost	0%
Percentage completion	100%
Original target completion date	September 2008
Revised target completion date	September 2010

PROPRIETARY FUNDS DETAIL STATEMENTS

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

Food Service Fund – This fund provides for the operation of food service in all schools within the school district.

Internal Service Fund – This fund provides for risk-financing activities such as self insurance.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5, B-6, B-7 and B-8

FIDUCIARY FUNDS
DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the School District for a specific purpose.

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

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

Payroll Fund – This agency fund is used to account for the payroll transactions of the School District.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Combining Statement of Fiduciary Net Assets
Trust and Agency Funds
June 30, 2011

	Trust			Agency		
	Unemployment Compensation	Private Purpose	Total Trust Fund	Student Activity	Payroll	Total Agency Fund
ASSETS:						
Cash and cash equivalents	$ 412,158	$ 35,666	$ 447,824	$ 385,872	$ 1,075,392	$ 1,461,264
Total assets	$ 412,158	$ 35,666	$ 447,824	$ 385,872	$ 1,075,392	$ 1,461,264
LIABILITIES						
Payroll deductions and withholdings	36,043	-	36,043	$ -	$ 1,075,392	$ 1,075,392
Due to student groups	-	-	-	385,872	-	385,872
Total liabilities	36,043	-	36,043	$ 385,872	$ 1,075,392	$ 1,461,264
NET ASSETS						
Reserved	376,115	35,666	411,781			
Total net assets	$ 376,115	$ 35,666	$ 411,781			

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2011

	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Total Trusts
ADDITIONS:			
Contributions			
Plan member	$ 99,232	$ -	$ 99,232
Other	-	7,685	7,685
Total contributions	99,232	7,685	106,917
Investment earnings			
Interest	598	-	598
Net investment earnings	598	-	598
Total Additions	99,830	7,685	107,515
DEDUCTIONS:			
Quarterly contribution reports	40,660	-	40,660
Unemployment claims	306,474	-	306,474
Scholarships awarded	-	11,605	11,605
Total Deductions	347,134	11,605	358,739
Change in Net Assets	(247,304)	(3,920)	(251,224)
Net Assets - Beginning of Year	623,419	39,586	663,005
Net Assets - End of Year	$ 376,115	$ 35,666	$ 411,781

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2011

	Balance July 1, 2010	Cash Receipts	Cash Disbursements	Balance June 30, 2011
ELEMENTARY SCHOOLS:				
Ocean Township Elementary	$ 5,779	$ 8,947	$ 8,792	$ 5,934
Wayside Elementary	3,595	9,599	8,785	4,409
Wanamassa Elementary	6,780	7,137	5,862	8,055
Total elementary schools	16,154	25,683	23,439	18,398
INTERMEDIATE SCHOOL	59,212	79,943	75,695	63,460
HIGH SCHOOL	291,697	639,782	627,465	304,014
Total all schools	$ 367,063	$ 745,408	$ 726,599	$ 385,872

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
ASSETS:				
Cash and cash equivalents	$ 997,270	$ 20,171,577	$ 20,093,455	$ 1,075,392
Total assets	$ 997,270	$ 20,171,577	$ 20,093,455	$ 1,075,392
LIABILITIES:				
Payroll deductions and withholdings	$ 997,270	$ 20,171,577	$ 20,093,455	$ 1,075,392
Total liabilities	$ 997,270	$ 20,171,577	$ 20,093,455	$ 1,075,392

LONG-TERM DEBT SCHEDULES

The Long-Term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding and obligations under capital lease.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Long Term Debt
Schedule of Serial Bonds
As of June 30, 2011

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2010	Issued	Retired	Balance June 30, 2011
School renovations and additions	5/1/2009	$ 8,275,000	6/1/2012	$ 1,380,000	3.00%	$ 7,015,000	$ -	$ 1,310,000	$ 5,705,000
(Refunding issue 1999)			6/1/2013	1,395,000	3.00%				
			6/1/2014	1,440,000	3.00%				
			6/1/2015	1,490,000	3.50%				
School renovations and additions	3/29/2002	14,642,000	3/1/2012	850,000	4.25%	10,242,000	-	9,392,000	850,000
School renovations and additions	10/20/2010	8,585,000	3/1/2012	40,000	2.000%	-	8,585,000	45,000	8,540,000
(Refunding issue 2010)			3/1/2013	895,000	3.000%				
			3/1/2014	875,000	3.000%				
			3/1/2015	865,000	4.000%				
			3/1/2016	860,000	4.000%				
			3/1/2017	850,000	4.000%				
			3/1/2018	845,000	4.000%				
			3/1/2019	835,000	4.000%				
			3/1/2020	830,000	4.000%				
			3/1/2021	825,000	4.000%				
			3/1/2022	820,000	4.000%				
School bonds - Energy project	9/1/2007	6,113,000	9/1/2011	340,000	4.125%	5,540,000	-	325,000	5,215,000
			9/1/2012	355,000	4.125%				
			9/1/2013	375,000	4.125%				
			9/1/2014	390,000	4.125%				
			9/1/2015	405,000	4.125%				
			9/1/2016	425,000	4.125%				
			9/1/2017	445,000	4.125%				
			9/1/2018	465,000	4.125%				
			9/1/2019	485,000	4.125%				
			9/1/2020	505,000	4.125%				
			9/1/2021	510,000	4.200%				
			9/1/2022	515,000	4.250%				
						$ 22,797,000	$ 8,585,000	$ 11,072,000	$ 20,310,000

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Long Term Debt
Schedule of Obligations under Capital Lease
As of June 30, 2011

Description	Amount of Original Issue	Balance July 1, 2010	Issued Current Year	Retired Current Year	Balance June 30, 2011
Xerox Copiers	$ 163,000	$ 19,729	$ -	$ 19,729	$ -
		$ 19,729	$ -	$ 19,729	$ -

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	$ 3,118,052	$ -	$ 3,118,052	$ 3,118,052	$ -
State sources:					
Debt service aid - Type II	186,269	-	186,269	186,269	-
Total revenues	3,304,321	-	3,304,321	3,304,321	-
EXPENDITURES:					
Regular debt service:					
Interest	914,101	(45,000)	869,101	812,332	56,769
Redemption of principal	2,485,000	45,000	2,530,000	2,530,000	-
Total expenditures	3,399,101	-	3,399,101	3,342,332	56,769
Excess (deficiency) of revenues over (under) expenditures	(94,780)	-	(94,780)	(38,011)	56,769
Other financing sources (uses):					
Operating transfers in (out)	-	-	-	(29,890)	(29,890)
Refunding Bond Proceeds	-	-	-	8,585,000	8,585,000
Premium on Sale of Bonds	-	-	-	692,118	692,118
Payment to refunding bonds escrow agent	-	-	-	(9,199,528)	(9,199,528)
Cost of issuance	-	-	-	(47,700)	(47,700)
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(94,780)	-	(94,780)	(38,011)	56,769
Fund balances, July 1	94,781	-	94,781	94,781	-
Fund balances, June 30	$ 1	$ -	$ 1	$ 56,770	$ 56,769

Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures

Budgeted fund balance	$ 94,781	$ -	$ 94,781	$ 94,781	$ -

STATISTICAL SECTION

CONTENTS **PAGE**

Financial Trends 75 - 81

These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.

Revenue Capacity 82 - 87

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

Debt Capacity 88 - 91

These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.

Demographic and Economic Information 92 - 93

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

Operating Information 94 - 99

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Net Assets by Component
Last Nine Fiscal Years
Accrual Basis of Accounting
Unaudited

	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004	June 30, 2003
Governmental activities									
Invested in capital assets, net of related debt	$ 18,865,230	$ 17,705,236	$ 15,953,571	$ 12,398,864	$ 13,212,935	$ 12,141,494	$ 10,977,152	$ 6,416,013	$ (7,457,953)
Restricted	5,283,098	3,534,807	5,976,604	8,712,095	3,296,371	3,298,375	4,455,473	5,442,750	18,286,801
Unrestricted	(3,049,861)	(2,549,999)	(3,078,273)	(2,223,231)	766,275	(890,211)	(1,016,536)	(172,013)	(1,001,555)
Total governmental activities net assets	$ 21,098,467	$ 18,690,044	$ 18,851,902	$ 18,887,728	$ 17,275,581	$ 14,549,658	$ 14,416,089	$ 11,686,750	$ 9,827,293
Business-type activities									
Invested in capital assets, net of related debt	$ 64,236	$ 77,390	$ 92,319	$ 109,160	$ 126,232	$ 139,309	$ 136,124	$ 151,912	$ 120,997
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	25,685	(7,461)	17,751	(62,448)	(31,374)	(20,121)	8,992	16,470	67,722
Total business-type activities net assets	$ 89,921	$ 69,929	$ 110,070	$ 46,712	$ 94,858	$ 119,188	$ 145,116	$ 168,382	$ 188,719
District-wide									
Invested in capital assets, net of related debt	$ 18,929,466	$ 17,782,626	$ 16,045,890	$ 12,508,024	$ 13,339,167	$ 12,280,803	$ 11,113,276	$ 6,567,925	$ (7,336,956)
Restricted	5,283,098	3,534,807	5,976,604	8,712,095	3,296,371	3,298,375	4,455,473	5,442,750	18,286,801
Unrestricted	(3,024,176)	(2,557,460)	(3,060,522)	(2,285,679)	734,901	(910,332)	(1,007,544)	(155,543)	(933,833)
Total district-wide net assets	$ 21,188,388	$ 18,759,973	$ 18,961,972	$ 18,934,440	$ 17,370,439	$ 14,668,846	$ 14,561,205	$ 11,855,132	$ 10,016,012

Source: District records

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Changes in Net Assets
Last Nine Fiscal Years
Accrual Basis of Accounting
Unaudited

	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004	June 30, 2003
Expenses									
Governmental activities									
Instruction									
Regular	$ 30,672,356	$ 30,869,776	$ 29,853,090	$ 31,403,830	$ 30,493,052	$ 28,727,656	$ 27,139,122	$ 25,943,765	$ 24,188,808
Special education	6,672,604	6,760,065	6,685,215	6,787,935	6,641,597	5,702,888	4,847,330	4,251,337	3,675,342
Other special education	1,345,531	1,988,821	2,017,043	2,062,716	1,688,817	1,608,853	1,544,172	1,007,814	1,074,177
Other instruction	1,457,112	1,455,524	1,397,145	1,536,734	1,506,792	1,459,389	1,738,116	1,787,225	1,784,615
Support Services									
Instruction	3,992,315	3,434,045	3,292,240	2,971,655	2,396,367	2,482,940	2,157,695	2,296,703	2,237,581
Student & instruction related services	8,252,664	8,335,122	7,943,866	6,745,992	6,807,909	6,356,887	5,509,657	5,029,503	4,853,811
School administrative services	2,820,723	3,370,056	3,372,965	3,086,920	3,023,913	2,336,634	2,623,838	2,440,173	2,456,795
General administrative services	1,164,642	1,146,016	1,161,748	1,086,689	1,173,956	1,919,276	1,297,524	2,143,253	2,052,813
Central services	1,292,534	948,110	929,609	848,343	606,651	725,358	726,953	-	-
Administrative information technology	140,303	609,867	288,517						
Plant operations and maintenance	7,004,447	6,924,274	7,338,569	7,668,599	7,001,421	7,027,307	6,103,272	6,024,406	4,635,649
Pupil transportation	3,908,346	3,918,662	3,913,472	3,745,741	3,672,414	3,559,049	3,112,889	3,074,160	3,615,234
Special Schools	164,599	187,863	190,883	179,677	194,374	83,692	76,322	74,345	47,818
Charter schools	30,545	57,636	15,348	2,793	-	-	-	-	-
Interest on long-term debt	1,460,077	1,007,071	1,308,884	1,245,843	1,107,017	1,172,100	1,231,377	1,504,487	1,642,881
Total governmental activities expenses	70,378,798	71,012,908	69,708,594	69,373,467	66,314,280	63,162,029	58,108,267	55,577,171	52,265,524
Business-type activities:									
Food service	1,192,783	1,141,723	1,132,607	1,105,399	1,077,716	1,105,246	1,140,614	1,075,571	1,022,070
Total business-type activities expense	1,192,783	1,141,723	1,132,607	1,105,399	1,077,716	1,105,246	1,140,614	1,075,571	1,022,070
Total district expenses	$ 71,571,581	$ 72,154,631	$ 70,841,201	$ 70,478,866	$ 67,391,996	$ 64,267,275	$ 59,248,881	$ 56,652,742	$ 53,287,594
Program Revenues									
Governmental activities:									
Charges for services:									
Instruction (tuition)	$ -	$ 24,968	$ 53,793	$ -	$ 36,343	$ 33,833	$ 46,343	$ 56,506	$ 51,807
Support services	263,729	227,401	194,755	174,100	-	-	-	-	-
Special schools	19,600	-	15,175	23,075	-	-	-	-	-
Operating grants and contributions	7,569,905	7,219,481	6,961,117	8,861,298	-	-	-	1,352,658	1,286,395
Total governmental activities program revenues	7,853,234	7,471,850	7,224,840	9,058,473	36,343	33,833	46,343	1,409,164	1,338,202
Business-type activities									
Charges for services:									
Food service	689,179	710,072	739,032	782,304	796,280	834,191	870,329	839,174	763,540
Operating grants and contributions	423,596	391,510	356,933	274,949	257,106	245,127	246,321	216,160	222,045
Total business-type activities program revenues	1,112,775	1,101,582	1,095,965	1,057,253	1,053,386	1,079,318	1,116,650	1,055,334	985,585
Total district program revenues	$ 8,966,009	$ 8,573,432	$ 8,320,805	$ 10,115,726	$ 1,089,729	$ 1,113,151	$ 1,162,993	$ 2,464,498	$ 2,323,787

(Continued)

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Changes in Net Assets
Last Nine Fiscal Years
Accrual Basis of Accounting
Unaudited

	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004	June 30, 2003
Net (Expense) Revenue									
Governmental activities	$ (62,525,564)	$ (63,541,058)	$ (62,483,754)	$ (60,314,994)	$ (66,277,937)	$ (63,128,196)	$ (58,061,924)	$ (54,168,007)	$ (50,927,322)
Business-type activities	(80,008)	(40,141)	(36,642)	(48,146)	(24,330)	(25,928)	(23,964)	(20,237)	(36,485)
Total district-wide net expense	$ (62,605,572)	$ (63,581,199)	$ (62,520,396)	$ (60,363,140)	$ (66,302,267)	$ (63,154,124)	$ (58,085,888)	$ (54,188,244)	$ (50,963,807)
General Revenues and Other Changes in Net Assets									
Governmental activities									
Property taxes levied for general purposes, net	$ 54,408,683	$ 52,051,910	$ 50,344,384	$ 49,485,090	$ 47,642,573	$ 44,143,259	$ 42,722,698	$ 39,841,709	$ 36,923,133
Taxes levied for debt service	3,118,052	3,111,333	2,583,653	2,213,751	2,844,064	2,767,546	2,669,748	2,596,041	2,474,755
Federal and state aid not restricted	7,204,310	8,105,252	9,334,996	9,481,032	17,700,801	15,879,559	14,974,249	13,232,697	11,515,606
Investment earnings	16,408	25,053	216,587	683,044	550,626	279,564	168,451	117,025	341,432
Transfers	(100,000)	-	(100,000)	-	-	-	-	-	-
Gain on disposal of capital assets	18,093	-	-	-	-	-	-	-	-
Miscellaneous income	268,441	85,652	68,308	64,222	265,796	191,836	256,117	239,992	198,621
Total governmental activities	64,933,987	63,379,200	62,447,928	61,927,139	69,003,860	63,261,764	60,791,263	56,027,464	51,453,547
Business-type activities:									
Investment earnings	-	-	-	-	-	-	698	-	-
Transfers	100,000	-	100,000	-	-	-	-	-	-
Total business-type activities	100,000	-	100,000	-	-	-	698	-	-
Total district-wide	$ 65,033,987	$ 63,379,200	$ 62,547,928	$ 61,927,139	$ 69,003,860	$ 63,261,764	$ 60,791,961	$ 56,027,464	$ 51,453,547
Change in Net Assets									
Governmental activities	$ 2,408,423	$ (161,858)	$ (35,826)	$ 1,612,145	$ 2,725,923	$ 133,568	$ 2,729,339	$ 1,859,457	$ 526,225
Business-type activities	19,992	(40,141)	63,358	(48,146)	(24,330)	(25,928)	(23,266)	(20,237)	(36,485)
Total district	$ 2,428,415	$ (201,999)	$ 27,532	$ 1,563,999	$ 2,701,593	$ 107,640	$ 2,706,073	$ 1,839,220	$ 489,740

Source: District records

Note: Central Services account classification was added beginning with the year ended June 30, 2005. Prior to June 30, 2005, Central Services was combined in School Administration Services.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
Modified Accrual Basis of Accounting
Unaudited

	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004	June 30, 2003	June 30, 2002
General Fund										
Reserved	$ 5,226,328	$ 3,143,340	$ 5,181,541	$ 5,524,096	$ 3,981,396	$ 2,635,632	$ 3,107,174	$ 1,621,028	$ 607,468	$ 523,535
Unreserved	304,658	366,564	657,209	944,332	839,919	743,859	1,415,253	1,698,256	1,949,151	2,066,837
Total general fund	$ 5,530,986	$ 3,509,904	$ 5,838,750	$ 6,468,428	$ 4,821,315	$ 3,379,491	$ 4,522,427	$ 3,319,284	$ 2,556,619	$ 2,590,372
All Other Governmental Funds										
Reserved	$ -	$ 86,685	$ -	$ 1,840,890	$ 21,038	$ 28,637	$ -	$ 2,578,560	$ 12,515,334	$ 1,072,006
Unreserved										
Special revenue fund	-	-	-	(5,522)	(8,628)	7,419	(8,309)	(5,522)	(15,391)	-
Capital projects fund	-	-	295,061	1,097,108	1,758,053	1,812,461	1,884,695	2,528,021	5,163,936	19,690,221
Debt service fund	56,770	94,781	2	1	1	1	1	1	63	63
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	$ 56,770	$ 181,466	$ 295,063	$ 2,932,477	$ 1,770,464	$ 1,848,518	$ 1,876,387	$ 5,101,060	$ 17,663,942	$ 20,762,290

Sou District records

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
Modified Basis of Accounting
Unaudited

	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004	June 30, 2003	June 30, 2002
Revenues										
Tax levy	$ 57,526,735	$ 55,163,243	$ 52,928,037	$ 51,698,841	$ 50,486,637	$ 46,910,805	$ 45,392,446	$ 42,437,750	$ 39,397,888	$ 34,276,233
Tuition charges	19,600	24,968	68,967	23,075	36,343	33,833	46,343	56,506	51,807	83,992
Transportation fee	8,840	-	-	-	-	-	-	-	-	-
Interest earnings	16,408	25,053	216,587	683,044	550,626	279,564	168,451	117,025	341,432	241,217
Miscellaneous	402,607	267,337	532,621	238,322	265,796	191,836	256,117	239,992	198,621	150,548
State sources	12,275,813	13,113,096	14,640,564	16,885,039	16,371,322	14,368,278	13,611,036	13,275,454	11,724,479	17,407,969
Federal sources	2,498,402	2,211,637	1,655,549	1,457,291	1,329,479	1,511,281	1,363,213	1,309,900	1,079,521	941,163
Total revenue	72,748,405	70,805,334	70,042,325	70,985,612	69,040,203	63,295,597	60,837,606	57,436,627	52,793,748	53,101,122
Expenditures										
Instruction										
Regular Instruction	21,897,306	22,670,152	21,799,901	21,006,552	20,402,035	20,075,584	19,500,440	18,473,320	17,841,412	17,201,429
Special education instruction	4,582,938	4,781,510	4,707,955	4,306,544	4,210,778	3,809,545	3,328,671	2,904,914	2,600,277	2,363,994
Other special instruction	919,375	1,393,079	1,404,080	1,310,956	1,071,315	1,075,322	1,059,567	688,628	782,842	877,961
Other instruction	1,150,970	1,180,325	1,125,096	1,049,647	1,023,338	1,034,728	1,267,385	1,308,153	1,384,482	1,484,136
Support Services:										
Instruction	3,992,315	3,434,045	3,292,240	2,971,655	2,396,367	2,482,940	2,157,695	2,296,703	2,237,582	1,841,703
Student & inst. related services	5,816,263	6,019,791	5,718,458	5,200,921	5,370,346	5,027,233	4,451,300	4,229,171	4,213,095	3,798,214
General & business administrative services	992,083	998,428	1,014,555	960,522	884,872	1,583,275	1,712,380	1,510,123	1,514,627	1,616,996
School administrative services	2,036,891	2,472,397	2,475,110	2,389,780	2,350,113	1,646,778	1,954,109	2,227,175	2,271,570	2,411,268
Central services	649,609	749,994	742,919	673,691	606,651	725,358	726,953	-	-	-
Administrative information technology	437,484	476,244	228,003	-	-	-	-	-	-	-
Plant operations and maintenance	6,134,451	6,078,561	6,453,715	6,725,919	6,154,093	6,300,025	5,403,522	5,294,190	4,301,129	4,256,459
Pupil transportation	3,115,311	3,134,340	3,113,502	2,979,135	2,900,206	2,743,880	2,347,673	2,322,209	2,186,221	2,045,590
Unallocated benefits	15,192,995	15,146,095	14,278,209	16,608,192	16,350,526	13,981,833	12,444,503	11,894,749	10,354,788	8,189,870
Special Schools	164,599	187,863	190,882	179,677	194,374	83,692	76,322	62,255	47,817	42,840
Transfer to Charter Schools	30,545	57,636	15,348	2,793	-	-	-	12,090	-	-
Capital outlay	344,535	1,111,572	2,700,609	5,009,751	902,517	1,306,501	3,758,868	13,653,196	3,713,252	2,496,704

(continued)

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
Modified Basis of Accounting
Unaudited

	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004	June 30, 2003	June 30, 2002
Debt service:										
Principal	2,530,000	2,420,000	2,343,000	1,865,000	1,725,000	1,585,000	1,425,000	1,285,000	1,130,000	875,000
Interest and other charges	812,332	1,022,430	1,421,769	1,048,751	1,119,064	1,182,546	1,244,748	1,311,103	1,344,755	760,387
Total expenditures	70,800,002	73,334,462	73,025,351	74,289,486	67,661,595	64,644,240	62,859,136	69,472,979	55,923,849	50,262,551
Excess (Deficiency) of revenues over (under) expenditures	1,948,403	(2,529,128)	(2,983,026)	(3,303,874)	1,378,608	(1,348,643)	(2,021,530)	(12,036,352)	(3,130,101)	2,838,571
Other Financing sources (uses)										
Capital leases (non-budgeted)	$ -	$ -	$ -	$ -	$ -	$ 163,000	$ -	$ 236,135	$ -	$ 620,097
Proceeds from bonds	8,585,000	-	8,275,000	6,113,000	-	-	-	-	-	14,642,000
Payments to refunding bond escrow	(9,199,528)	-	(8,459,066)	-	-	-	-	-	-	-
Premium on sale of bonds	692,118	-	-	-	-	-	-	-	-	-
Cost of issuance	(47,700)	-	-	-	-	-	-	-	-	-
Sale of assets	18,093	-	-	-	-	-	-	-	-	-
Transfers in	29,892	497,332	888,505	899,804	84,531	324,286	14,387	383,268	-	120,560
Transfers out	(129,892)	(497,332)	(988,505)	(899,804)	(84,531)	(324,286)	(14,387)	(383,268)	-	(120,560)
Total other financing sources (uses)	(52,017)	-	(284,066)	6,113,000	-	163,000	-	236,135	-	15,262,097
Net change in fund balances	$ 1,896,386	$ (2,529,128)	$ (3,267,092)	$ 2,809,126	$ 1,378,608	$ (1,185,643)	$ (2,021,530)	$ (11,800,217)	$ (3,130,101)	$ 18,100,668
Debt service as a percentage of noncapital expenditures	4.74%	4.77%	5.35%	4.21%	4.26%	4.37%	4.52%	4.65%	4.74%	3.42%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.
Central Service account classification was added beginning with year end June 30, 2005. Prior to June 30, 2005, Central Service was combined in school administrative services.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
General Fund, Other Local Revenue by Source
Last Ten Fiscal Years
Modified Accrual Basis of Accounting
Unaudited

Description	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004	June 30, 2003	June 30, 2002
Sale of energy	$ 18,360	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Receipts from athletic fund	-	-	-	-	-	-	-	-	48,032	-
Grant	44,149	-	-	-	-	-	-	-	-	-
Facility charge	237,457	227,401	194,755	174,099	241,444	147,550	126,675	126,456	118,250	117,750
Prior year insurance refunds	-	-	-	10,071	-	-	77,233	92,797	-	-
Prior year miscellaneous refunds	39,582	8,026	31,991	26,232	6,455	7,310	45,410	16,008	28,210	25,954
Sponsorship	30,950	23,950	22,000	23,650	3,000	22,100	-	-	-	-
Sale of assets	18,093	-	-	-	-	-	-	-	1,474	-
Telephone commissions	-	-	-	-	-	-	-	-	139	1,491
Cancellation of prior year checks	-	-	-	-	7,271	-	-	-	-	4,613
Shared services	11,141	-	-	-	-	-	-	-	-	-
Miscellaneous	2,875	7,960	5,769	4,270	5,679	5,084	1,180	4,731	2,516	740
Total other local revenue	$ 402,607	$ 267,337	$ 254,515	$ 238,322	$ 263,849	$ 182,044	$ 250,498	$ 239,992	$ 198,621	$ 150,548

Source: District Records

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Assessed Value and Actual Value of Taxable Property - Township of Ocean
Last Ten Years
Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qualified Farm	Commercial	Industrial	Apartment	Total Assessed Value	Less : Tax Exempt Property	Public Utilities [a]	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Direct School Tax Rate [b]
2002	$ 46,477,400	$ 1,395,177,500	$ 1,997,900	$ 15,300	$ 252,256,800	$ 3,080,100	$ 80,390,100	$ 1,779,395,100	$ -	$ 3,196,621	$ 1,782,591,721	$ 2,339,152,472	2.050
2003	73,067,100	1,412,386,200	1,997,900	15,300	273,823,600	3,080,100	80,390,100	1,844,760,300	-	3,015,051	1,847,775,351	2,698,841,372	2.198
2004	65,608,100	1,439,899,400	1,997,900	15,300	290,703,100	3,080,100	80,062,700	1,881,366,600	-	2,595,697	1,883,962,297	3,178,708,458	2.315
2005	128,139,000	3,540,957,600	1,008,800	3,200	636,902,500	7,047,700	194,035,400	4,508,094,200	-	4,230,419	4,512,324,619	3,704,615,768	1.016
2006	137,653,400	3,557,304,600	1,008,800	3,200	646,551,200	7,047,700	192,513,400	4,542,082,300	-	3,737,125	4,545,819,425	4,889,481,534	1.065
2007	115,614,800	3,647,007,700	1,008,800	3,200	657,156,600	-	174,312,600	4,595,103,700	-	3,370,995	4,598,474,695	5,440,101,338	1.105
2008	108,809,100	3,701,801,300	1,008,800	3,200	650,095,600	-	174,312,600	4,636,030,600	-	3,335,276	4,639,365,876	5,821,430,884	1.105
2009	99,774,500	3,731,125,700	1,008,800	3,200	653,898,600	-	174,312,600	4,660,123,400	-	4,425,876	4,664,549,276	5,622,766,306	1.121
2010	94,206,500	3,405,982,600	864,200	3,000	646,389,100	-	167,082,500	4,314,527,900	-	5,730,952	4,320,258,852	5,535,729,615	1.263
2011	93,051,700	3,418,789,500	864,200	3,000	626,100,600	-	157,266,300	4,296,075,300	-	4,068,768	4,300,144,068	5,118,942,495	1.305

Source: New Jersey's Monmouth County Board of Taxation Website

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by the County board of taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per $100

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Assessed Value and Actual Value of Taxable Property - Village of Loch Arbour
Last Ten Years
Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qualified Farm	Commercial	Industrial	Apartment	Total Assessed Value	Less : Tax Exempt Property	Public Utilities [a]	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate [b]
2002	$ 1,233,400	$ 66,336,200	$ -	$ -	$ 3,576,000	$ -	$ 263,400	$ 71,409,000	$ -	$ 79,830	$ 71,488,830	$ 53,814,425	0.420
2003	1,233,400	66,600,800	-	-	3,576,000	-	263,400	71,673,600	-	79,424	71,753,024	71,567,466	0.418
2004	1,233,400	66,488,300	-	-	3,576,000	-	263,400	71,561,100	-	60,715	71,621,815	84,719,953	0.419
2005	1,233,400	66,770,000	-	-	3,576,000	-	263,400	71,842,800	-	48,774	71,891,574	98,997,671	0.417
2006	1,233,400	67,834,400	-	-	3,576,000	-	263,400	72,907,200	-	31,547	72,938,747	137,889,910	0.412
2007	1,233,400	68,026,900	-	-	3,598,900	-	263,400	73,122,600	-	24,272	73,146,872	179,473,339	0.410
2008	3,823,600	191,110,900	-	-	9,058,600	-	803,200	204,796,300	-	68,604	204,864,904	187,038,594	0.410
2009	3,523,600	191,079,900	-	-	9,058,600	-	803,200	204,465,300	-	72,171	204,537,471	172,470,574	0.146
2010	3,083,600	190,882,000	-	-	8,278,600	-	753,200	202,997,400	-	91,363	203,088,763	194,726,874	0.871
2011	2,366,900	147,663,700	-	-	6,483,900	-	587,300	157,101,800	-	77,150	157,178,950	195,940,278	1.320

Source: New Jersey's Monmouth County Board of Taxation Website

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.
Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per $100

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Property Tax Rates - Direct and Overlapping Governments
Per $100 of Assessed Valuation
Last Ten Years
Unaudited

Township of Ocean

	Township of Ocean Board of Education Direct Rate			Overlapping Rates		
Fiscal Year Ended June 30,	Basic Rate [a]	General Obligation Debt Service [b]	Total Direct School Tax Rate	Township of Ocean	Monmouth County	Total Direct and Overlapping Tax Rate
2002	1.953	0.097	2.050	0.569	0.588	3.207
2003	2.060	0.138	2.198	0.569	0.631	3.398
2004	2.173	0.142	2.315	0.564	0.642	3.521
2005	1.041	0.065	1.106	0.346	0.250	1.702
2006	1.002	0.063	1.065	0.296	0.313	1.674
2007	1.043	0.062	1.105	0.308	0.320	1.733
2008	1.058	0.047	1.105	0.308	0.320	1.733
2009	1.064	0.057	1.121	0.355	0.323	1.799
2010	1.200	0.063	1.263	0.428	0.350	2.041
2011	1.238	0.067	1.305	0.446	0.331	2.082

Village of Loch Arbour

	Township of Ocean Board of Education Direct Rate			Overlapping Rates		
Fiscal Year Ended June 30,	Basic Rate [a]	General Obligation Debt Service [b]	Total Direct School Tax Rate	Village of Loch Arbour	Monmouth County	Total Direct and Overlapping Tax Rate
2002	0.400	0.020	0.420	0.533	0.332	1.285
2003	0.392	0.026	0.418	0.531	0.417	1.366
2004	0.393	0.026	0.419	0.550	0.441	1.410
2005	0.392	0.025	0.417	0.573	0.464	1.454
2006	0.388	0.024	0.412	0.595	0.569	1.576
2007	0.392	0.018	0.410	0.665	0.614	1.689
2008	0.392	0.018	0.410	0.614	0.665	1.689
2009	0.138	0.008	0.146	0.242	0.234	0.622
2010	0.827	0.044	0.871	0.280	0.260	1.411
2011	1.251	0.069	1.320	0.407	0.350	2.077

Source: Borough Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable.

b Rates for debt service are based on each year's requirements.

N/A At the completion of the CAFR, this data was not available.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Schedule of Principal Taxpayers - Township of Ocean
Current Year and Nine Years Ago
Unaudited

	2011	
	Taxable Assessed Value	% of Total District Net Assessed Value
Seaview Square LLC c/o Linque Management	$ 60,000,000	1.40%
Woodshire Apartments	48,393,500	1.13%
Sunset Arcadia Center, Inc.	28,986,400	0.67%
Ocean Seniors, LLC	23,987,300	0.56%
Westwood Oaks Associates	23,107,100	0.54%
Sears Roebuck & Co	22,517,600	0.52%
Cold Indian Springs Corp	20,046,600	0.47%
Gold Enterprises c/o Salem Management	19,222,700	0.45%
Continental Land Develeopers, LLC	16,453,000	0.38%
Hollywood Golf Club	15,398,300	0.36%
TOTAL	$ 278,112,500	6.47%

	2002	
	Taxable Assessed Value	% of Total District Net Assessed Value
Woodshire Apartments	$ 22,198,000	1.25%
Equitable Insurance	18,489,400	1.04%
Continental Land Development	12,000,000	0.67%
Gold Enterprises	10,346,000	0.58%
Sears Roebuck & Co	9,643,000	0.54%
Cold Indian Springs Corp	9,174,000	0.51%
Westwood Oaks Associates	8,636,200	0.48%
Continental Enterprises	6,300,000	0.35%
Coolidge Cobblestone	6,100,000	0.34%
Hollywood Golf Club	4,961,500	0.28%
TOTAL	$ 107,848,100	6.04%

Source: Municipal Tax Assessor

Note: Values are assessed at January 1 of the audit year.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Schedule of Principal Taxpayers - Village of Loch Arbour
Current Year and Nine Years Ago
Unaudited

	2011	
	Taxable Assessed Value	% of Total District Net Assessed Value
Individual Taxpayer #1	$ 3,848,300	2.45%
Individual Taxpayer #2	3,281,700	2.09%
Individual Taxpayer #3	2,439,700	1.55%
Individual Taxpayer #4	2,292,900	1.46%
Individual Taxpayer #5	2,149,000	1.37%
Individual Taxpayer #6	2,134,700	1.36%
Individual Taxpayer #7	2,112,200	1.34%
Individual Taxpayer #8	1,919,700	1.22%
Individual Taxpayer #9	1,864,400	1.19%
Individual Taxpayer #10	1,793,200	1.14%
TOTAL	$ 23,835,800	15.16%

	2002	
	Taxable Assessed Value	% of Total District Net Assessed Value
Individual Taxpayer #1	$ 1,574,100	2.20%
Individual Taxpayer #2	1,295,900	1.81%
Individual Taxpayer #3	1,167,900	1.64%
Individual Taxpayer #4	1,047,200	1.47%
Individual Taxpayer #5	1,019,200	1.43%
Individual Taxpayer #6	955,500	1.34%
Individual Taxpayer #7	919,000	1.29%
Gabcar, LLC	899,400	1.26%
Individual Taxpayer #8	840,200	1.18%
Individual Taxpayer #9	804,300	1.13%
TOTAL	$ 10,522,700	14.75%

Source: Municipal Tax Assessor

Note: Values are assessed at January 1 of the audit year.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Municipal Property Tax Levies and Collections
Last Ten Years
Unaudited

Township of Ocean

Year Ended December 31,	Total Tax Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy [a]		Collections in Subsequent Years
		Amount	Percentage of Levy	
2001	$ 55,064,399	$ 54,224,296	98.47%	$ 663,765
2002	59,364,448	58,329,702	98.26%	912,150
2003	65,625,858	64,506,190	98.29%	846,089
2004	69,049,665	68,000,796	98.48%	617,171
2005	73,725,327	73,122,126	99.18%	583,553
2006	79,255,476	78,085,541	98.52%	9,233
2007	82,714,716	81,708,783	98.78%	977,538
2008	86,385,299	84,678,411	98.02%	1,066,022
2009	82,714,916	81,708,783	98.78%	1,049,579
2010	90,987,168	88,468,794	97.23%	N/A

Village of Loch Arbour

Year Ended December 31,	Total Tax Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy [a]		Collections in Subsequent Years
		Amount	Percentage of Levy	
2001	$ 863,165	$ 858,588	99.47%	N/A
2002	919,466	913,916	99.40%	N/A
2003	980,146	975,176	99.49%	N/A
2004	1,013,569	1,012,497	99.89%	N/A
2005	1,053,140	1,052,966	99.98%	N/A
2006	1,150,979	1,150,979	100.00%	N/A
2007	1,237,939	1,237,987	100.00%	N/A
2008	1,274,429	1,257,678	98.69%	N/A
2009	1,966,149	1,941,374	98.74%	N/A
2010	2,860,766	2,753,502	96.25%	N/A

Source: District records including the Certificate and Report of School Taxes (A4F form) from Municipal Tax Assessor.

a School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

	Governmental Activities		Business-Type Activities			
Year Ended June 30,	General Obligation Bonds	Capital Leases	Capital Leases	Total District	Percentage of Personal Income [a]	Per Capita [a]
2002	$ 30,085,808	$ -	$ -	$ 30,085,808	2.53%	1,098
2003	29,517,000	-	-	29,517,000	2.46%	1,073
2004	28,232,000	739,785	-	28,971,785	1.85%	1,042
2005	26,807,000	-	-	26,807,000	2.00%	960
2006	25,222,000	148,721	-	25,370,721	1.72%	905
2007	23,497,000	120,784	-	23,617,784	1.51%	842
2008	27,745,000	90,151	-	27,835,151	1.70%	977
2009	25,217,000	56,561	-	25,273,561	N/A	888
2010	22,979,000	19,729	-	22,998,729	N/A	808
2011	20,310,000	-	-	20,310,000	N/A	N/A

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Data amounts are combined for the Township of Ocean and Village of Loch Arbour.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Ratio of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Township of Ocean

Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property [a]	Net Bonded Debt Per Capita [b]
2002	$ 29,349,544	$ -	$ 29,349,544	1.65%	$ 1,082.01
2003	28,780,967	-	28,780,967	1.56%	1,057.07
2004	27,499,329	-	27,499,329	1.46%	998.89
2005	26,085,762	-	26,085,762	0.58%	944.18
2006	24,510,740	-	24,510,740	0.54%	883.40
2007	22,746,506	-	22,746,506	0.49%	818.54
2008	26,912,650	-	26,912,650	0.58%	953.71
2009	24,420,143	-	24,420,143	0.52%	865.90
2010	22,076,615	-	22,076,615	0.51%	782.75
2011	19,630,574	-	19,630,574	0.46%	N/A

Village of Loch Arbour

Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property [a]	Net Bonded Debt Per Capita [b]
2002	$ 736,264	$ -	$ 736,264	1.03%	$ 2,610.87
2003	736,033	-	736,033	1.03%	2,610.05
2004	732,671	-	732,671	1.02%	2,598.12
2005	721,238	-	721,238	1.00%	2,557.58
2006	711,260	-	711,260	0.98%	2,540.21
2007	750,494	-	750,494	1.03%	2,709.36
2008	832,350	-	832,350	0.41%	3,026.73
2009	796,857	-	796,857	0.39%	2,908.24
2010	720,385	-	720,385	0.35%	2,638.77
2011	679,426	-	679,426	0.43%	N/A

Sources: Assessed valuations were provided by the Abstract of Ratables, Monmouth County Board of Taxation.
School district population data was provided by school district officials.

Note: Details regarding the District's outstanding debt can be found in the Notes to the Basic Financial Statements.

a See Exhibit J-6 for property tax data
b Population data can be found in Exhibit J-14

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Direct and Overlapping Government Activities Debt
For the Year Ended December 31, 2010
Unaudited

	Debt Outstanding	Estimated Percentage Applicable [a]	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Township of Ocean	$ 23,845,937	100.000%	$ 23,845,937
Village of Loch Arbour	1,288,065	100.000%	1,288,065
Monmouth County General Obligation Debt	488,135,115	4.201%	20,506,556
Other debt			-
Subtotal overlapping debt			45,640,558
Township of Ocean Board of Education Direct Debt			22,515,000
Total Direct and Overlapping Debt			$ 68,155,558

Sources: Assessed value data used to estimate applicable percentages provided by the Monmouth County Board of Taxation.
Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Legal Debt Information
For The Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2011

	Equalized valuation basis	
	2011	$ 5,314,882,773
	2010	5,730,456,489
	2009	5,795,236,800
		$ 16,840,576,062
Average equalized valuation of taxable property		$ 5,613,525,354
Debt limit (4% of average equalization value)		224,541,014 [a]
Total Net Debt Applicable to Limit		20,310,000
Legal debt margin		$ 204,231,014

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Debt limit	$ 204,231,014	$ 233,788,839	$ 232,310,414	$ 220,233,676	$ 190,838,595	$ 159,420,312	$ 131,045,645	$ 105,694,523	$ 97,816,789	$ 87,587,307
Total net debt applicable to limit	20,310,000	22,979,000	25,217,000	27,745,000	23,497,000	25,222,000	26,807,000	28,232,000	29,517,000	30,647,000
Legal debt margin	$ 183,921,014	$ 210,809,839	$ 207,093,414	$ 192,488,676	$ 167,341,595	$ 134,198,312	$ 104,238,645	$ 77,462,523	$ 68,299,789	$ 56,940,307
Total net debt applicable to the limit as a percentage of debt limit	9.94%	9.83%	10.85%	12.60%	12.31%	15.82%	20.46%	26.71%	30.18%	34.99%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation as posted on the Monmouth County Board of Taxation Website

Note: Debt amounts combined for Township of Ocean and Village of Loch Arbour

a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Demographic and Economic Statistics
Last Ten Years
Unaudited

Township of Ocean

Year	Population [a]	Personal Income [b]	Per Capita Personal Income [c]	Unemployment Rate [d]
2002	27,125	$ 1,176,872,375	$ 43,387	4.70%
2003	27,227	1,188,022,918	43,634	4.70%
2004	27,530	1,556,683,850	56,545	3.90%
2005	27,628	1,328,133,216	48,072	3.50%
2006	27,746	1,456,637,254	52,499	3.50%
2007	27,789	1,551,348,714	55,826	3.40%
2008	28,219	1,618,444,307	57,353	4.50%
2009	28,202	1,544,651,742	54,771	8.30%
2010	28,204	N/A	N/A	8.40%
2011	N/A	N/A	N/A	N/A

Village of Loch Arbour

Year	Population [a]	Personal Income [b]	Per Capita Personal Income [c]	Unemployment Rate [d]
2002	282	$ 12,235,134	$ 43,387	4.70%
2003	282	12,304,788	43,634	4.70%
2004	282	13,125,690	46,545	3.70%
2005	282	13,556,304	48,072	6.20%
2006	280	14,699,720	52,499	6.30%
2007	277	15,463,802	55,826	5.70%
2008	275	15,772,075	57,353	7.40%
2009	274	15,007,254	54,771	11.90%
2010	273	N/A	N/A	12.00%
2011	N/A	N/A	N/A	N/A

Sources:

a Population information provided by the NJ Dept of Labor and Workforce Development. Estimate is based on July 1 of the audit year.

b Personal income has been estimated based upon the municipal population and per capita personal income presented.

c Per capita personal income by municipality not available. The Per Capita Personal Income amounts presented represent the figures available for Monmouth County, NJ as provided by the State of New Jersey, Department of Education, Division of Finance.

d Unemployment data provided by the NJ Dept of Labor and Workforce Development.

N/A At the time of the CAFR completion, the data was not yet available.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Principal Employers
Current Year and Nine Years Ago
Unaudited

TOWNSHIP OF OCEAN

	2011		2002	
Employer	**Employees**	**Percentage of Total Municipal Employment**	**Employees**	**Percentage of Total Municipal Employment**

At the time of completion of the CAFR, this information was not available.

VILLAGE OF LOCH ARBOUR

	2011		2002	
Employer	**Employees**	**Percentage of Total Municipal Employment**	**Employees**	**Percentage of Total Municipal Employment**
LEAN II T/A The Lake House	20	11.49%	N/A	
Allenhurst Carwash	12	6.90%	N/A	
Richard P. Nobile, DDS	5	2.87%	N/A	
Village of Loch Arbour	5	2.87%	N/A	
Wilson's Deli	3	1.72%	N/A	
Provident Investors	2	1.15%	N/A	
Loch Arbour Liquors, Inc.	1	0.57%	N/A	

Sources:
Village of Loch Arbour information provided by local tax assessor, based on information voluntarily provided by employers.

N/A - At the time of the completion of the CAFR, this information was not available.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Full-time Equivalent District Employees by Function/Program
Last Seven Fiscal Years
Unaudited

Function/Program	2011	2010	2009	2008	2007	2006	2005
Instruction:							
Regular	263.7	285.1	284.0	281.8	290.6	283.0	277.7
Special education	105.5	95.5	93.8	90.5	92.5	86.5	75.0
Other special education	27.6	51.6	54.2	55.0	49.1	49.6	55.5
Other instruction	3.0	3.0	3.0	3.0	3.0	3.0	8.0
Support Services:							
Student and instruction related services	76.6	76.1	76.6	80.6	65.6	72.6	70.0
General Administration	7.0	8.0	8.0	8.0	8.0	8.0	8.0
School administration services	25.0	33.0	37.0	36.0	37.0	42.0	42.6
Central services	8.0	9.5	9.5	9.5	10.5	11.0	11.0
Administrative information technology	8.0	9.0	3.0	-	-	-	-
Plant operations and maintenance	57.0	59.5	66.5	65.5	68.5	65.5	63.5
Pupil transportation	49.0	51.0	54.0	53.0	59.0	60.0	60.0
Total	630.4	681.3	689.6	682.9	683.8	681.2	671.3

Source: District records

Note: Schedule does not contain ten years of information as GASB 44 was implemented during the fiscal year ending June 30, 2006.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures [a]	Cost Per Pupil	Percentage Change	Teaching Staff [b]	Pupil/Teacher Ratio: Elementary	Pupil/Teacher Ratio: Middle School	Pupil/Teacher Ratio: Senior High School	Average Daily Enrollment (ADE) [c]	Average Daily Attendance (ADA) [c]	% Change in Average Daily Enrollment	Student Attendance Percentage
2002	4,445	$ 46,130,460	$ 10,378	N/A	419	15.4:1	12.4:1	11.6:1	4,443	4,257	N/A	95.81%
2003	4,418	49,735,842	11,258	8.47%	403	15.8:1	11.8:1	11.7:1	4,418	4,235	-0.56%	95.86%
2004	4,461	53,223,680	11,931	5.98%	404	13.4:1	12.3:1	11.6:1	4,461	4,274	0.97%	95.81%
2005	4,458	56,430,520	12,658	6.10%	418	13.1:1	11.3:1	11.9:1	4,456	4,278	-0.11%	96.01%
2006	4,386	60,570,193	13,810	9.10%	361	12.3:1	11.6:1	12.4:1	4,372	4,179	-1.89%	95.59%
2007	4,339	63,915,014	14,730	6.67%	358	12.7:1	11.3:1	12.4:1	4,312	4,119	-1.37%	95.53%
2008	4,233	66,365,984	15,678	6.43%	364	12.3:1	10.6:1	12.0:1	4,232	4,051	-1.86%	95.72%
2009	4,170	66,559,974	15,962	1.81%	369	11.7:1	10.5:1	11.7:1	4,158	3,980	-1.75%	95.72%
2010	4,106	68,780,460	16,751	4.95%	370	11.3:1	10.6:1	11.5:1	4,076	3,905	-1.97%	95.80%
2011	4,010	67,113,135	16,736	-0.09%	358	11.6:1	10.4:1	11.7:1	3,942	3,821	-3.29%	96.93%

Sources: District Records

Note: Enrollment based on annual October district count.

a Operating expenditures equal total governmental expenditures less debt service and capital outlay.
b Teaching staff includes only full-time equivalents of certificated staff.
c Average daily enrollment and average daily attendant are obtained from the School Register Summary (SRS)

TOWNSHIP OF OCEAN BOARD OF EDUCATION
School Building Information
Last Ten Fiscal Years
Unaudited

District Building	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Elementary										
Wanamassa Elementary School										
Square feet	59,580	59,580	59,580	59,580	59,580	59,580	59,580	43,080	43,080	43,080
Capacity (students)	477	477	477	477	477	477	477	345	345	345
Enrollment	383	410	371	372	369	369	386	483	495	523
Ocean Township Elementary School										
Square feet	76,160	76,160	76,160	76,160	76,160	76,160	76,160	72,160	72,160	72,160
Capacity (students)	609	609	609	609	609	609	609	577	577	577
Enrollment	473	446	461	469	477	466	506	619	609	640
Wayside Elementary School										
Square feet	147,375	147,375	147,375	147,375	147,375	147,375	147,375	147,375	147,375	147,375
Capacity (students)	713	713	713	713	713	713	713	713	713	713
Enrollment	591	608	658	677	680	702	720	868	897	898
Middle School										
Ocean Township Intermediate School										
Square feet	257,400	257,400	257,400	257,400	257,400	257,400	257,400	192,400	192,400	192,400
Capacity (students)	1,951	1,951	1,951	1,951	1,951	1,951	1,951	1,459	1,459	1,459
Enrollment	1,284	1,323	1,314	1,292	1,363	1,412	1,424	1,106	1,115	1,081
High School										
Ocean Township High School										
Square feet	200,215	200,215	200,215	200,215	200,215	200,215	200,215	200,215	200,215	200,215
Capacity (students)	1,326	1,326	1,326	1,326	1,326	1,326	1,326	1,326	1,326	1,326
Enrollment	1,279	1,319	1,366	1,423	1,450	1,410	1,430	1,377	1,341	1,319

Number of Schools at June 30, 2011

Elementary = 3
Middle = 1
High =1

Source: District records.
Note: Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.
N/A: At the time of the completion of the CAFR, this data was not available.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
General Fund
Schedule of Allowable Maintenance Expenditures by School Facilities
Last Nine Fiscal Years
Unaudited

Undistributed Expenditures - Required Maintenance for School Facilities 11-000-261-XXX	Gross Square Footage	2011	2010	2009	2008	2007	2006	2005	2004	2003
School facilities										
Ocean Township Elementary School	76,160	$ 93,678	$ 81,679	$ 92,484	$ 95,160	$ 108,159	$ 122,998	$ 74,010	$ 83,199	$ 122,152
Ocean Township High School	200,215	319,582	307,507	294,898	257,241	238,305	324,152	227,661	209,613	232,060
Ocean Township Intermediate School	257,400	291,724	259,333	331,928	300,467	272,087	320,662	260,259	177,630	194,067
Wanamassa Elementary School	59,580	80,522	74,366	114,077	133,480	71,059	74,600	74,569	55,716	55,374
Wayside Elementary School	147,375	136,485	152,552	159,307	168,952	149,424	182,212	128,170	140,556	157,458
Total School Facilities		921,991	875,437	992,694	955,300	839,034	1,024,624	764,669	666,714	761,111
Grand Total		$ 921,991	$ 875,437	$ 992,694	$ 955,300	$ 839,034	$ 1,024,624	$ 764,669	$ 666,714	$ 761,111

Source: District Records

Required maintenance, defined in N.J.A.C 6:24, The Educational Facilities Construction and Financing Act, includes expenditures for systems warranty purposes that are approved for repairs and replacements for the purpose of keeping a school facility open, comfortable and safe for use or in its original condition, include repairs and replacements to a school facility's heating, lighting, ventilation, security and other fixtures to keep the facility or fixtures in effective working condition. Required maintenance includes periodic or occasional inspection; adjustment, lubrication, and cleaning (non-janitorial) of buildings or fixtures; replacement of parts; and other actions to assure continuing service and to prevent breakdown.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Insurance Schedule
June 30, 2011
Unaudited

	Coverage	Deductible
Commercial Property - Monmouth Ocean Counties Shared Services Insurance Fund		
Property		
Blanket real and personal property, per occurrence	$ 300,000,000	$ 5,000
Blanket building and personal property	50,000,000	5,000
Blanket valuable papers and records	10,000,000	5,000
Demolition and increased cost of construction, per occurrence	10,000,000	
Fire department service charge	10,000	
Arson rewards	10,000	
Pollutant cleanup and removal	250,000	
Flood		
Zone A & V, per occurrence	10,000,000	500,000
NJSBAIG annual aggregate	10,000,000	
All other zones, per occurrence/NJSBAIG annual aggregate	50,000,000	10,000
Earthquake, per occurrence/NJSBAIG annual aggregate	50,000,000	
Terrorism, per occurrence/NJSBAIG annual aggregate	1,000,000	
Electronic Data Processing		
Blanket hardware/software, per occurrence	1,750,000	1,000
Coverage extensions:		
Transit	25,000	
Loss of income	10,000	
Flood, per occurrence	1,000,000	
Zones A & V, per building content		500,000
All other flood zones, per member/per occurrence		10,000
Equipment Breakdown		
Combined single limit per accident for property damage and business income	100,000,000	5,000
Sublimits:		
Off premises property damage	100,000	
Extra expense	10,000,000	
Service interruption	10,000,000	
Perishable goods	500,000	
Data restoration	100,000	
Contingent business income	100,000	
Demolition	1,000,000	
Ordinance or law	1,000,000	
Expediting expenses	500,000	
Hazardous substances	500,000	
Newly acquired locations - 60 days notice	250,000	
Crime		
Public employee dishonesty with faithful performance	1,000,000	1,000
Theft, Disappearance and destruction - loss of money & security on or off premises	25,000	500
Forgery & alteration	250,000	1,000
Computer fraud	1,000,000	1,000
Public officials bond - Assistant Board Treasurer	200,000	1,000
Comprehensive General Liability		
Bodily injury and property damage, combined single limit	11,000,000	
Bodily injury from products and completed operations, annual aggregate	11,000,000	
Sexual abuse		
Per occurrence	11,000,000	
Annual pool aggregate	17,000,000	
Personal injury and advertising injury, per occurrence/annual aggregate	11,000,000	
Employee benefits liability, per occurrence/annual aggregate	11,000,000	1,000
Premises medical payments		
Per accident	10,000	
Limit per person	5,000	
Terrorism, per occurrence/NJSBAIG annual aggregate	1,000,000	

(continued)

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Insurance Schedule
June 30, 2011
Unaudited

	Coverage	Deductible
Commercial Property - Monmouth Ocean Counties Shared Services Insurance Fund (continued)		
Automobile, Liability		
Any auto, combined single limit for bodily injury and property damage, per accident	$ 11,000,000	
Uninsured/underinsured motorists		
Private passenger auto, combined single limit	1,000,000	
All other vehicles		
Bodily injury per person	15,000	
Bodily injury per accident	30,000	
Property damage per accident	5,000	
Personal injury protection (including pedestrians)	250,000	
Medical payments, private passenger vehicles	10,000	
All other vehicles	5,000	
Terrorism, per occurrence/NJSBAIG annual aggregate	1,000,000	
Automobile, Physical Damage		
Comprehensive		$ 1,000
Collision		1,000
Hired car physical damage, $75,000 limit		1,000
Replacement cost		1,000
Environmental Impairment Liability - American Safety Indemnity Company		
Limits of Liability		
Each school district	1,000,000	
Aggregate per school district	2,000,000	
Aggregate for the year All Districts	10,000,000	
Deductible, per claim		10,000
Workers Compensation - Monmouth Ocean Counties Shared Services Insurance Fund		
Coverage A - Statutory		
Limits of liability:		
Bodily injury by accident, each accident	2,000,000	
Bodily injury by disease, each employee	2,000,000	
Bodily injury by disease, aggregate limit	2,000,000	
School Leaders Errors and Omission - Monmouth Ocean Counties Shared Services Insurance Fund		
Coverage A		
Limit of liability, each policy period, retro date July 1, 1986	11,000,000	
Each Claim		10,000
Coverage B, Retro Date July 1, 1986		
Limit of liability, each claim	100,000	10,000
Limit of liability, each policy period	300,000	
School Time Compulsory Student Accident - Markel Insurance Co		
Base plan maximum, full excess including interscholastic sports and football	1,000,000	
Excess medical	5,000,000	
Deductible		25,000
Accidental death dismemberment	10,000	
Catastrophic injury	500,000	
Volunteer workers	25,000	
Bond -The Hartford Insurance Group		
Kenneth Jannarone, BA/BS	3,000	
Bond - NJSBAIG		
Stephen Gallagher, Treasurer of School Monies	200,000	1,000

SINGLE AUDIT SECTION

PADUANO,
DITOMMASO
& GOLDA, LLC

Certified Public Accountants and Consultants

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*

The Honorable President and
Members of the Board of Education
Township of Ocean School District
County of Monmouth
Oakhurst, New Jersey 07755

We have audited the financial statements of the Board of Education of the Township of Ocean School District, in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2011, and have issued our report thereon dated October 13, 2011 We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

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.

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

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the audit committee, management, the Township of Ocean Board of Education, the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Paduano, DiTommaso & Golda, LLC

Laura A. DiTommaso CPA

Paduano, DiTommaso & Golda, LLC
October 13, 2011

Certified Public Accountant
Licensed Public School Accountant #CS00164

PADUANO,
DITOMMASO
& GOLDA, LLC

Certified Public Accountants and Consultants

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

The Honorable President and
Members of the Board of Education
Township of Ocean School District
County of Monmouth
Oakhurst, New Jersey 07755

Compliance

We have audited the compliance of the Board of Education of the Township of Ocean School District, in the County of Monmouth, State of New Jersey, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2011. The Township of Ocean Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Township of Ocean Board of Education's management. Our responsibility is to express an opinion on the Township of Ocean Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations;* and New Jersey OMB's Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.* Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Township of Ocean Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Township of Ocean Board of Education's compliance with those requirements.

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In our opinion, the Board of Education of the Township of Ocean School District, in the County of Monmouth, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

The management of the Board of Education of the Township of Ocean School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the Township of Ocean Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, 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 Entity'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 ~~a~~ 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, the Township of Ocean Board of Education, the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Paduano, DiTommaso & Golda, LLC
October 13, 2011

Laura A. DiTommaso CPA
Certified Public Accountant
Licensed Public School Accountant #CS00164

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2010 Deferred Revenue (Accts. Rec.)	Balance at June 30, 2010 Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2011 Accounts Receivable	Balance at June 30, 2011 Deferred Revenue	Balance at June 30, 2011 Due to Grantor
U.S. Department of Education															
General Fund:															
Medical Assistance Program (SEMI)	93.778	N/A	68,731	7/1/10	6/30/11	$ -	$ -	$ -	$ 59,506	$ (68,731)	$ -	$ -	$ (9,225)	$ -	$ -
Medical Assistance Program (SEMI)	93.778	N/A	93,280	7/1/09	6/30/10	(7,743)	-	-	7,743	-	-	-	-	-	-
Total General Fund						(7,743)	-	-	67,249	(68,731)	-	-	(9,225)	-	-
U.S. Department of Education															
Passed-through State Department of Education:															
Special Revenue Fund:															
Title I, Part A, Improving Basic Skills	84.010A	NCLB-11	460,444	9/1/10	8/31/11	-	-	-	320,552	(454,804)	-	-	(134,252)	-	-
Title I, Part A, Improving Basic Skills	84.010A	NCLB-10	446,488	9/1/09	8/31/10	(143,500)	-	-	143,500	-	-	-	-	-	-
Title II, Part A, Teacher and Principal Training and Recruiting	84.281A	NCLB-11	122,304	9/1/10	8/31/11	-	-	-	76,207	(100,833)	-	-	(24,626)	-	-
Title II, Part A, Teacher and Principal Training and Recruiting	84.281A	NCLB-10	122,792	9/1/09	8/31/10	(44,045)	-	-	47,323	(3,278)	-	-	-	-	-
Title II, Part D, Enhancing Education Through Technology	84.281	NCLB-11	1,067	9/1/10	8/31/11	-	-	-	943	(1,006)	-	-	(63)	-	-
Title II, Part D, Enhancing Education Through Technology	84.281	NCLB-10	4,356	9/1/09	8/31/10	(930)	-	-	930	-	-	-	-	-	-
Title IIIA, English Language Enhancement	84.294	NCLB-11	46,419	9/1/10	8/31/11	-	-	-	31,116	(44,684)	-	-	(13,568)	-	-
Title IIIA, English Language Enhancement	84.294	NCLB-10	34,178	9/1/09	8/31/10	(14,121)	-	-	14,121	-	-	-	-	-	-
Title IV, Part A, Safe & Drug Free Schools	84.168A	NCLB-11	-	9/1/10	8/31/11	-	-	-	-	-	-	-	-	-	-
Title IV, Part A, Safe & Drug Free Schools	84.168A	NCLB-10	11,698	9/1/09	8/31/10	(11,630)	-	-	11,630	-	-	-	-	-	-
IDEA, Part B	84.027	FT-11	995,461	9/1/10	8/31/11	-	-	-	681,696	(977,530)	-	-	(295,834)	-	-
IDEA, Part B	84.027	FT-10	982,798	9/1/09	8/31/10	(266,772)	-	-	288,402	(21,631)	-	-	(1)	-	-
IDEA, Preschool	84.173	PS-11	42,429	9/1/10	8/31/11	-	-	-	32,891	(42,429)	-	-	(9,538)	-	-
IDEA, Preschool	84.173	PS-10	40,997	9/1/09	8/31/10	(8,775)	-	-	8,775	-	-	-	-	-	-
ARRA-Title 1 , Part A	84.389	ARRA-11	307,837	9/1/09	8/31/11	(14,087)	-	-	203,507	(253,528)	-	-	(64,108)	-	-
ARRA-Title 1 , Part A-SIA	84.389	ARRA-11	7,879	9/1/09	8/31/11	-	-	-	-	-	-	-	-	-	-
ARRA-IDEA, Part B	84.391	ARRA-11	1,085,944	9/1/09	8/31/11	(203,647)	-	-	328,921	(597,010)	118,423	-	(353,313)	-	-
ARRA-IDEA,Part B, Preschool	84.392	ARRA-11	39,246	9/1/09	8/31/11	(467)	-	-	31,028	(39,231)	459	-	(8,211)	-	-
Total Special Revenue Fund						(707,974)	-	-	2,221,542	(2,535,964)	118,882	-	(903,514)	-	-
U.S. Department of Agriculture															
Passed-through State Department of Education:															
Enterprise Fund:															
Food Distribution Program	10.550	N/A	50,684	7/1/10	6/30/11	-	-	-	50,684	(47,012)	-	-	-	3,672	-
Food Distribution Program	10.550	N/A	71,210	7/1/09	6/30/10	10,965	-	-	-	(10,965)	-	-	-	-	-
National School Lunch Program	10.555	N/A	320,706	7/1/10	6/30/11	-	-	-	266,997	(320,706)	-	-	(53,709)	-	-
National School Lunch Program	10.555	N/A	284,333	7/1/09	6/30/10	(18,164)	-	-	18,164	-	-	-	-	-	-
Total Enterprise Fund						(7,199)	-	-	335,845	(378,683)	-	-	(53,709)	3,672	-
Total Federal Awards						(722,916)	-	-	2,624,636	(2,983,378)	118,882	-	(966,448)	3,672	-

The accompanying notes to schedules of expenditures of federal awards and state financial assistance are an integral part of this schedule.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2011

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2010 Deferred Revenue (Accts. Rec.)	Balance at June 30, 2010 Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2011 Accounts Receivable	Balance at June 30, 2011 Deferred Revenue	Balance at June 30, 2011 Due to Grantor	Memo Budgetary Receivable	Memo Cumulative Total Expenditures
State Department of Education															
General Fund:															
Categorical Special Education Aid	11-495-034-5120-089	$ 2,195,245	7/1/10	6/30/11	$ -	$ -	$ -	$ 1,975,721	$ (2,195,245)	$ -	$ -	$ -	$ -	$ 219,524	$ 2,195,245
Categorical Security Aid	11-495-034-5120-084	408,331	7/1/10	6/30/11	-	-	-	367,498	(408,331)	-	-	-	-	40,833	408,331
Adjustment Aid	11-495-034-5120-085	2,662,828	7/1/10	6/30/11	-	-	-	2,408,445	(2,662,828)	-	-	-	-	254,383	2,662,828
Categorical Transportation Aid	11-495-034-5120-014	1,321,803	7/1/10	6/30/11	-	-	-	1,189,623	(1,321,803)	-	-	-	-	132,180	1,321,803
Extraordinary Special Education Costs Aid	11-495-034-5120-473	316,508	7/1/10	6/30/11	-	-	-	-	(316,508)	-	-	-	-	316,508	316,508
Nonpublic Transportation Cost Aid	11-100-034-5120-068	33,278	7/1/10	6/30/11	-	-	-	-	(33,278)	-	-	-	-	33,278	33,278
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	2,308,950	7/1/09	6/30/10	(115,277)	-	-	115,277	-	-	-	-	-	-	-
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	2,216,989	7/1/10	6/30/11	-	-	-	2,110,080	(2,216,989)	-	(106,909)	-	-	-	2,216,989
On behalf TPAF pension contributions	11-495-034-5095-006	2,070,038	7/1/10	6/30/11	-	-	-	2,070,038	(2,070,038)	-	-	-	-	-	2,070,038
Total General Fund					(115,277)	-	-	10,236,682	(11,225,020)	-	(106,909)	-	-	996,706	11,225,020
Special Revenue Fund:															
NJ Nonpublic Aid:															
Textbook Aid	10-100-034-5120-064	43,878	7/1/09	6/30/10	-	4,321	-	-	-	4,321	-	-	-	-	-
Textbook Aid	11-100-034-5120-064	40,640	7/1/10	6/30/11	-	-	-	40,640	(38,304)	-	-	-	2,336	-	38,304
Nursing	10-100-034-5120-070	52,032	7/1/09	6/30/10	-	53	-	-	-	53	-	-	-	-	-
Nursing	11-100-034-5120-070	45,461	7/1/10	6/30/11	-	-	-	45,461	(44,364)	-	-	-	1,097	-	44,364
Auxiliary Services:															
Compensatory Education	10-100-034-5120-067	246,642	7/1/09	6/30/10	-	47,984	-	-	-	47,984	-	-	-	-	-
Compensatory Education	11-100-034-5120-067	228,658	7/1/10	6/30/11	-	-	-	228,658	(228,658)	-	-	-	-	-	228,658
English as a Second Language	10-100-034-5120-067	1,957	7/1/09	6/30/10	-	1,957	-	-	-	1,957	-	-	-	-	-
English as a Second Language	11-100-034-5120-067	7,684	7/1/10	6/30/11	-	-	-	7,684	-	-	-	-	7,684	-	-
Transportation	10-100-034-5120-067	13,789	7/1/09	6/30/10	-	13,789	-	-	-	13,789	-	-	-	-	-
Handicapped Services:															
Examination and Classification	10-100-034-5120-066	172,621	7/1/09	6/30/10	-	21,265	-	-	-	21,265	-	-	-	-	-
Examination and Classification	11-100-034-5120-066	152,336	7/1/10	6/30/11	-	-	-	152,336	(139,550)	-	-	-	12,786	-	139,550
Corrective Speech	10-100-034-5120-066	64,563	7/1/09	6/30/10	-	14,348	-	-	-	14,348	-	-	-	-	-
Corrective Speech	11-100-034-5120-066	54,919	7/1/10	6/30/11	-	-	-	54,919	(54,919)	-	-	-	-	-	54,919
Supplemental Instruction	11-100-034-5120-066	97,971	7/1/10	6/30/11	-	-	-	97,971	(92,412)	-	-	-	5,559	-	92,412
Supplemental Instruction	10-100-034-5120-066	120,261	7/1/09	6/30/10	-	31,060	-	-	-	31,060	-	-	-	-	-
Total Special Revenue Fund					-	134,777	-	627,669	(598,207)	134,777	-	-	29,462	-	598,207
Debt Service Fund															
Debt Service Aid- Type II	10-495-034-5120-017	186,269	7/1/10	6/30/11	-	-	-	186,269	(186,269)	-	-	-	-	-	186,269
Capital Projects Fund:															
New Jersey Schools Development Authority															
Wanamassa Boiler Replacement	3810-070-09-1007	58,920	7/1/09	6/30/10	(58,800)	-	-	58,800	-	-	-	-	-	-	-
Intermediate School Ventilator branch piping	3810-040-09-1004	133,800	7/1/09	6/30/10	(133,800)	-	-	133,800	-	-	-	-	-	-	-
Total Capital Projects Fund					(192,600)	-	-	192,600	-	-	-	-	-	-	-

The accompanying notes to schedules of expenditures of federal awards and state financial assistance are an integral part of this schedule.

(continued)

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2011

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2010 Deferred Revenue (Accts. Rec.)	Balance at June 30, 2010 Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2011 Accounts Receivable	Balance at June 30, 2011 Deferred Revenue	Balance at June 30, 2011 Due to Grantor	Memo Budgetary Receivable	Memo Cumulative Total Expenditures
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State share)	11-100-010-3360-067	$ 10,877	7/1/10	6/30/11	$ -	$ -	$ -	$ 8,987	$ (10,877)	$ -	$ (1,890)	$ -	$ -	$ -	$ 10,877
National School Lunch Program (State share)	10-100-010-3360-067	15,545	7/1/09	6/30/10	(979)	-	-	979	-	-	-	-	-	-	-
Total Enterprise Fund					(979)	-	-	9,966	(10,877)	-	(1,890)	-	-	-	10,877
Total State Financial Assistance					$ (308,856)	$134,777	$ -	$ 11,253,186	$ (12,020,373)	$ 134,777	$ (108,799)	$ -	$ 29,462	$ 996,706	$ 12,020,373

The accompanying notes to schedules of expenditures of federal awards and state financial assistance are an integral part of this schedule.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
June 30, 2011

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Township of Ocean Board of Education. The Board of Education is defined in Note 1 to the Board's basic financial statements. 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. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is $266,317 for the general fund and ($106,294) for the special revenue fund. See C-3 (Notes to the Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund	$ 68,731	$ 11,491,337	$ 11,560,068
Special Revenue Fund	2,429,671	598,207	3,027,878
Capital Projects Fund	-	-	-
Debt Service Fund	-	186,269	186,269
Food Service Fund	367,719	10,877	378,596
Total Awards and Financial Assistance	$ 2,866,121	$ 12,286,690	$ 15,152,811

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
June 30, 2011

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the food distribution program represent current year value received and current year distributions, respectively. The amount reported as TPAF pension contributions represent the amount paid by the State on behalf of the District for the year ended June 30, 2011. TPAF social security contributions represent the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2011 amounted to $2,070,038.

NOTE 6. ADJUSTMENTS

The adjustment column on Schedules A and B arises from favorable differences incurred in the liquidation of encumbrances which were charged as budgetary basis expenditures in the prior fiscal year.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Part I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted? ☐ yes ☒ no

Federal Awards

Internal Control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? ☐ yes ☒ no

Identification of Major Programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010A	NCLB Title I, Part A
84.027	IDEA, Part B
84.391	ARRA-IDEA, Part B
84.392	ARRA-IDEA, Part B – Pre-school
10.555	National School Lunch Program

Dollar threshold used to distinguish between type A and type B programs: $ 300,000

Auditee qualified as low-risk auditee? ☒ yes ☐ no

TOWNSHIP OF OCEAN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(continued)

Part I – Summary of Auditor's Results (cont'd)

State Awards

Dollar threshold used to distinguish between type A and type B programs: $ 360,611

Auditee qualifies as low-risk auditee? ☒ yes ☐ no

Internal Control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04? ☐ yes ☒ no

Identification of Major Programs:

GMIS Number(s)	Name of State Program
11-495-034-5120-089	Special Education Categorical Aid
11-495-034-5120-014	Transportation Aid
11-495-034-5120-085	Adjustment Aid
11-495-034-5095-002	Reimbursed TPAF Social Security Contributions
11-495-034-5120-084	Categorical Security Aid
11-495-034-5120-473	Extraordinary Special Education Costs Aid

TOWNSHIP OF OCEAN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(continued)

Part II – Schedule of 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 Chapter 5.18 of *Government Auditing Standards*.

None were reported.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(continued)

Part III – Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies the reportable conditions, material weaknesses, and instance of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and NJ OMB Circular 04-04.

No matters were reported.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
As Prepared by Management
For the Fiscal Year Ended June 30, 2011

This section identifies the status of prior-year audit findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standands*, U.S. OMB Circular A-133 (section .315(a)(b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR-YEAR FINDINGS

There were no prior-year audit findings for the fiscal year ended June 30, 2011 that we are required to report on.