

*School District
Of
Ocean Township*

*Ocean Township Board of Education
Waretown, New Jersey*

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

OCEAN TOWNSHIP BOARD OF EDUCATION

OCEAN TOWNSHIP, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

PREPARED BY

**OCEAN TOWNSHIP BOARD OF EDUCATION
FINANCE DEPARTMENT**

OCEAN TOWNSHIP SCHOOL DISTRICT

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INTRODUCTORY SECTION

September 12, 2011

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

Dear Board Members:

The comprehensive annual financial report of the Ocean Township School District for the fiscal year ended June 30, 2011, is hereby submitted. 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, the District's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". 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.

1) REPORTING ENTITY AND ITS SERVICES: Ocean Township School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds and account groups of the District are included in this report.

The District provides a full range of educational services appropriate to grade levels Pre-school, Kindergarten through 6. These include regular, as well as special education for handicapped youngsters. The District Residential Enrollment for 2009-2010 school year decrease by 8 students over the previous year's enrollment. The following details the changes in the student enrollment of the District over the last seven years. These figures are based upon average daily enrollment.

Average Daily Enrollment

| <u>Fiscal Year</u> | <u>Student Enrollment</u> | <u>Percent Change</u> |
|--------------------|---------------------------|-----------------------|
| 2004-05 | 553.7 | -.94% |
| 2005-06 | 533 | -.96% |
| 2006-07 | 551 | .97% |
| 2007-08 | 545 | -1.01% |
| 2008-09 | 543 | -.003% |
| 2009-10 | 535 | -.014% |
| 2010-11 | 540 | 0.01% |

Our District send students in grades seven through twelve, regular and special education for the handicapped youngsters to Southern Regional Middle/High School located in Manahawkin, New Jersey, on a tuition basis and supplies the students with transportation. The following details the tuition cost and student enrollment over the last six years.

| <u>Fiscal Year</u> | <u>Number Students Sent</u> | <u>Total Tuition Paid</u> |
|--------------------|-----------------------------|---------------------------|
| 2004-05 | 599 | \$6,588,922 |
| 2005-06 | 582 | \$6,580,756 |
| 2006-07 | 583 | \$6,866,096 |
| 2007-08 | 530 | \$6,930,381 |
| 2008-09 | 480 | \$7,051,485 |
| 2009-10 | 483 | \$7,449,757 |
| 2010-11 | 453 | \$6,938,915 |

2. ECONOMIC CONDITION AND OUTLOOK: Between 2010 and 2011 ratable increased by 3.1 million dollars due to an increase of developed property in the municipality. The District average daily enrollment for grades K-6 has increased slightly over the last year, however, this will have no effect on staffing and program costs. Special education programs requirements will continue to have a significant impact on the budget. Tuition rates continue to increase and tuition costs represent approximately 50% of the school budget. Although increases in state aid helped the district from 1997-2000, it has leveled off and then the State frozen State Aid. The District increased the Capital Reserve Account by \$350,000 and the Maintenance Reserve Account to by \$400,000. The District's Fund Balance has been reduced to 2%.

3. MAJOR INITIATIVES: Administrative Team has upgraded our Five Year Curriculum Plan for the district. Our Five Year Long Range Plan for the district has been approved by the State. We were successful on our referendum on September 2006 on Proposal #1 for extensive renovations to both buildings and sites. The district completed the renovations in August 2008.

We were monitored by the State during the 2008-2009 school year utilizing the NJ QSAC program to determine the status of the district and the district passed. Our district was last monitored by the NJ DOE, as part of a statewide monitoring process to certify local districts in accordance with standards set forth in NJSA 18A:7A-1 and NJAC 6A:30 in February 2001. We were certified for a period of seven years.

Utilization of new technology (computers, action boards, Study Island and Fast Forward) will be continued in our district. Core Curriculum Standards, improvement in performance on state assessments and a revised code for special education continue to constitute major educational initiatives in our district.

The district continues its transportation jointure contract with Southern Regional School District for the majority of its transportation services since the 1998-1999 school year, which has developed into a continuation of contracted services for the district. We plan to continue this transportation jointure for the 2011-2012 school year.

4. INTERNAL ACCOUNTING CONTROLS: Management of the 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.

5) 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 District. 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 balance at June 30, 2011.

6) 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 and account groups. These funds and account groups are explained in "Notes to the Financial Statement", Note 1.

7) FINANCIAL INFORMATION AT FISCAL YEAR-END: 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. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2011 and the percent of total.

8) DEBT ADMINISTRATION: In April 2001, the District refinanced general obligation bonds in the amount of \$3,365,000. On February 15, 2007 the District sold \$8,100,000 in Bonds and will be paid off in the year 2027. The district has an outstanding balance of \$540,000 from the 1992 Bonds and \$7,885,000 in the 2007 issue for a total outstanding debt as of June 30, 2011 in the amount of \$8,425,000.

9) 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.

10) 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.

11) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants the accounting firm of Robert A. Hulsart & Company has been retained by the Board of Education. In addition to meeting the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB, 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 auditors reports related specifically to the single audit are included in the single audit section of this report.

12) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Ocean Township 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,

Christopher Lommerin

Christopher Lommerin
Superintendent

Kathleen A. Barneman

Kathleen A. Barneman
Business Administrator/Board Secretary

OCEAN TOWNSHIP BOARD OF EDUCATION
Waretown, New Jersey
ROSTER OF OFFICIALS
JUNE 30, 2011

Term
Members of the Board of Education Expires

Rita Sweeney, President 2014

Joseph Tomczuk, Vice President 2012

Elena Bruno 2014

Annette Stride 2012

Michael Cort 2013

Other Officials

Christopher Lommerin, Superintendent

Kathleen A. Barneman, Business Administrator

Dawn Mundt, Treasurer

Joan Josephson, Attorney

OCEAN TOWNSHIP BOARD OF EDUCATION
Consultants and Advisors

Robert A. Hulsart & Company
2807 Hurley Pond Road
Wall, New Jersey 07719

Attorneys

Joan Josephson
Parker, McCay & Criscuolo
Building Four East, Suite 102A
1009 Lenox Drive
Lawrenceville, New Jersey 08648

Official Depository

TD Bank
Ocean First

FINANCIAL SECTION

Robert A. Hulsart and Company
 CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
 ROBERT A. HULSART, JR., C.P.A., P.S.A.

 RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

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INDEPENDENT AUDITOR'S REPORT

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Ocean Township Board of Education, in the County of Ocean, 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 September 12, 2011, on our consideration of the Ocean Township Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of this 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. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 9 through 17 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires 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 Ocean Township Board of Education's basic financial statements. The accompanying introductory section and other supplementary information such as the combining and individual non-major fund financial statements, long-term debt schedules, and statistical information 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 information 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.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company

September 12, 2011

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

Ocean Township Board of Education

Ocean Township School District, a K-6 school District located in Ocean County, New Jersey, has been chosen to implement the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34) with the enclosed financial statements. The Administration's Discussion and Analysis, a requirement of GASB 34, is intended to be the Ocean Township School District Administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2011.

Generally an accepted accounting principle (GAAP) according to GASB 34 requires the reporting of two types of financial statements: District Wide Financial Statements and Fund Financial Statements. The intent of the MD&A is to look at the School Board's overall financial performance and to assist readers in assessing the financial position as a result of the year's operations. The MD&A is a new element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34.

Financial Highlights

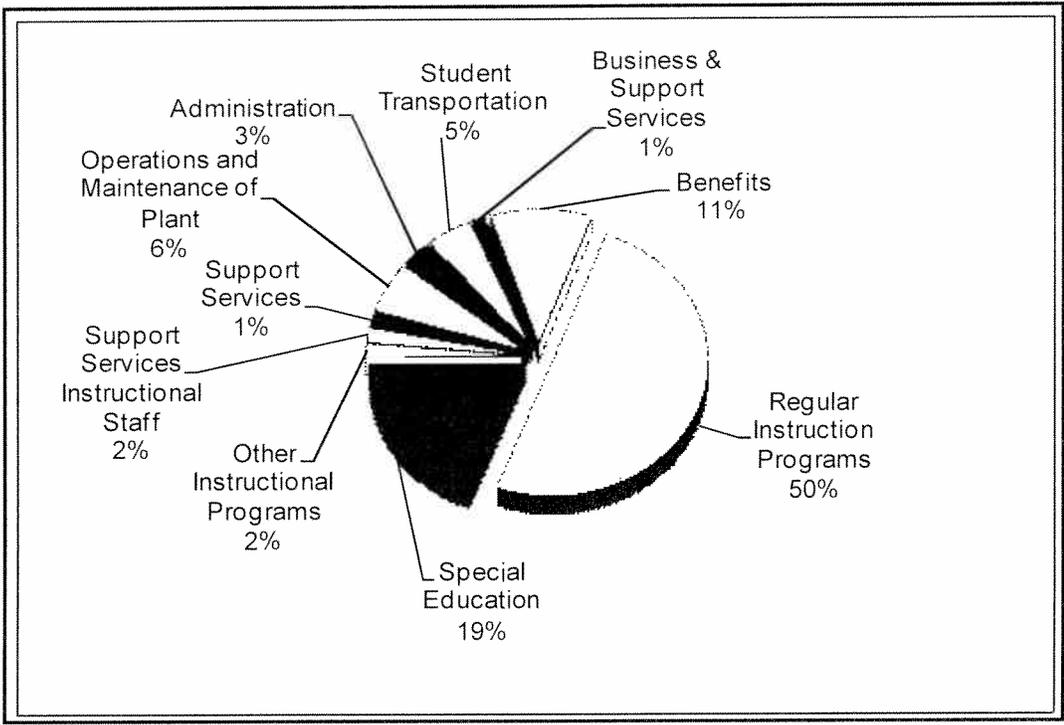
Key financial highlights for the fiscal year ended June 30, 2011 are as follows:

The overall condition of all funds, instructional activities and business-type activities remains strong for the School District. All goals related to financial activities have been met and if revenue and expenditure patterns can be maintained, the resources for next year will be available.

Total spending for all our programs was \$16.5 million dollars for the school year 2010 - 2011. Most of the School District's taxes and state aid program funds were used to support the cost of services for regular instructional programs. State aid for categorical aid supported special educational programs in the amount of \$466,986 dollars. The School district's taxes, state aid, grants and contributions and other revenue sources were sufficient to cover all unfunded costs incurred in the school year 2010-2011.

Management's Discussion and Analysis

The total cost for the school year 2010-2011 current expense was \$15,755,165. and reflects a decrease of \$1,043,847 over the previous fiscal year.



| | |
|--------------------------------------|--------------------|
| Regular Instruction Programs | \$7,898,934 |
| Special Education | \$3,004,852 |
| Other Instructional Programs | \$247,373 |
| Support Services Instructional Staff | \$273,204 |
| Support Services | \$243,882 |
| Operations and Maintenance of Plant | \$958,831 |
| Student Transportation | \$757,663 |
| Administration | \$463,545 |
| Business & Other Support Services | \$198,628 |
| <u>Benefits</u> | <u>\$1,661,799</u> |
| <u>Capital Outlay</u> | <u>\$46,454</u> |
| Total Expenditures -Current Expense | \$15,755,165 |

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 that the reader can understand the Ocean Township Board of Education as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

| |
|---|
| <u>Comprehensive Annual Financial Report</u> |
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| Demographic and Attendance Data |

District Wide Financial Statements:

The District wide financial statements are included. These statements are full accrual basis statements. They report all of the District's assets and liabilities, both short and long term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Funds solely for the payment of long term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and long-term obligations of the District are reported in the Statement of Net Assets of the District wide financial statements.

Fund Financial Statements:

For the most part, the fund financial statements are comparable to prior year's financial statements. The primary difference is that the Account Groups: General Fixed Assets and General Long Term Debt are no longer reported. The fund level statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources. The fund statements are formatted to comply with the legal requirements of the New Jersey Department of Education's "Accounting Guidelines." In the State of New Jersey, the District's major instructional and instructional support activities are reported in the General Fund which includes Special Schools, and Capital Outlay. Additional activities are reported in their relevant funds including: Debt Funds, Capital Projects, Enterprise Funds and the School Service Funds.

Reporting the School Board as a Whole

The Statement of Net Assets and the Statement of Activities

While these documents contain the large number of funds used by the School Board to provide programs and activities, the view of the School Board as a whole looks at all financial transactions and asks the question, "How did the School Board do financially during the fiscal year ended June 30, 2011". The Statement of Net Assets and Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to accounting method used by most private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of the when cash is received or paid.

These two statements report the School Board's assets the difference between assets and liabilities, and changes in those assets. This change in net assets is important because it tells the reader that, for the School Board as a whole, the financial position of the School Board has improved or diminished. The relationship between revenues and expenses is the School Board's *operating results*. However, the School Board's goal is to provide services to its students, not to generate profits as commercial entities do. One must consider many other non financial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the School Board.

The Following summarizes the net assets at fiscal year ended June 30, 2011.

The Statement of Net Assets contains all of the School Board's services both Governmental activities including instruction, plant services, transportation, and business operations. The statement also includes all Business type activities including Food Service and Latchkey Program.

Assets:

Governmental Activities and Business-type Activities

| | | |
|---------------------------|----|---------------|
| Cash and Cash Equivalents | \$ | 24,043 |
| Accounts Receivables, Net | | |
| Inventory | | 2,691 |
| Capital Assets, Net | | <u>36,707</u> |
| Total Assets | \$ | <u>63,707</u> |

Liabilities:

| | | |
|-------------------|----|--------------|
| Accounts Payable | \$ | 9,564 |
| Total Liabilities | \$ | <u>9,564</u> |

Net Assets:

| | | |
|---|----|---------------|
| Invested in Capital Assets, Net of Related Debt | \$ | 36,707 |
| Unrestricted | | 9,396 |
| Reserve for Latchkey | | 7,774 |
| Total Net Assets | \$ | <u>53,877</u> |

The unrestricted deficit net assets of governmental activities represents accumulated results of the past years' of operations. It means that if the School Board had to pay off all of its bills today including all of its non capital liabilities (compensated absences for example), there would be a shortfall of \$631,390. Close monitoring of the compensated absences and through negotiations this expenditure could be reduced.

The statement of activities for the school year 2010-2011

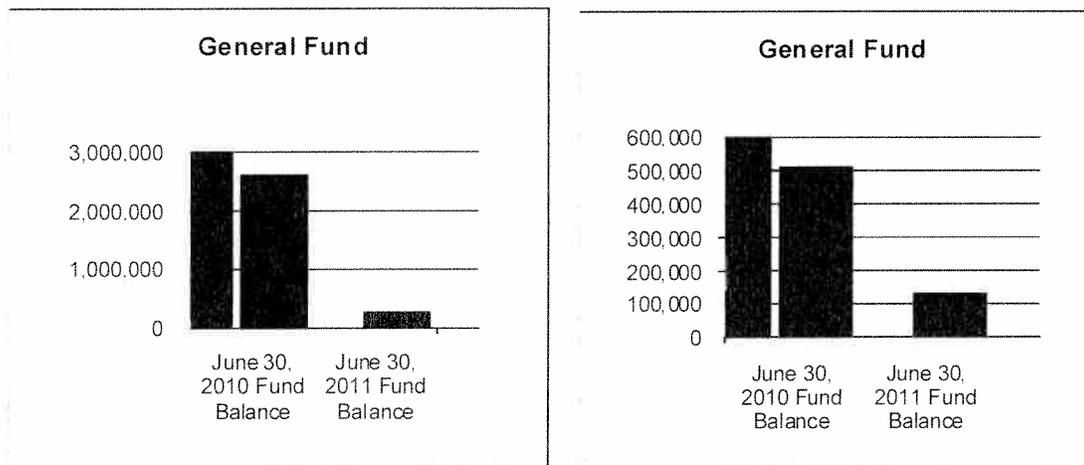
General Revenue:

| | | |
|---|--|---------------------|
| Governmental Activities | | |
| Taxes: | | |
| Property Taxes | | 9,418,649 |
| Debt Services | | 409,101 |
| Federal & State Non Restricted | | 6,316,709 |
| Miscellaneous Income | | 349,517 |
| Bond Interest | | 1,519 |
| <i>Total Governmental Activities</i> | | <u>16,495,495</u> |
| Business - Type Activities | | |
| Food Services | | 245,014 |
| Latchkey Program | | 88,608 |
| <i>Total Business - Type Activities</i> | | <u>333,622</u> |
| Total Governmental activities | | 16,829,117 |
| Total Revenue | | \$16,829,117 |

The actual revenue for governmental activities was \$17,057,866 while expenditures were \$17,446,350.

The School Board completed this year our governmental funds reported a combined fund balance of \$275,979 an decrease of \$2,329,306. The primary reasons for the decrease was because the State reduced the District's State Aid by \$653,828 and the School District used \$720,901 to offset taxes and the School District transferred \$350,000 into the Capital Reserve Account, \$50,000 into the Maintenance Reserve Account and \$400,000 into a Tuition Reserve Account.

The following exhibit is comparison of unexpended allocation balances June 30, 2010 to June 30, 2011.

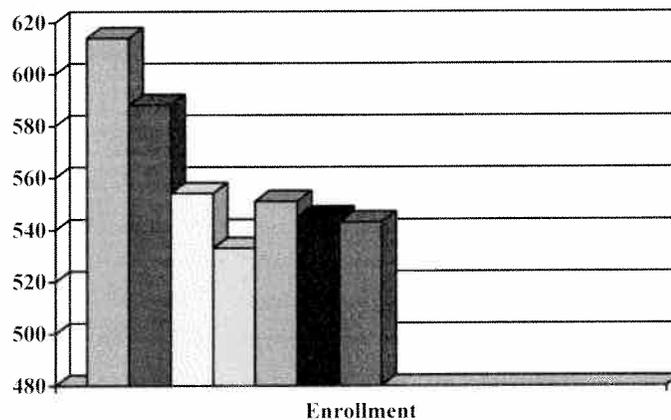


| <i>Dates</i> | <i>General Fund</i> | <i>Capital Projects</i> |
|----------------------------|---------------------|-------------------------|
| June 30, 2010 Fund Balance | 2,605,285 | 510,973 |
| June 30, 2011 Fund Balance | 275,979 | 130,999 |
| Increase or Decrease | -2,329,306 | -379,974 |

Analysis of Financial Position:

1. Depreciation expense GASB 34 requires school Districts to maintain a record of annual depreciation expense and accumulated depreciation. The net increase in accumulated depreciation expense is a reduction in net assets. For fiscal year ended June 30, 2011 the net increase in accumulated depreciation was \$138,334. Depreciation expense is recorded on a straight-line basis over the estimated useful lives of assets. In accordance with generally accepted accounting principles (GAAP), depreciation expense is recorded based on the original cost of the asset less an estimated salvage value. One way to think of depreciation expense is that in order to maintain net assets at the same level, acquisitions of capital outlay and capitalized major maintenance projects would have to equal the annual depreciation in assets during the year.

- 2. Food Services: the school District has an automated point of sales cash register system. Each student now has an ID number denoting the entitlement of each student (free, reduced, and paid).
- 3. Attendance: the School District continues to decrease in student enrollment which will continue to affect the district's future expenditures. Assessed valuations are continuing to grow increasing the districts ability to maintain a stable tax rate. The chart listed below indicated the student enrollment over the last 7 years.
- 4. The financial well being of the School District is tied in large measure to the state funding formula and the tax base. As long as the state does not fully funds state aid and the tax base continues to increase the School District tax rate will not be stable.



| | |
|----------------|------------|
| 2003-04 | 588 |
| 2004-05 | 554 |
| 2005-06 | 533 |
| 2006-07 | 551 |
| 2007-08 | 545 |
| 2008-09 | 543 |
| 2009-10 | 535 |
| 2010-11 | 540 |

- 5. Original Budget VS Final Budget. Over the course of the school year, the School Board revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. All transfers are approved by the Board of Education at their regular scheduled meetings. A schedule showing the School Board's original and final budget amounts compared with amounts actually paid and received is provided in our annual report.

Management's Discussion and Analysis

The Statement of Net Assets contains all of the School Board's services both Governmental activities including instruction, plant services, transportation and business operations. The statement also includes all Business type activities including the Latchkey Program.

Assets:

| | |
|---------------------------|------------------|
| Governmental Activities | |
| Cash and Cash equivalents | \$ 1,346,711 |
| Account Receivable | 373,013 |
| Capital Reserve- Cash | 992,282 |
| Capital Assets, Net | <u>9,526,770</u> |
| Total Assets | \$12,238,776 |

Liabilities:

| | |
|-------------------------|------------------|
| Governmental Activities | |
| Accounts Payable | \$ 57,420 |
| Deferred Revenue | 28,823 |
| Noncurrent Liabilities: | |
| Due Within One Year | 394,482 |
| Due Beyond One Year | <u>8,671,391</u> |
| Total Liabilities | \$ 9,152,116 |

Net Assets

| | |
|---|----------------------------|
| Invested in Capital Assets, Net of Related Debt | \$ 1,092,288 |
| Restricted For: | |
| Other Purposes | 2,882,876 |
| Unrestricted | <u>(888,504)</u> |
| <u>Total Net Assets</u> | <u>\$ 3,086,660</u> |

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

STATEMENT OF NET ASSETS

Exhibit A-1

JUNE 30, 2011

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---|---|--|---------------------|
| <u>Assets</u> | | | |
| Cash and Cash Equivalents | \$ - | 24,043 | 24,043 |
| Accounts Receivables, Net | 373,323 | | 373,323 |
| Inventory | | 2,691 | 2,691 |
| Restricted Assets: | | | |
| Capital Reserve - Cash | 992,282 | | 992,282 |
| Cash and Cash Equivalents | 1,346,711 | | 1,346,711 |
| Capital Assets Not Being Depreciated | 97,895 | | 97,895 |
| Capital Assets, Net | <u>9,428,875</u> | <u>36,707</u> | <u>9,465,582</u> |
| Total Assets | <u>12,239,086</u> | <u>63,441</u> | <u>12,302,527</u> |
| <u>Liabilities</u> | | | |
| Accounts Payable | 57,420 | 9,564 | 66,984 |
| Deferred Revenue | 28,823 | | 28,823 |
| Noncurrent Liabilities: | | | |
| Due Within One Year | 394,482 | | 394,482 |
| Due Beyond One Year | 8,671,391 | | 8,671,391 |
| Total Liabilities | <u>9,152,116</u> | <u>9,564</u> | <u>9,161,680</u> |
| <u>Net Assets</u> | | | |
| Invested in Capital Assets, Net of Related Debt | 1,092,288 | 36,707 | 1,128,995 |
| Restricted For: | | | |
| Other Purposes | 2,882,876 | 7,774 | 2,890,650 |
| Unrestricted | <u>(888,194)</u> | <u>9,396</u> | <u>(878,798)</u> |
| Total Net Assets | <u>\$ 3,086,970</u> | <u>53,877</u> | <u>3,140,847</u> |

The accompanying notes to financial statements are an integral part of this statement.

OCEAN TOWNSHIP SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

| | Program Revenues | | Net (Expense) Revenue and Changes in Net Assets | | | |
|---|------------------|-------------------------|--|----------------------------|-----------------------------|--------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| <u>Functions/Programs</u> | | | | | | |
| Governmental Activities: | | | | | | |
| Instruction: | | | | | | |
| Regular | \$ 2,240,260 | | | (2,240,260) | | (2,240,260) |
| Special Education | 1,537,257 | | 390,430 | (1,146,827) | | (1,146,827) |
| Other Instruction | 265,444 | | | (265,444) | | (265,444) |
| Support Services and Undistributed Costs: | | | | | | |
| Tuition | 6,940,320 | | | (6,940,320) | | (6,940,320) |
| Student & Instruction Related Services | 1,032,633 | | | (1,032,633) | | (1,032,633) |
| School Administrative Services | 258,279 | | | (258,279) | | (258,279) |
| Other Administrative Services | 205,246 | | | (205,246) | | (205,246) |
| Plant Operations and Maintenance | 958,822 | | | (958,822) | | (958,822) |
| Pupil Transportation | 757,663 | | | (757,663) | | (757,663) |
| Business and Other Support Services | 198,628 | | | (198,628) | | (198,628) |
| Unallocated Benefits | 2,318,543 | | 59,631 | (2,258,912) | | (2,258,912) |
| Interest on Long-Term Debt | 341,219 | | | (341,219) | | (341,219) |
| Unallocated Depreciation | 392,036 | | | (392,036) | | (392,036) |
| Total Government Activities | 17,446,350 | - | 450,061 | (16,996,289) | - | (16,996,289) |
| Business-Type Activities: | | | | | | |
| Food Service | 308,367 | 152,116 | 95,081 | | (61,170) | (61,170) |
| Larch Key | 85,800 | 88,608 | | | 2,808 | 2,808 |
| Total Business-Type Activities | 394,167 | 240,724 | 95,081 | - | (58,362) | (58,362) |
| Total Primary Government | 17,840,517 | 240,724 | 545,142 | (16,996,289) | (58,362) | (17,054,651) |

OCEAN TOWNSHIP SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

| | Program Revenues | | Net (Expense) Revenue and Changes in Net Assets | | | |
|---|------------------|-------------------------|--|----------------------------|-----------------------------|------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| General Revenues: | | | | | | |
| Taxes: | | | | | | |
| Property Taxes, Levied for General Purpose, Net | | | | 9,418,649 | | 9,418,649 |
| Taxes Levied for Debt Service | | | | 409,101 | | 409,101 |
| Federal and State Aid Not Restricted | | | | 7,824,096 | | 7,824,096 |
| Miscellaneous Income | | | | 102,435 | 122 | 102,557 |
| Accounts Payable Adjusted | | | | (5,159) | | (5,159) |
| Transfers | | | | (52,000) | 52,000 | - |
| Total General Revenues, Special Items, Extraordinary Items and Transfers | | | | 17,697,122 | 52,122 | 17,749,244 |
| Change in Net Assets | | | | 700,833 | (6,240) | 694,593 |
| Adjustment to Beginning Net Assets | | | | (880,048) | (7,188) | (887,236) |
| Net Assets - Beginning | | | | 3,266,185 | 67,305 | 3,333,490 |
| Net Assets - Ending | \$ - | | | 3,086,970 | 53,877 | 3,140,847 |

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

FUND FINANCIAL STATEMENTS – B

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2011

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|-------------------------------------|-----------------------------|----------------------------------|---|
| <u>Assets</u> | | | | | |
| Cash and Cash Equivalents | \$ 2,264,682 | | 67,802 | 6,509 | 2,338,993 |
| Interfund Receivable | 198,214 | | | | 198,214 |
| Accounts Receivable, Net | <u>142,250</u> | <u>231,073</u> | | | <u>373,323</u> |
| Total Assets | <u>\$ 2,605,146</u> | <u>231,073</u> | <u>67,802</u> | <u>6,509</u> | <u>2,910,530</u> |
| <u>Liabilities and Fund Balance</u> | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | \$ 53,384 | 4,036 | | | 57,420 |
| Deferred Revenue | | 28,823 | | | 28,823 |
| Interfund Payable | | <u>198,214</u> | | | <u>198,214</u> |
| Total Liabilities | <u>53,384</u> | <u>231,073</u> | <u>-</u> | <u>-</u> | <u>284,457</u> |
| Fund Balance: | | | | | |
| Restricted For: | | | | | |
| Reserve for Capital Reserve | 992,282 | | | | 992,282 |
| Reserve for Maintenance | 805,500 | | | | 805,500 |
| Emergency Reserve | 400,000 | | | | 400,000 |
| Excess Surplus - Designated for Subsequent Years Expenditures | 1,744 | | | | 1,744 |
| Excess Surplus | 442,698 | | | | 442,698 |
| Committed To: | | | | | |
| Other Purposes | 75,891 | | | | 75,891 |
| Assigned To: | | | | | |
| Debt Service | | | | 6,509 | 6,509 |
| Designated for Subsequent Years Expenditures by the Board of Education | 91,959 | | 67,802 | | 159,761 |
| Other Legally Restricted: | | | | | |
| Unassigned: | | | | | |
| General Fund | <u>(258,312)</u> | | | | <u>(258,312)</u> |
| Total Fund Balances | <u>2,551,762</u> | <u>-</u> | <u>67,802</u> | <u>6,509</u> | <u>2,626,073</u> |
| Total Liabilities and Fund Balance | <u>\$ 2,605,146</u> | <u>231,073</u> | <u>67,802</u> | <u>6,509</u> | |

Amounts reported for governmental activities in the Statement of Net Assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$15,285,014 and the accumulated depreciation is \$ 5,758,244.

9,526,770

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (see Note 3)

(9,065,873)

Net assets of governmental activities

\$ 3,086,970

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

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit B-2
Sheet 1 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| <u>Revenues</u> | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 9,418,649 | | | 409,101 | 9,827,750 |
| Miscellaneous | 100,916 | 9,000 | 1,519 | | 111,435 |
| Total Local Sources | <u>9,519,565</u> | <u>9,000</u> | <u>1,519</u> | <u>409,101</u> | <u>9,939,185</u> |
| State Sources | 7,521,661 | | | 285,636 | 7,807,297 |
| Federal Sources | 16,799 | 441,061 | | | 457,860 |
| Total Revenues | <u>17,058,025</u> | <u>450,061</u> | <u>1,519</u> | <u>694,737</u> | <u>18,204,342</u> |
| <u>Expenditures</u> | | | | | |
| Current: | | | | | |
| Regular Instruction | 2,231,048 | | | | 2,231,048 |
| Special Education Instruction | 1,146,827 | 390,430 | | | 1,537,257 |
| Other Instruction | 265,444 | | | | 265,444 |
| Support Services and Undistributed Costs: | | | | | |
| Tuition | 6,940,320 | | | | 6,940,320 |
| Student and Instruction Related Services | 1,032,633 | | | | 1,032,633 |
| General Administrative Services | 258,279 | | | | 258,279 |
| School Administrative Services | 205,246 | | | | 205,246 |
| Plant Operations and Maintenance | 958,822 | | | | 958,822 |
| Pupil Transportation | 757,663 | | | | 757,663 |
| Business and Other Support Services | 198,628 | | | | 198,628 |
| Unallocated Benefits | 2,258,912 | 59,631 | | | 2,318,543 |
| Capital Outlay | 46,454 | | 443,171 | | 489,625 |
| Debt Service: | | | | | |
| Principal | | | | 370,000 | 370,000 |
| Interest and Other Charges | | | | 347,775 | 347,775 |
| Total Expenditures | <u>16,300,276</u> | <u>450,061</u> | <u>443,171</u> | <u>717,775</u> | <u>17,911,283</u> |

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit B-2
Sheet 2 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 757,749 | - | (441,652) | (23,038) | 293,059 |
| Other Financing Sources (Uses): | | | | | |
| Adjust Accounts Receivable | (5,159) | | | | (5,159) |
| Transfer to Food Service Fund | (52,000) | | | | (52,000) |
| Transfer From Capital Projects Fund | | | (1,519) | 1,519 | - |
| Total Other Financing Sources (Uses) | <u>(57,159)</u> | <u>-</u> | <u>(1,519)</u> | <u>1,519</u> | <u>(57,159)</u> |
| Net Change in Fund Balances | 700,590 | - | (443,171) | (21,519) | 235,900 |
| Fund Balance - July 1 | 1,851,172 | | 510,973 | 28,028 | 2,390,173 |
| Fund Balance - June 30 | <u>\$ 2,551,762</u> | <u>-</u> | <u>67,802</u> | <u>6,509</u> | <u>2,626,073</u> |

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

OCEAN TOWNSHIP SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURESAND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Exhibit B-3

TO THE STATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2011

| | | |
|--|----------------|-------------------|
| Total Net Change in Fund Balances - Governmental Funds (From B-2) | | \$ 235,900 |
| 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 | (392,036) | |
| Capital Outlay | <u>489,625</u> | 97,589 |
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. | | 370,000 |
| In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental fund, interest is reported when due. | | 6,556 |
| In the statement of activities, certain operating expenses are measured by the amounts earned. In the governmental funds, however, expenditures are reported in the amount of financial resources used. | | |
| Compensated Absences | | <u>(9,212)</u> |
| Change in Net Assets of Governmental Activities | | <u>\$ 700,833</u> |

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

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2011

| | Business-Type Activities - Enterprise Funds | | |
|--|--|------------------------------|------------------|
| | <u>Food Service</u> | <u>Latch Key Program</u> | <u>Totals</u> |
| <u>Assets</u> | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents | \$ 6,773 | 17,270 | 24,043 |
| Accounts Receivable | | | - |
| Inventories | 2,691 | | 2,691 |
| Total Current Assets | <u>9,464</u> | <u>17,270</u> | <u>26,734</u> |
| Noncurrent Assets: | | | |
| Furniture, Machinery & Equipment | 175,041 | | 175,041 |
| Less: Accumulated Depreciation | <u>(138,334)</u> | | <u>(138,334)</u> |
| Total Noncurrent Assets | <u>36,707</u> | <u>-</u> | <u>36,707</u> |
| Total Assets | <u>\$ 46,171</u> | <u>17,270</u> | <u>63,441</u> |
| <u>Liabilities</u> | | | |
| Accounts Payable | <u>\$ 68</u> | <u>9,496</u> | <u>9,564</u> |
| Total Liabilities | <u>\$ 68</u> | <u>9,496</u> | <u>9,564</u> |
| <u>Net Assets</u> | | | |
| Invested in Capital Assets Net of Related Debt | \$ 36,707 | | 36,707 |
| Unrestricted | 9,396 | | 9,396 |
| Reserve for Latch Key | | <u>7,774</u> | <u>7,774</u> |
| Total Net Assets | <u>\$ 46,103</u> | <u>7,774</u> | <u>53,877</u> |

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

STATEMENT OF REVENUES, EXPENSES AND

CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2011

| | <u>Business-Type Activities - Enterprise Funds</u> | | |
|---|--|------------------------------|----------------|
| | <u>Food Service</u> | <u>Latch Key Program</u> | <u>Totals</u> |
| Operating Revenues: | | | |
| Charge for Services: | | | |
| Daily Sales | \$ 152,116 | | 152,116 |
| Community Service Functions | | 88,608 | 88,608 |
| Total Operating Revenues | <u>152,116</u> | <u>88,608</u> | <u>240,724</u> |
| Operating Expenses: | | | |
| Cost of Sales | 98,310 | | 98,310 |
| Salaries | 158,111 | 70,469 | 228,580 |
| Employee Benefits | 38,324 | 5,137 | 43,461 |
| Cleaning, Repair and Maintenance Services | 1,800 | | 1,800 |
| General Supplies | 3,864 | 4,686 | 8,550 |
| Depreciation | 6,563 | | 6,563 |
| Miscellaneous | 1,395 | 3,708 | 5,103 |
| Other Purchased Professional Services | | 1,800 | 1,800 |
| Total Operating Expenses | <u>308,367</u> | <u>85,800</u> | <u>394,167</u> |
| Operating Income (Loss) | (156,251) | 2,808 | (153,443) |
| Nonoperating Revenues (Expenses): | | | |
| Interest Revenue | 122 | | 122 |
| Board Subsidy | 52,000 | | 52,000 |
| State Sources: | | | |
| State School Lunch Program | 2,517 | | 2,517 |
| Federal Sources: | | | |
| National Breakfast Program | 9,494 | | 9,494 |
| National School Lunch Program | 73,638 | | 73,638 |
| Food Distribution Program | 9,432 | | 9,432 |
| Total Nonoperating Revenues (Expenses) | <u>147,203</u> | <u>-</u> | <u>147,203</u> |
| Change in Net Assets | (9,048) | 2,808 | (6,240) |
| Adjustment for Fixed Assets | (7,188) | | (7,188) |
| Total Net Assets - Beginning | <u>62,339</u> | <u>4,966</u> | <u>67,305</u> |
| Total Net Assets - Ending | <u>\$ 46,103</u> | <u>7,774</u> | <u>53,877</u> |

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

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

JUNE 30, 2011

| | Business-Type Activities - Enterprise Funds | | |
|--|--|------------------------------|------------------|
| | Food Service | Latch Key Program | Totals |
| Cash Flows from Operating Activities: | | | |
| Receipts from Customers | \$ 152,116 | 88,608 | 240,724 |
| Payments to Employees | (158,111) | (70,469) | (228,580) |
| Payments to Suppliers & Miscellaneous | (125,515) | (10,010) | (135,525) |
| Net Cash Provided (Used by) Operating Activities | <u>(131,510)</u> | <u>8,129</u> | <u>(123,381)</u> |
| Cash Flows from Noncapital Financing Activities: | | | |
| State Sources | 2,517 | | 2,517 |
| Federal Sources | 83,132 | | 83,132 |
| Operating Subsidies and Transfers from Other Funds | 52,000 | | 52,000 |
| Net Cash Provided (Used by) Noncapital Financing Activities | <u>137,649</u> | <u>-</u> | <u>137,649</u> |
| Cash Flows from Investing Activities | | | |
| Interest | 122 | - | 122 |
| Net Increase (Decrease) in Cash & Cash Equivalents | 6,261 | 8,129 | 14,390 |
| Balances - Beginning of Year | <u>512</u> | <u>9,141</u> | <u>9,653</u> |
| Balances - End of Year | <u>\$ 6,773</u> | <u>17,270</u> | <u>24,043</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | |
| Operating Income (Loss) | \$ (156,251) | 2,808 | (153,443) |
| Depreciation | 6,563 | | 6,563 |
| Federal Commonidities | 9,432 | | 9,432 |
| (Increase) Decrease in Accounts Receivable - Net | 7,124 | | 7,124 |
| (Increase) Decrease in Inventories | 2,039 | | 2,039 |
| Increase (Decrease) in Accounts Payable | (417) | 5,321 | 4,904 |
| Net Cash Provided (Used by) Operating Activities | <u>\$ (131,510)</u> | <u>8,129</u> | <u>(123,381)</u> |

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

OCEAN TOWNSHIP SCHOOL DISTRICTSTATEMENT OF FIDUCIARY NET ASSETS

Exhibit B-7

FIDUCIARY FUNDSJUNE 30, 2011

| | <u>Unemployment Compensation Expendable Trust Fund</u> |
|---|--|
| <u>Assets</u> | |
| Cash and Cash Equivalents | \$ 297 |
| Total Assets | <u>\$ 297</u> |
| <u>Net Assets</u> | |
| Reserved - Dedicated to Unemployment | \$ 297 |
| Total Net Assets | <u>\$ 297</u> |

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Exhibit B-8

FIDUCIARY FUNDS

JUNE 30, 2011

| | <u>Unemployment Compensation Trust</u> |
|--------------------------------|--|
| <u>Additions</u> | |
| Contributions: | |
| Other | \$ 110,212 |
| Total Contributions | <u>110,212</u> |
| Investment Earnings: | |
| Interest | <u>48</u> |
| Net Investment Earnings | <u>48</u> |
| Total Additions | <u>110,260</u> |
| <u>Deductions</u> | |
| Unemployment Claims | <u>113,848</u> |
| Total Deductions | <u>113,848</u> |
| Change in Net Assets | (3,588) |
| Net Assets - Beginning of Year | <u>3,885</u> |
| Net Assets - End of the Year | <u>\$ 297</u> |

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
OCEAN TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1: Summary of Significant Accounting Policies

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

A. Reporting Entity:

The Ocean Township School District is a Type II district located in the County of Ocean, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-6. The Ocean Township School District had an approximate enrollment at June 30, 2011 of 539 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Government Accounting and Financial Reporting Standards, is whether:

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

B. Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities such as student activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by state and federal aid, tuition and county tax levies, from business-type activities generally financed in whole or in part with fees charged to external parties.

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements (Continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees and other charges to users of the District's services and (2) operating grants and contributions. These revenues are subject to externally imposed restrictions to these program uses. Tax levies and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary and fiduciary funds. The New Jersey Department of Education (the "Department") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The Department believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

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

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. County tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. The Unemployment Trust Fund recognizes employer and employee contributions in the period in which contributions are due.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to apply current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term pension and compensated absences, which are reported as expenditures in the year due.

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

Major revenue sources susceptible to accrual includes Intergovernmental revenues, and the county tax levy. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for food sales and for services provided to other governmental entities. Principles operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

D. Fund Accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental Fund Types

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

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

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

Debt Service Fund: The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Proprietary Fund Type

Enterprise Fund: To account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the District is that the costs of providing goods or services to the District on a continuing basis be financed or recovered primarily through user charges.

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Fiduciary Fund Types

Agency Funds (Payroll and Student Activities 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.

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.

Expendable Trust Fund: An expendable trust fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets where both the principal and interest may be spent. Expendable trust funds include Unemployment Compensation Insurance.

E. Basis of Accounting:

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

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 payment schedule and the unpaid amount is considered to be an "accounts receivable".

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recorded in the accounting period in which they are earned and expenses are recorded at the time liabilities are incurred.

NOTE 1: Summary of Significant Accounting Policies (Continued)**F. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2011 were insignificant.

The Public School Education Act of 1975, limits the annual increase of any district's net current expense budget. The Commissioner of Education certifies the allowable amount for each district but may grant a higher level of increase if he determines that the sums so provided would be insufficient to meet the identified goals and needs of the district or that an anticipated enrollment increase requires additional funds.

The Commissioner must also review every proposed local school district budget for the next school year. He examines every item of appropriations for current expenses and budgeted capital outlay to determine their adequacy in relation to the identified needs and goals of the district. If, in his view, they are insufficient, the Commissioner must order remedial action. If necessary, he is authorized to order changes in the local district budget.

Once a budget is approved, it can be amended by transfers or additional appropriation of fund balances by approval of a majority of the members of the Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Individual transfers were not material in relation to the original appropriations. All uncommitted budget appropriations lapse at year-end.

Notes to Required Supplementary Information
Budgetary Comparison Schedule

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

| | <u>General Fund</u> | <u>Special Revenue Fund</u> |
|--|---------------------|---------------------------------|
| <u>Sources/Inflows of Resources</u> | | |
| Actual amounts (budgetary) "revenues" from the budgetary comparison schedules | \$ 16,966,794 | 469,884 |
| Difference – budget to GAAP: | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | | (19,823) |
| State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes | 754,113 | |

NOTE 1: Summary of Significant Accounting Policies (Continued)**F. Budgets/Budgetary Control (Continued):**

| | <u>General Fund</u> | <u>Special Revenue Fund</u> |
|--|---------------------|---------------------------------|
| The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33). | (662,882) | _____ |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds. | \$ 17,058,025 | 450,061 |
| <u>Uses/Outflows of Resources</u> | | |
| Actual amounts (budgetary basis) “total outflows” from the budgetary comparison schedule | \$ 16,300,276 | 469,884 |
| 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. | _____ | (19,823) |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds. | \$ 16,300,276 | 450,061 |

G. Encumbrances:

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

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

H. Short-Term Interfund Receivables/Payables:

Short-Term interfund receivables/payables represents amounts that are owed, other than charges for good or services rendered to/from a particular fund in the District and that are due within one year.

NOTE 1: Summary of Significant Accounting Policies (Continued)

I. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase. The value of inventories remaining at the end of the fiscal year is not included on the balance sheet.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

J. Capital Assets and Depreciation

The District’s property, buildings and improvements, equipment, vehicles, furniture and fixtures with useful lives of five years or more are stated at historical or estimated historical cost and are reported in the government-wide financial statements. Proprietary Fund capital assets are reported in its respective fund.

The District contracted with an outside service company to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2010-2011 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2011, fiscal year 2011 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

| | |
|----------------------------|---------|
| Buildings and Improvements | 20 – 50 |
| Equipment and Vehicles | 5 – 20 |
| Furniture and Fixtures | 5 – 20 |

Capital asset activity for the year ended June 30, 2011 was as follows:

NOTE 1: Summary of Significant Accounting Policies (Continued)**J. Capital Assets and Depreciation**

| | <u>Balance</u> <u>July 1, 2010</u> | <u>Additions</u> | <u>Adjustment</u> | <u>Retirements</u> | <u>Balance</u> <u>June 30, 2011</u> |
|---------------------------------|---------------------------------------|------------------|-------------------|--------------------|--|
| Governmental Activities: | | | | | |
| Land | \$ 97,895 | _____ | _____ | _____ | 97,895 |
| Total | <u>97,895</u> | _____ | _____ | _____ | <u>97,895</u> |
| Depreciable Assets: | | | | | |
| Buildings & Sites | 13,970,206 | _____ | _____ | _____ | 13,970,206 |
| Equipment | <u>1,216,913</u> | _____ | _____ | _____ | <u>1,216,913</u> |
| Total | <u>15,187,119</u> | _____ | _____ | _____ | <u>15,187,119</u> |
| Less: Accumulated Depreciation: | | | | | |
| Buildings | (4,068,750) | (345,768) | (346,193) | _____ | (4,760,711) |
| Equipment | <u>(896,358)</u> | <u>(46,268)</u> | <u>(54,907)</u> | _____ | <u>(997,533)</u> |
| Total Accumulated Depreciation | <u>(4,965,108)</u> | <u>(392,036)</u> | <u>(401,100)</u> | _____ | <u>(5,758,244)</u> |
| Net Depreciable Assets | <u>10,222,011</u> | <u>(392,036)</u> | <u>(401,100)</u> | _____ | <u>9,428,875</u> |
| Governmental Activities: | | | | | |
| Capital Assets, Net | \$ 10,319,906 | (392,036) | (401,100) | _____ | 9,526,770 |
| Business-Type Activities: | | | | | |
| Equipment | \$ 175,041 | _____ | _____ | _____ | 175,041 |
| Less: Accumulated Depreciation: | | | | | |
| Equipment | <u>(124,583)</u> | <u>(6,563)</u> | <u>(7,188)</u> | _____ | <u>(138,334)</u> |
| Business-Type Activities | | | | | |
| Capital Assets (Net) | \$ 50,458 | (6,563) | (7,188) | _____ | 36,707 |

Depreciation expense was charged to governmental functions as follows:

| | |
|-------------|------------|
| Unallocated | \$ 392,036 |
|-------------|------------|

K. Compensated Absences

District employees are permitted, within certain limitations, to accrue vacation and sick leave in varying amounts under the Districts personnel policies and may be paid at a later date according to contractual agreements.

NOTE 1: Summary of Significant Accounting Policies (Continued)**K. Compensated Absences (Continued)**

The liability for vested compensated absences of the governmental fund types is recorded in the government-wide financial statements as a non-current liability. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable.

L. Deferred Revenue

Deferred revenue in the special revenue funds represent cash which has been received but not yet earned. See Note 1(F) regarding the special revenue fund.

M. Fund Equity

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The general fund reserve for restricted purposes includes net assets relating to capital reserve (See Note 9).

NOTE 2: Cash and Cash Equivalents and Investments

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Deposits

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

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

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

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

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

NOTE 2: Cash and Cash Equivalents and Investments (Continued)**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. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank for cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

As of June 30, 2011, cash and cash equivalents and investments of the District consisted of the following:

**Cash and Cash
Equivalents**
\$ 2,367,417

During the period ended June 30, 2011 the District did not hold any investments. The carrying amount of the District's cash and cash equivalents at June 30, 2011 was \$2,367,417 and the bank balance was \$3,034,166. Of the bank balance, \$169,318 was covered by federal depository insurance and \$2,864,848 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Credit Risk Categories

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following two categories described below:

As of June 30, 2011, the District did not hold any long-term investments.

| | |
|----------|--------------------|
| Insured: | |
| FDIC | \$ 169,318 |
| GUDPA | <u>2,864,848</u> |
| | <u>\$3,034,166</u> |

NOTE 3: General Long-Term Debt

During the fiscal year ended June 30, 2011, the following changes occurred in liabilities reported in the general long-term debt account group:

| | <u>Balance</u> <u>June 30, 2010</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2011</u> | <u>Due</u> <u>Within</u> <u>One Year</u> | <u>2011-12</u> <u>Payment</u> |
|------------------------------|--|------------------|------------------|--|--|----------------------------------|
| Compensated Absences Payable | \$ 622,179 | 9,212 | | 631,391 | 631,391 | |
| Capital Leases Payable | 26,716 | | 17,234 | 9,482 | | 9,482 |
| Bonds Payable | <u>8,795,000</u> | <u> </u> | <u>370,000</u> | <u>8,425,000</u> | <u>8,040,000</u> | <u>385,000</u> |
| | <u>\$ 9,443,895</u> | <u>9,212</u> | <u>387,234</u> | <u>9,065,873</u> | <u>8,671,391</u> | <u>394,482</u> |

A. 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 of general obligation bonds, and the interest rates vary from 3.45% to 4.50%.

Principal and interest due on serial bonds outstanding is as follows:

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|---------------------|------------------|-------------------|
| 2012 | \$ 385,000 | 332,278 | 717,278 |
| 2013 | 405,000 | 316,441 | 721,441 |
| 2014 | 415,000 | 304,881 | 719,881 |
| 2015 | 430,000 | 288,800 | 718,800 |
| 2016 | 450,000 | 271,600 | 721,600 |
| 2017/2021 | 2,540,000 | 1,073,000 | 3,613,000 |
| 2022/2026 | 3,100,000 | 522,000 | 3,622,000 |
| 2026/2027 | <u>700,000</u> | <u>28,000</u> | <u>728,000</u> |
| | <u>\$ 8,425,000</u> | <u>3,137,000</u> | <u>11,562,000</u> |

B. Bonds Authorized But Not Issued

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

NOTE 3: General Long-Term Debt (Continued)**C. Capital Leases Payable:**

The District has a lease totaling \$43,604 under capital leases. The following is a schedule of future minimum lease payment under this capital lease and present value of the net minimum lease payments at June 30, 2011.

| | |
|------------------------------|-----------------|
| 2011-2012 | \$ 9,834 |
| Less Interest | <u>(352)</u> |
| Total Minimum Lease Payments | <u>\$ 9,482</u> |

Copier lease for 60 months for \$49,170 @ 7.75% interest commencing June 1, 2007 at \$819 per month for 60 months maturing July 1, 2012 with a balance of \$9,834 at June 30, 2011.

NOTE 4: Pension Plans

Description of Plans – All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teacher's Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) – The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) – The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

NOTE 4: Pension Plans (Continued)

Vesting and Benefit Provisions – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provision of the System.

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

Significant Legislation - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997), changed the asset valuation method from market related value to full-market value. This legislation also contains a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits. Accordingly, the pension costs for TPAF and PERS were reduced.

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

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

NOTE 4: Pension Plans (Continued)

During the year ended June 30, 2011, the State of New Jersey contributed \$291,162 to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$305,951 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 24.

Three-Year Trend Information for PERS

| <u>Year</u> <u>Funding</u> | <u>Annual</u> <u>Pension</u> <u>Cost (APC)</u> | <u>Percentage</u> <u>of APC</u> <u>Contributed</u> | <u>Net</u> <u>Pension</u> <u>Obligation</u> |
|---|---|---|--|
| 6/30/11 | N/A | 100% | 0 |
| 6/30/10 | N/A | 100% | 0 |
| 6/30/09 | 88,529 | 100% | 0 |

Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

| <u>Year</u> <u>Funding</u> | <u>Annual</u> <u>Pension</u> <u>Cost (APC)</u> | <u>Percentage</u> <u>of APC</u> <u>Contributed</u> | <u>Net</u> <u>Pension</u> <u>Obligation</u> |
|---|---|---|--|
| 6/30/11 | \$ 291,162 | 100% | 0 |
| 6/30/10 | 275,337 | 100% | 0 |
| 6/30/09 | 264,984 | 100% | 0 |

NOTE 5: Post-Retirement Benefits

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

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

NOTE 6: Interfund Receivables and Payables

There were interfunds as of June 30, 2011 as follows:

| | <u>From</u> | <u>To</u> |
|----------------------|-------------|------------|
| General Fund | | \$ 198,214 |
| Special Revenue Fund | \$ 198,214 | |

NOTE 7: Compensated Absences

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. 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 agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the general long-term debt account group (or current and long-term liabilities). The current portion of the compensated absences balance of the governmental funds is not considered material to the applicable funds total liabilities, and therefore is not shown separately from the long-term liability balance of compensated absences.

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 liability existed for compensated absences in the Food Service Fund.

NOTE 8: Tuition Adjustments

Regulations specify that tuition adjustments for any given school year shall be remitted/received in the two following years after the tuition rate is certified. These adjustments have not been reflected on the June 30, 2011 financial statements.

NOTE 9: Operating Leases

The District had no operating leases as of June 30, 2011.

NOTE 10: Capital Reserve Account

A Capital Reserve account was established by the Township of Ocean Board of Education 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.

Fund 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. 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 | \$ 638,677 |
| Interest Earnings & Transfers | <u>353,605</u> |
| Ending Balance, June 30, 2011 | \$ 992,282 |

NOTE 11: Risk Management

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

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

New Jersey Unemployment Compensation Insurance – The 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 the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current year and previous year:

| <u>Fiscal Year</u> | <u>District Contributions</u> | <u>Employee Contributions</u> | <u>Reimbursed</u> | <u>Balance</u> |
|--------------------|-------------------------------|-------------------------------|-------------------|----------------|
| 2010-2011 | \$ 48 | 110,212 | 113,848 | 297 |
| 2009-2010 | 40 | 28,770 | 38,411 | 3,885 |
| 2008-2009 | 54 | 10,471 | 446 | 13,486 |

NOTE 12: Economic Dependency

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the District's programs and activities.

NOTE 13: 2% Calculation of Excess Surplus

| | |
|--|----------------------|
| 2010-11 Total General Fund Expenditures Per the CAFR | \$ 16,300,276 |
| Increased by: | |
| Transfer to Food Service Fund | 52,000 |
| Decreased by: | |
| On-Behalf TPAF Pension & Social Security | <u>(597,113)</u> |
| Adjusted 2010-11 General Fund Expenditures | <u>\$ 15,755,163</u> |
| 2% of Adjusted 2010-11 General Fund Expenditures | <u>\$ 315,103</u> |
| Enter Greater of Above or \$250,000 | \$ 315,103 |
| Increased by Allowable Adjustment | <u>89,467</u> |
| Maximum Unassigned Fund Balance | <u>\$ 404,570</u> |

Section 2

| | |
|--|--------------------|
| Total General Fund – Fund Balance @ 6-30-11 | \$ 3,214,644 |
| Decreased by: | |
| Year-End Encumbrances | (75,891) |
| Legally Restricted - Excess Surplus – Designated for Subsequent Years Expenditures | (1,744) |
| Unassigned Fund Balance - Unreserved – Designated for Subsequent Years Expenditures | (91,959) |
| Other Restricted Reserved Fund Balances | <u>(2,197,782)</u> |
| Total Unassigned Fund Balance | <u>\$ 847,268</u> |
| Restricted Fund Balance – Excess Surplus | <u>\$ 442,698</u> |

Section 3

| | |
|--|-------------------|
| Reserved Fund Balance – Excess Surplus Designated for Subsequent Years Expenditures | \$ 1,744 |
| Reserved Fund Balance – Excess Surplus | <u>442,698</u> |
| | <u>\$ 444,442</u> |

Detail of Allowable Adjustments

| | |
|---------------------------|------------------|
| Extraordinary Aid | \$ 86,161 |
| Non Public Transportation | <u>3,306</u> |
| | <u>\$ 89,467</u> |

NOTE 13: 2% Calculation of Excess Surplus (Continued)**Detail of Other Reserved Fund Balance**

| | |
|---------------------|---------------------|
| Maintenance Reserve | \$ 805,500 |
| Emergency Reserve | 400,000 |
| Capital Reserve | <u>992,282</u> |
| Total | <u>\$ 2,197,782</u> |

NOTE 14: Contingent Liabilities

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

NOTE 15: Fund Balance Appropriated

General Fund – Of the \$3,214,644 General Fund fund balance at June 30, 2011, \$75,891 is reserved for encumbrances; \$992,282 is reserved for capital reserve; \$805,500 is reserved for maintenance; \$400,000 is reserved for emergency; \$91,959 is designated for subsequent year's expenditure in the 2011-2012 budget; \$1,744 is excess surplus designated for subsequent year's expenditures; \$442,698 is excess surplus for the 2012-13 budget and \$404,570 is unreserved and undesignated.

NOTE 16: Significant Accounting Pronouncements

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2011. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2011 through September 12, 2011.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

OCEAN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 1 of 12

GENERAL FUND

JUNE 30, 2011

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|-------------------|---|
| Revenues: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 9,418,649 | | 9,418,649 | 9,418,649 | - |
| Miscellaneous | 38,084 | | 38,084 | 100,916 | 62,832 |
| Total Local Sources | <u>9,456,733</u> | <u>-</u> | <u>9,456,733</u> | <u>9,519,565</u> | <u>62,832</u> |
| State Sources: | | | | | |
| Security Aid | 120,657 | | 120,657 | 120,657 | - |
| Transportation Aid | 326,693 | | 326,693 | 326,693 | - |
| Special Education Aid | 466,986 | | 466,986 | 466,986 | - |
| Adjustment Aid | 5,727,664 | | 5,727,664 | 5,727,664 | - |
| Non Public Transportation | | | - | 6,407 | 6,407 |
| Extraordinary Aid | | | | 184,910 | 184,910 |
| TPAF Pension (On-Behalf Non-Budgeted) | | | | 291,162 | 291,162 |
| TPAF Social Security (Reimbursed Non-Budgeted) | | | | 305,951 | 305,951 |
| Total State Sources | <u>6,642,000</u> | <u>-</u> | <u>6,642,000</u> | <u>7,430,430</u> | <u>788,430</u> |
| Federal Sources: | | | | | |
| Medical Assistance Program | 16,799 | | 16,799 | 16,799 | - |
| Total Federal Sources | <u>16,799</u> | <u>-</u> | <u>16,799</u> | <u>16,799</u> | <u>-</u> |
| Total Revenues | <u>16,115,532</u> | <u>-</u> | <u>16,115,532</u> | <u>16,966,794</u> | <u>851,262</u> |

OCEAN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2011

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|------------------|---|
| Expenditures: | | | | | |
| Current Expenditures: | | | | | |
| Regular Programs - Instruction: | | | | | |
| Preschool-Salaries of Teachers | 68,560 | 37 | 68,597 | 68,485 | 112 |
| Kindergarten - Salaries of Teachers | 272,777 | | 272,777 | 233,069 | 39,708 |
| Grades 1-3 - Salaries of Teachers | 879,001 | 5,438 | 884,439 | 868,313 | 16,126 |
| Grades 4-5 - Salaries of Teachers | 617,093 | (3,675) | 613,418 | 594,245 | 19,173 |
| Grade 6 - Salaries of Teachers | 297,819 | 150 | 297,969 | 293,613 | 4,356 |
| Regular Programs - Home Instruction: | | | | | |
| Salaries of Teachers | 2,520 | | 2,520 | | 2,520 |
| Regular Program - Undistributed Instruction: | | | | | |
| Purchased Professional Educational Services | 9,233 | (4,627) | 4,606 | 4,606 | - |
| Purchased Technical Services | 14,653 | | 14,653 | 14,127 | 526 |
| Other Purchased Services (400-500 Series) | 43,178 | (12,580) | 30,598 | 29,302 | 1,296 |
| General Supplies | 82,897 | 87,263 | 170,160 | 121,884 | 48,276 |
| Textbooks | | 11,489 | 11,489 | 3,184 | 8,305 |
| Other Objects | 225 | | 225 | 220 | 5 |
| Total Regular Programs - Instruction | <u>2,287,956</u> | <u>83,495</u> | <u>2,371,451</u> | <u>2,231,048</u> | <u>140,403</u> |
| Special Education - Instruction: | | | | | |
| Multiple Disabilities | | | | | |
| Salaries of Teachers | 119,062 | 49,785 | 168,847 | 161,564 | 7,283 |
| Other Salaries for Instruction | 52,819 | 179,502 | 213,321 | 209,897 | 3,424 |
| General Supplies | 500 | 1,193 | 1,693 | 1,684 | 9 |
| Total Learning and/or Language Disabilities | <u>172,381</u> | <u>230,480</u> | <u>383,861</u> | <u>373,145</u> | <u>10,716</u> |

OCEAN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2011

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|------------------|---|
| Autism: | | | | | |
| Salaries of Teachers | 587,879 | (46,798) | 541,081 | 537,556 | 3,525 |
| Other Salaries for Instruction | 138,497 | (5,774) | 132,723 | 106,280 | 26,443 |
| General Supplies | 2,000 | 6,687 | 8,687 | 7,050 | 1,637 |
| Total Behavioral Disabilities | <u>728,376</u> | <u>(45,885)</u> | <u>682,491</u> | <u>650,886</u> | <u>31,605</u> |
| Resource Room/Center: | | | | | |
| Salaries of Teachers | 61,566 | (61,566) | - | - | - |
| Other Salaries for Instruction | 70,743 | (70,715) | 28 | 28 | - |
| General Supplies | 500 | (381) | 119 | 88 | 31 |
| Total Resource Room/Center | <u>132,809</u> | <u>(132,662)</u> | <u>147</u> | <u>116</u> | <u>31</u> |
| Pre-School -Disabilities - Part-Time: | | | | | |
| Salaries of Teachers | 56,566 | 318 | 56,884 | 56,737 | 147 |
| Other Salaries for Instruction | 50,543 | (6,590) | 43,953 | 43,694 | 259 |
| General Supplies | 800 | (55) | 745 | 201 | 544 |
| Total Pre-School Disabilities - Part-Time | <u>107,909</u> | <u>(6,327)</u> | <u>101,582</u> | <u>100,632</u> | <u>950</u> |
| Home Instruction: | | | | | |
| Salaries of Teachers | 20,459 | 2,686 | 23,145 | 22,048 | 1,097 |
| Total Home Instruction | <u>20,459</u> | <u>2,686</u> | <u>23,145</u> | <u>22,048</u> | <u>1,097</u> |
| Total Special Education - Instruction | <u>1,161,934</u> | <u>48,292</u> | <u>1,191,226</u> | <u>1,146,827</u> | <u>44,399</u> |

OCEAN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2011

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|------------------|---|
| Basic Skills/Remedial - Instruction: | | | | | |
| Salaries of Teachers | 152,292 | 72,348 | 224,640 | 221,130 | 3,510 |
| Other Salaries for Instruction | 22,232 | 4,087 | 26,319 | 25,311 | 1,008 |
| General Supplies | 900 | 33 | 933 | 933 | - |
| Total Basic Skills/Remedial - Instruction | <u>175,424</u> | <u>76,468</u> | <u>251,892</u> | <u>247,374</u> | <u>4,518</u> |
| School-Sponsored Co-Curricular Activities - Instruction: | | | | | |
| Salaries | 27,000 | 932 | 27,932 | 18,070 | 9,862 |
| Total School-Sponsored Co-Curricular Activities - Inst. | <u>27,000</u> | <u>932</u> | <u>27,932</u> | <u>18,070</u> | <u>9,862</u> |
| Total Instruction | <u>3,652,314</u> | <u>209,187</u> | <u>3,842,501</u> | <u>3,643,319</u> | <u>199,182</u> |
| Undistributed Expenditures - Instruction: | | | | | |
| Tuition to Other LEA's Within the State - Regular | 5,980,994 | 6,921 | 5,987,915 | 5,667,918 | 319,997 |
| Tuition to Other LEA's Within the State - Special | 1,488,575 | (121,139) | 1,367,436 | 1,192,888 | 174,548 |
| Tuition Private Schools Within the State - Disabilities | 107,073 | (1,187) | 105,886 | 79,514 | 26,372 |
| Total Undistributed Expenditures - Instruction | <u>7,576,642</u> | <u>(115,405)</u> | <u>7,461,237</u> | <u>6,940,320</u> | <u>520,917</u> |
| Undistributed Expenditures - Attendance and Social Work: | | | | | |
| Attendance - Salaries | 29,601 | 1,187 | 30,788 | 29,843 | 945 |
| Total Undistributed Expenditures - Attendance and Social Work | <u>29,601</u> | <u>1,187</u> | <u>30,788</u> | <u>29,843</u> | <u>945</u> |

OCEAN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2011

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|-----------------------------------|------------------------------------|--------------------------------|-----------------------|--|
| Undistributed Expenditures - Health Services: | | | | | |
| Salaries | 119,154 | 2,718 | 121,872 | 120,502 | 1,370 |
| Purchased Professional and Technical Services | 700 | (33) | 667 | 206 | 461 |
| Supplies and Materials | 5,434 | 236 | 5,670 | 5,667 | 3 |
| Total Undistributed Expenditures - Health Services | <u>125,288</u> | <u>2,921</u> | <u>128,209</u> | <u>126,375</u> | <u>1,834</u> |
| Undistributed Expenditures - Other Support Services - | | | | | |
| Students - Related Services: | | | | | |
| Salaries | 133,662 | 308 | 133,970 | 132,170 | 1,800 |
| Purchased Professional - Educational Services | 3,300 | (1,546) | 1,754 | 1,700 | 54 |
| Supplies and Materials | 500 | 638 | 1,138 | 1,108 | 30 |
| Total Undistributed Expenditures - Other Support Services | <u>137,462</u> | <u>(600)</u> | <u>136,862</u> | <u>134,978</u> | <u>1,884</u> |
| Undistributed Expenditures - Other Support Services - | | | | | |
| Students - Extra Services: | | | | | |
| Salaries | 84,000 | 2,685 | 86,685 | 67,215 | 19,470 |
| Purchased Professional Educational Services | 127,850 | 5,186 | 133,036 | 115,052 | 17,984 |
| Supplies and Materials | 500 | 658 | 1,158 | 1,158 | - |
| Total Undistributed Expenditures - Other Support Services - | <u>212,350</u> | <u>8,529</u> | <u>220,879</u> | <u>183,425</u> | <u>37,454</u> |
| Students - Extra Services | | | | | |
| Undistributed Expenditures - Other Support Services - | | | | | |
| Students - Regular: | | | | | |
| Salaries of Other Professional Staff | 119,258 | | 119,258 | 119,258 | - |

OCEAN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2011

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|-----------------------------------|------------------------------------|--------------------------------|----------------------|--|
| Undistributed Expenditures - Other Support Services - Students - Special: | | | | | |
| Salaries of Other Professional Staff | 232,880 | (3,884) | 228,996 | 222,486 | 6,510 |
| Salaries of Secretarial and Clerical Assistants | 48,646 | (7,438) | 41,208 | 36,156 | 5,052 |
| Purchased Professional Educational Services | 4,000 | (284) | 3,716 | 4,388 | 3,716 |
| Miscellaneous Purchased Services (400-500 Series) | 4,482 | 231 | 4,713 | 4,388 | 325 |
| Supplies and Materials | 1,500 | 2,836 | 4,336 | 2,272 | 2,064 |
| Other Objects | 1,000 | 914 | 1,914 | 1,914 | - |
| Total Undistributed Expenditures - Other Support Services - Students - Special | 292,508 | (7,625) | 284,883 | 267,216 | 17,667 |
| Undistributed Expenditures - Improvement of Instructional Services: | | | | | |
| Salaries -Supervisor of Instruction | 33,793 | 369 | 34,162 | 34,162 | - |
| Purchased Professional Educational Services | 1,000 | 961 | 961 | 961 | - |
| Supplies and Materials | | 2,141 | 3,141 | 539 | 2,602 |
| Total Undistributed Expenditures - Improvement of Instructional Services | 34,793 | 3,471 | 38,264 | 35,662 | 2,602 |
| Undistributed Expenditures - Educational Media Services/ School Library: | | | | | |
| Salaries-Technology Coordinators | 66,047 | 11,400 | 77,447 | 74,392 | 3,055 |
| Salaries-Other Professional Staff | 45,935 | | 45,935 | 43,919 | 2,016 |
| Purchased Professional and Technical Services | 4,399 | | 4,399 | 2,597 | 1,802 |
| Other Purchased Services (400-500 Series) | 4,410 | | 4,410 | 4,063 | 347 |
| Supplies and Materials | 10,183 | 572 | 10,755 | 7,671 | 3,084 |
| Total Undistributed Expenditures - Educational Media Services/School Library | 130,974 | 11,972 | 142,946 | 132,642 | 10,304 |

OCEAN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 7 of 12

GENERAL FUND

JUNE 30, 2011

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|-----------------------------------|------------------------------------|--------------------------------|----------------------|--|
| Undistributed Expenditures - Instructional Staff Training Services: | | | | | |
| Other Purchased Services (400-500 Series) | 4,208 | 1,021 | 5,229 | 3,234 | 1,995 |
| Undistributed Expenditures - Support Services - General Admin.: | | | | | |
| Salaries | 201,312 | | 201,312 | 199,839 | 1,473 |
| Legal Services | 35,000 | (956) | 34,044 | 12,955 | 21,089 |
| Other Purchased Professional Services | 14,000 | (85) | 13,915 | 11,234 | 2,681 |
| Purchased Technical Services | 4,000 | | 4,000 | 3,990 | 10 |
| Communications/Telephone | 13,600 | | 13,600 | 9,989 | 3,611 |
| Other Purchased Services (400-500 Series) | 4,800 | 1,712 | 6,512 | 6,512 | - |
| Supplies and Materials | 540 | 2,539 | 3,079 | 2,122 | 957 |
| Board of Education-Membership fees & Dues | 10,000 | (764) | 9,236 | 8,991 | 245 |
| Miscellaneous Expenditures | 4,650 | (1,495) | 3,155 | 2,647 | 508 |
| Total Undistributed Expenditures - Support Services - General Administration | 287,902 | 951 | 288,853 | 258,279 | 30,574 |
| Undistributed Expenditures - Support Services - School Admin.: | | | | | |
| Salaries of Principals/Assistant Principals | 103,819 | | 103,819 | 103,819 | - |
| Salaries of Secretarial and Clerical Assistants | 87,303 | 5,234 | 92,537 | 86,357 | 6,180 |
| Salaries-Other | 4,500 | | 4,500 | 4,500 | |
| Purchased Professional and Technical Services | 100 | | 100 | 10 | 90 |
| Other Purchased Services (400-500 Series) | 4,240 | 341 | 4,581 | 4,431 | 150 |
| Supplies and Materials | 7,441 | | 7,441 | 4,950 | 2,491 |
| Other Objects | 1,285 | | 1,285 | 1,179 | 106 |
| Total Undistributed Expenditures - Support Services - School Administration | 208,688 | 5,575 | 214,263 | 205,246 | 9,017 |

OCEAN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2011

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|-----------------------------------|------------------------------------|--------------------------------|----------------------|--|
| Undistributed Expenditures - Required Maintenance for School Facilities: | | | | | |
| Salaries | 69,623 | | 69,623 | 52,171 | 17,452 |
| Cleaning, Repair and Maintenance Services | 65,200 | 5,373 | 70,573 | 63,503 | 7,070 |
| General Supplies | 9,000 | 13,271 | 22,271 | 17,703 | 4,568 |
| Total Undistributed Expenditures - Required Maintenance - School Facilities | 143,823 | 18,644 | 162,467 | 133,377 | 29,090 |
| Undistributed Expenditures - Other Operations and Maintenance of Plant: | | | | | |
| Salaries | 263,248 | 22,792 | 286,040 | 282,256 | 3,784 |
| Purchased Professional and Technical Services | 4,000 | (2,850) | 1,150 | 1,150 | - |
| Cleaning, Repair and Maintenance Services | 25,184 | 33,297 | 58,481 | 55,802 | 2,679 |
| Other Purchased Property Services | 10,600 | (2,495) | 8,105 | 8,105 | - |
| Insurance | 135,000 | (13,802) | 121,198 | 119,998 | 1,200 |
| General Supplies | 55,000 | 14,202 | 69,202 | 69,202 | - |
| Energy (Heat and Electricity) | 210,000 | (6,210) | 203,790 | 185,611 | 18,179 |
| Energy- Gasoline | 3,000 | 300 | 3,300 | 2,613 | 687 |
| Energy-Natural Gas | 75,000 | (17,455) | 57,545 | 49,781 | 7,764 |
| Other Objects | 13,000 | 647 | 13,647 | 13,647 | - |
| Total Undistributed Expenditures - Other Operations and Maintenance of Plant | 794,032 | 28,426 | 822,458 | 788,165 | 34,293 |
| Total Undistributed Expenditures - Operations and Maintenance of Plant | 937,855 | 47,070 | 984,925 | 921,542 | 63,383 |
| Undistributed Expenditures-Care & Upkeep of Grounds Salaries | 24,579 | 2,305 | 26,884 | 26,883 | 1 |

OCEAN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2011

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|-----------------------------------|------------------------------------|--------------------------------|----------------------|--|
| Undistributed Expenditures-Security | | | | | |
| Salaries | 9,000 | 1,398 | 10,398 | 10,397 | 1 |
| Undistributed Expenditures - Student Transportation Services: | | | | | |
| Salaries-Aides | 22,950 | (6,163) | 16,787 | 13,654 | 3,133 |
| Salaries for Pupil Transportation (Between Home & School) | 19,478 | | 19,478 | 19,478 | - |
| Contracted Services (Other Than Between Home & School) - Vendors | 611 | 4,011 | 4,622 | 4,622 | - |
| Contracted Services (Between Home & School) Jointures | 413,760 | | 413,760 | 413,760 | - |
| Contracted Services (Spec. Ed.) - Vendors | 45,000 | 6,792 | 51,792 | 51,068 | 724 |
| Contracted Services (Between Home & School) | | | | | |
| Special Education - Jointures | 263,529 | | 263,529 | 254,197 | 9,332 |
| Contracted Services - Aid in Lieu | 3,500 | | 3,500 | 884 | 2,616 |
| Other Purchased Services | 15,000 | (6,384) | 8,616 | 8,616 | - |
| Total Undistributed Expenditures - Student Transportation Services | 783,828 | (1,744) | 782,084 | 757,663 | 24,421 |
| Undistributed Expenditures - Central Services: | | | | | |
| Salaries | 194,463 | (63) | 194,400 | 187,722 | 6,678 |
| Purchased Professional Services | 7,700 | 63 | 7,763 | 6,286 | 1,477 |
| Supplies and Materials | 4,000 | | 4,000 | 3,470 | 530 |
| Miscellaneous Expenditures | 3,050 | | 3,050 | 1,150 | 1,900 |
| Total Undistributed Expenditures Business and Other Support Services | 209,213 | - | 209,213 | 198,628 | 10,585 |

OCEAN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2011

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|-------------------|---|
| Undistributed Expenditures - Employee Benefits: | | | | | |
| Social Security Benefits | 140,000 | | 140,000 | 121,570 | 18,430 |
| Other Retirement Benefits | 118,536 | 17,466 | 136,002 | 136,002 | - |
| Other Retirement Contributions | | 313 | 313 | 139 | 174 |
| Unemployment Compensation | 211,640 | (18,112) | 193,528 | 96,500 | 97,028 |
| Health Benefits | 1,491,521 | (57,641) | 1,433,880 | 1,300,410 | 133,470 |
| Other Employee Benefits | 20,300 | | 20,300 | 5,808 | 14,492 |
| Tuition Reimbursement | 6,000 | | 6,000 | 1,370 | 4,630 |
| Total Undistributed Expenditures Unallocated Benefits | <u>1,987,997</u> | <u>(57,974)</u> | <u>1,930,023</u> | <u>1,661,799</u> | <u>268,224</u> |
| On-Behalf TPAF Pension Contributions - Non-Budgeted | | | | 291,162 | (291,162) |
| Reimbursed TPAF Social Security Contributions Non-Budgeted | | | | 305,951 | (305,951) |
| Total Non-Budgeted Contributions | <u>-</u> | <u>-</u> | <u>-</u> | <u>597,113</u> | <u>(597,113)</u> |
| Total Undistributed Expenditures | <u>13,112,146</u> | <u>(96,948)</u> | <u>13,015,198</u> | <u>12,610,503</u> | <u>404,695</u> |
| Total Current Expense | <u>16,764,460</u> | <u>112,239</u> | <u>16,857,699</u> | <u>16,253,822</u> | <u>603,877</u> |
| Capital Outlay: | | | | | |
| Interest to Capital Reserve | 1,886 | | 1,886 | | 1,886 |
| Other Objects | 973 | | 973 | | 973 |
| Regular Programs - Instruction: | | | | | |
| Grades 1-5 | | 39,161 | 39,161 | 37,712 | 1,449 |
| Undistributed Expenses: | | | | | |
| Business Office | 3,000 | | 3,000 | | 3,000 |
| Operation of Plant | | 8,742 | 8,742 | 8,742 | - |
| Total Capital Outlay | <u>5,859</u> | <u>47,903</u> | <u>53,762</u> | <u>46,454</u> | <u>7,308</u> |

OCEAN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2011

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|---------------|----------------------------|
| Total Expenditures | 16,770,319 | 160,142 | 16,911,461 | 16,300,276 | 611,185 |
| Excess (Deficiency) of Revenues Over/(Under) Expenditures | (654,787) | (160,142) | (795,929) | 666,518 | 1,462,447 |
| Other Financing Sources: | | | | | |
| Adjust Accounts Receivable | | | - | (5,159) | (5,159) |
| Transfer to Food Service Fund | (68,000) | | (68,000) | (52,000) | 16,000 |
| Total Other Financing Sources | (68,000) | - | (68,000) | (57,159) | 10,841 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses) | (722,787) | (160,142) | (863,929) | 609,359 | 1,473,288 |
| Fund Balance July 1 | 2,605,285 | | 2,605,285 | 2,605,285 | |
| Fund Balance June 30 | \$ 1,882,498 | (160,142) | 1,741,356 | 3,214,644 | 1,473,288 |

OCEAN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
 Sheet 12 of 12

GENERAL FUND

JUNE 30, 2011

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|---------------------|---|
| Recapitulation: | | | | | |
| Restricted Fund Balance: | | | | | |
| Excess Surplus | | | | \$ 442,698 | |
| Maintenance Reserve | | | | 805,500 | |
| Emergency Reserve | | | | 400,000 | |
| Capital Reserve | | | | 992,282 | |
| Excess Surplus - Designated for Subsequent Year's Expenditures | | | | 1,744 | |
| Committed Fund Balance: | | | | | |
| Year End Encumbrances | | | | 75,891 | |
| Assigned Fund Balances: | | | | | |
| Designed For Subsequent Year's Expenditures | | | | 91,959 | |
| Unassigned Fund Balance | | | | 404,570 | |
| | | | | <u>3,214,644</u> | |
| Reconciliation to Governmental Funds Statement (GAAP): | | | | | |
| Final State Audit Payments not Recognized on GAAP Basis | | | | <u>(662,882)</u> | |
| Fund Balance per Governmental Funds (GAAP) | | | | <u>\$ 2,551,762</u> | |

OCEAN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

JUNE 30, 2011

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--------------------------------|----------------------------|-----------------------------|-------------------------|----------------|---|
| Revenues: | | | | | |
| Local | \$ 255,036 | 9,000 | 9,000 | 9,000 | - |
| Federal Sources | | 205,848 | 460,884 | 460,884 | |
| Total Revenues | <u>\$ 255,036</u> | <u>214,848</u> | <u>469,884</u> | <u>469,884</u> | <u>-</u> |
| Expenditures: | | | | | |
| Instruction: | | | | | |
| Salaries of Teachers | \$ 72,822 | 65,721 | 138,543 | 138,543 | - |
| Other Salaries for Instruction | 4,971 | 6,303 | 11,274 | 11,274 | |
| Tuition | 157,243 | 86,490 | 243,733 | 243,733 | |
| Other Purchased Services | | 7,457 | 7,457 | 7,457 | |
| General Supplies | | 9,246 | 9,246 | 9,246 | |
| Total Instruction | <u>235,036</u> | <u>175,217</u> | <u>410,253</u> | <u>410,253</u> | <u>-</u> |
| Support Services: | | | | | |
| Personal Services - Benefits | 20,000 | 39,621 | 59,631 | 59,631 | |
| Total Support Services | <u>20,000</u> | <u>39,621</u> | <u>59,631</u> | <u>59,631</u> | <u>-</u> |
| Total Expenditures | <u>\$ 255,036</u> | <u>214,838</u> | <u>469,884</u> | <u>469,884</u> | <u>-</u> |

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

BUDGET-TO-GAAP RECONCILIATION

NOTE TO RSI

JUNE 30, 2011

| | <u>General Fund</u> | <u>Special Revenue Fund</u> |
|--|-------------------------|-------------------------------------|
| <u>Sources/Inflows of Resources</u> | | |
| Actual Amounts (budgetary) "revenues" from the budgetary comparison schedule | \$ 16,966,794 | 469,884 |
| Difference - Budget to GAAP: | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | | (19,823) |
| State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes. | 754,113 | |
| The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33). | <u>(662,882)</u> | |
| Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds. | <u>\$ 17,058,025</u> | <u>450,061</u> |
| <u>Uses/Outflows of Resources</u> | | |
| Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule | \$ 16,300,276 | 469,884 |
| Differences - Budget to GAAP: | | |
| Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes. | | <u>(19,823)</u> |
| Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. | <u>\$ 16,300,276</u> | <u>450,061</u> |

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit E-1
Sheet 1 of 2

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

JUNE 30, 2011

| | Title I | | IDEA - Basic | | IDEA - Preschool | |
|--------------------------------|------------------|---------------|----------------|---------------|------------------|------------|
| | 2011 | 2010 | 2011 | ARRA | 2011 | 2010 |
| Revenues: | | | | | | |
| Local Sources | \$ - | | | | | - |
| Federal Sources | 76,590 | 15,015 | 243,733 | 50,785 | 7,742 | 877 |
| Total Revenues | <u>\$ 76,590</u> | <u>15,015</u> | <u>243,733</u> | <u>50,785</u> | <u>7,742</u> | <u>877</u> |
| Expenditures: | | | | | | |
| Instruction: | | | | | | |
| Salaries of Teachers | \$ 60,987 | | | 31,431 | 5,000 | |
| Other Purchased Services | 4,200 | | | | 242 | |
| General Supplies | | | 243,733 | | | |
| Tuition | | | | | | |
| Other Salaries for Instruction | | 5,000 | | | 1,500 | |
| Total Instruction | <u>65,187</u> | <u>5,000</u> | <u>243,733</u> | <u>31,431</u> | <u>6,742</u> | <u>-</u> |
| Support Services: | | | | | | |
| Benefits | 11,403 | 10,015 | | 19,354 | 1,000 | 877 |
| Total Support Services | <u>11,403</u> | <u>10,015</u> | <u>-</u> | <u>19,354</u> | <u>1,000</u> | <u>877</u> |
| Total Expenditures | <u>\$ 76,590</u> | <u>15,015</u> | <u>243,733</u> | <u>50,785</u> | <u>7,742</u> | <u>877</u> |

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit E-1
Sheet 2 of 2

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

JUNE 30, 2011

| | Title II A | | Title IID | | Title IV | Rebel | Exelon | Total |
|--------------------------------|---------------|--------------|------------|------------|------------|----------|--------------|----------------|
| | 2011 | 2010 | 2011 | 2010 | 2010 | 2011 | | |
| Revenues: | | | | | | | | |
| Local Sources | | | | | | 4 | 9,000 | 9,004 |
| Federal Sources | 54,778 | 9,581 | 157 | 672 | 950 | | | 460,880 |
| Total Revenues | <u>54,778</u> | <u>9,581</u> | <u>157</u> | <u>672</u> | <u>950</u> | <u>4</u> | <u>9,000</u> | <u>469,884</u> |
| Expenditures: | | | | | | | | |
| Instruction: | | | | | | | | |
| Salaries of Teachers | 41,125 | | | | | | | 138,543 |
| Other Purchased Services | 3,100 | | 157 | | | | | 7,457 |
| General Supplies | | | | | | 4 | 9,000 | 9,246 |
| Tuition | | | | | | | | 243,733 |
| Other Salaries for Instruction | | 3,200 | | 624 | 950 | | | 11,274 |
| Total Instruction | <u>44,225</u> | <u>3,200</u> | <u>157</u> | <u>624</u> | <u>950</u> | <u>4</u> | <u>9,000</u> | <u>410,253</u> |
| Support Services: | | | | | | | | |
| Benefits | 10,553 | 6,381 | | 48 | | | | 59,631 |
| Total Support Services | <u>10,553</u> | <u>6,381</u> | <u>-</u> | <u>48</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>59,631</u> |
| Total Expenditures | <u>54,778</u> | <u>9,581</u> | <u>157</u> | <u>672</u> | <u>950</u> | <u>4</u> | <u>9,000</u> | <u>469,884</u> |

CAPITAL PROJECTS FUND – F

OCEAN TOWNSHIP SCHOOL DISTRICTCAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGESIN FUND BALANCE - BUDGETARY BASISFOR THE YEAR ENDED JUNE 30, 2011**Revenues and Other Financing Sources**

| | |
|-----------------|--------------|
| Interest Earned | \$ 1,519 |
| Total Revenues | <u>1,519</u> |

Expenditures and Other Financing Uses

| | |
|---|----------------|
| Construction | 443,171 |
| Total Expenditures and Other Financing Uses | <u>443,171</u> |

Other Financing Sources (Uses):

| | |
|--------------------------------------|----------------|
| Operating Transfer to Debt Service | (1,519) |
| Total Other Financing Sources (Uses) | <u>(1,519)</u> |

Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing (Uses) (443,171)

Fund Balance - Beginning 510,973

Fund Balance - Ending \$ 67,802

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,

AND PROJECT STATUS - BUDGETARY BASIS

ROOF REPLACEMENT PROJECT

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|--|--------------------------|-------------------------|------------------|--|
| <u>Revenues and Other Financing Sources</u> | | | | |
| Bond Proceeds | \$ 8,100,503 | | 8,100,503 | 8,100,503 |
| Total Revenues | <u>8,100,503</u> | <u>-</u> | <u>8,100,503</u> | <u>8,100,503</u> |
| <u>Expenditures and Other Financing Uses</u> | | | | |
| Purchased Professional and Technical Services | 663,092 | 50,171 | 713,263 | 725,000 |
| Construction Services | 6,924,209 | 393,000 | 7,317,209 | 7,373,274 |
| Miscellaneous | 2,229 | | 2,229 | 2,229 |
| Total Expenditures | <u>7,589,530</u> | <u>443,171</u> | <u>8,032,701</u> | <u>8,100,503</u> |
| Excess (Deficiency) of Revenues over (Under) Expenditures | <u>\$ 510,973</u> | <u>(443,171)</u> | <u>67,802</u> | <u>-</u> |

Additional Project Information

| | |
|---|------------------|
| Project Number | 3820-050-06-2000 |
| Grant Date | 5/1/2006 |
| Original Authorized Cost | \$8,100,503 |
| Additional Authorized Cost | - |
| Revised Authorized Cost | 8,100,503 |
| Bonds Issued | 8,100,000 |
| Percentage Increase Over Original Authorized Cost | |
| Percentage Completion | 99% |
| Original Target Completion Date | 2008 |
| Revised Target Completion Date | 2011 |

PROPRIETARY FUNDS – G

COMBINING STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2011

| | <u>Business-Type Activities - Enterprise Funds</u> | | |
|--|--|------------------------------|------------------|
| | <u>Food Service</u> | <u>Latch Key Program</u> | <u>Totals</u> |
| <u>Assets</u> | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents | \$ 6,773 | 17,270 | 24,043 |
| Accounts Receivable | | | - |
| Inventories | 2,691 | | 2,691 |
| Total Current Assets | <u>9,464</u> | <u>17,270</u> | <u>26,734</u> |
| Noncurrent Assets: | | | |
| Furniture, Machinery & Equipment | 175,041 | | 175,041 |
| Less: Accumulated Depreciation | <u>(138,334)</u> | | <u>(138,334)</u> |
| Total Noncurrent Assets | <u>36,707</u> | <u>-</u> | <u>36,707</u> |
| Total Assets | <u>\$ 46,171</u> | <u>17,270</u> | <u>63,441</u> |
| <u>Liabilities</u> | | | |
| Accounts Payable | <u>\$ 68</u> | <u>9,496</u> | <u>9,564</u> |
| Total Liabilities | <u>\$ 68</u> | <u>9,496</u> | <u>9,564</u> |
| <u>Net Assets</u> | | | |
| Invested in Capital Assets Net of Related Debt | \$ 36,707 | | 36,707 |
| Unrestricted | 9,396 | | 9,396 |
| Reserve for Latch Key | | 7,774 | 7,774 |
| Total Net Assets | <u>\$ 46,103</u> | <u>7,774</u> | <u>53,877</u> |

COMBINING STATEMENT OF REVENUES, EXPENSES AND

CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2011

| | <u>Business-Type Activities - Enterprise Funds</u> | | <u>Totals</u> |
|---|--|------------------------------|----------------|
| | <u>Food Service</u> | <u>Latch Key Program</u> | |
| Operating Revenues: | | | |
| Charge for Services: | | | |
| Daily Sales | \$ 152,116 | | 152,116 |
| Community Service Functions | | 88,608 | 88,608 |
| Total Operating Revenues | <u>152,116</u> | <u>88,608</u> | <u>240,724</u> |
| Operating Expenses: | | | |
| Cost of Sales | 98,310 | | 98,310 |
| Salaries | 158,111 | 70,469 | 228,580 |
| Employee Benefits | 38,324 | 5,137 | 43,461 |
| Cleaning, Repair and Maintenance Services | 1,800 | | 1,800 |
| General Supplies | 3,864 | 4,686 | 8,550 |
| Depreciation | 6,563 | | 6,563 |
| Miscellaneous | 1,395 | 3,708 | 5,103 |
| Other Purchased Professional Services | | 1,800 | 1,800 |
| Total Operating Expenses | <u>308,367</u> | <u>85,800</u> | <u>394,167</u> |
| Operating Income (Loss) | (156,251) | 2,808 | (153,443) |
| Nonoperating Revenues (Expenses): | | | |
| Interest Revenue | 122 | | 122 |
| Board Subsidy | 52,000 | | 52,000 |
| State Sources: | | | |
| State School Lunch Program | 2,517 | | 2,517 |
| Federal Sources: | | | |
| National Breakfast Program | 9,494 | | 9,494 |
| National School Lunch Program | 73,638 | | 73,638 |
| Food Distribution Program | 9,432 | | 9,432 |
| Total Nonoperating Revenues (Expenses) | <u>147,203</u> | <u>-</u> | <u>147,203</u> |
| Change in Net Assets | (9,048) | 2,808 | (6,240) |
| Adjustment for Fixed Assets | (7,188) | | (7,188) |
| Total Net Assets - Beginning | <u>62,339</u> | <u>4,966</u> | <u>67,305</u> |
| Total Net Assets - Ending | <u>\$ 46,103</u> | <u>7,774</u> | <u>53,877</u> |

OCEAN TOWNSHIP SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

JUNE 30, 2011

| | Business-Type Activities - Enterprise Funds | | Totals |
|---|--|------------------------------|------------------|
| | Food Service | Latch Key Program | |
| Cash Flows from Operating Activities: | | | |
| Receipts from Customers | \$ 152,116 | 88,608 | 240,724 |
| Payments to Employees | (158,111) | (70,469) | (228,580) |
| Payments to Suppliers | (125,515) | (10,010) | (135,525) |
| Net Cash Provided (Used by) Operating Activities | <u>(131,510)</u> | <u>8,129</u> | <u>(123,381)</u> |
| Cash Flows from Noncapital Financing Activities: | | | |
| State Sources | 2,517 | | 2,517 |
| Federal Sources | 83,132 | | 83,132 |
| Operating Subsidies and Transfers from Other Funds | 52,000 | | 52,000 |
| Net Cash Provided (Used by) Noncapital Financing Activities | <u>137,649</u> | <u>-</u> | <u>137,649</u> |
| Cash Flows from Investing Activities | | | |
| Interest | <u>122</u> | <u>-</u> | <u>122</u> |
| Net Increase (Decrease) in Cash & Cash Equivalents | 6,261 | 8,129 | 14,390 |
| Balances - Beginning of Year | <u>512</u> | <u>9,141</u> | <u>9,653</u> |
| Balances - End of Year | <u>\$ 6,773</u> | <u>17,270</u> | <u>24,043</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | |
| Operating Income (Loss) | \$ (156,251) | 2,808 | (153,443) |
| Depreciation | 6,563 | | 6,563 |
| Federal Commodities | 9,432 | | 9,432 |
| (Increase) Decrease in Accounts Receivable | 7,124 | | 7,124 |
| (Increase) Decrease in Inventories | 2,039 | | 2,039 |
| Increase (Decrease) in Accounts Payable | (417) | 5,321 | 4,904 |
| Net Cash Provided (Used by) Operating Activities | <u>\$ (131,510)</u> | <u>8,129</u> | <u>(123,381)</u> |

FIDUCIARY FUND – H

TRUST AND AGENCY FUND

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2011

| | <u>Student Activity</u> | <u>Payroll Agency</u> | <u>Payroll Salary</u> | <u>Unemployment Compensation Expendable Trust Fund</u> | <u>Total 2011</u> |
|---|-----------------------------|---------------------------|---------------------------|--|-----------------------|
| <u>Assets</u> | | | | | |
| Cash and Cash Equivalents | \$ 2,962 | 559 | 563 | 297 | 4,381 |
| Total Assets | <u>\$ 2,962</u> | <u>559</u> | <u>563</u> | <u>297</u> | <u>4,381</u> |
| <u>Liabilities</u> | | | | | |
| Due to Student Groups | \$ 2,962 | | | | 2,962 |
| Payroll Withholdings | | 559 | 563 | | 1,122 |
| Total Liabilities | <u>\$ 2,962</u> | <u>559</u> | <u>563</u> | - | <u>4,084</u> |
| <u>Net Assets</u> | | | | | |
| Reserved - Dedicated to Unemployment | | | | 297 | 297 |
| Total Net Assets | | | | <u>297</u> | <u>297</u> |

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Exhibit H-2

FIDUCIARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| | <u>Unemployment Compensation Trust</u> |
|--------------------------------|--|
| <u>Additions</u> | |
| Contributions: | |
| Other | \$ 110,212 |
| Total Contributions | <u>110,212</u> |
| Investment Earnings: | |
| Interest | <u>48</u> |
| Net Investment Earnings | <u>48</u> |
| Total Additions | 110,260 |
| <u>Deductions</u> | |
| Unemployment Claims | <u>113,848</u> |
| Total Deductions | <u>113,848</u> |
| Change in Net Assets | (3,588) |
| Net Assets - Beginning of Year | <u>3,885</u> |
| Net Assets - End of the Year | <u><u>\$ 297</u></u> |

OCEAN TOWNSHIP SCHOOL DISTRICT

STUDENT ACTIVITY AGENCY FUND

Exhibit H-3

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| | <u>Balance</u> <u>July 1, 2010</u> | <u>Cash</u> <u>Receipts</u> | <u>Cash</u> <u>Disbursements</u> | <u>Balance</u> <u>June 30, 2011</u> |
|-------------------|---|--|---|--|
| Elementary School | <u>\$ 2,373</u> | <u>4,242</u> | <u>3,653</u> | <u>2,962</u> |

OCEAN TOWNSHIP SCHOOL DISTRICTPAYROLL AGENCY

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTSFOR THE FISCAL YEAR ENDED JUNE 30, 2011

| | <u>Balance</u> <u>July 1, 2010</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2011</u> |
|--|---------------------------------------|------------------|------------------|--|
| <u>Assets</u> | | | | |
| Cash and Cash Equivalents | \$ 2,963 | 6,696,184 | 6,698,588 | 559 |
| <u>Liabilities</u> | | | | |
| Payroll Deductions, Withholdings and Amount Due Employees | \$ 2,963 | 6,696,184 | 6,698,588 | 559 |

LONG-TERM DEBT – I

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit I-1

LONG-TERM DEBT

SCHEDULE OF SERIAL BONDS

JUNE 30, 2011

| <u>Issue</u> | <u>Date of Issue</u> | <u>Amount of Issue</u> | <u>Maturities</u> | | <u>Interest Rate</u> | <u>Balance July 1, 2010</u> | <u>Retired</u> | <u>Balance June 30, 2011</u> |
|--------------------------------------|----------------------|------------------------|-------------------|---------------|----------------------|-----------------------------|----------------|------------------------------|
| | | | <u>Date</u> | <u>Amount</u> | | | | |
| Refunding Bonds | 4/26/01 | \$ 3,365,000 | 8/1/11 | \$ 285,000 | 4.375% | \$ 830,000 | 290,000 | 540,000 |
| | | | 8/1/12 | 255,000 | 4.500% | | | |
| Renovations to Elementary Schools | 2/15/07 | 8,100,000 | 1/15/12 | 100,000 | 3.875% | 7,965,000 | 80,000 | 7,885,000 |
| | | | 1/15/13 | 150,000 | | | | |
| | | | 1/15/14 | 415,000 | | | | |
| | | | 1/15/15 | 430,000 | | 4.000% | | |
| | | | 1/15/16 | 450,000 | | | | |
| | | | 1/15/17 | 470,000 | | | | |
| | | | 1/15/18 | 485,000 | | | | |
| | | | 1/15/19 | 505,000 | | | | |
| | | | 1/15/20 | 530,000 | | | | |
| | | | 1/15/21 | 550,000 | | | | |
| | | | 1/15/22 | 570,000 | | | | |
| | | | 1/15/23 | 595,000 | | | | |
| | | | 1/15/24 | 620,000 | | | | |
| | | | 1/15/25 | 645,000 | | | | |
| | | | 1/15/26 | 670,000 | | | | |
| | | | 1/15/27 | 700,000 | | | | |
| | | | | | | \$ 8,795,000 | 370,000 | 8,425,000 |

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit 1-2

LONG-TERM LIABILITIES

SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

JUNE 30, 2011

| <u>Purpose</u> | <u>Date of Issue</u> | <u>Amount of Issue</u> | <u>Interest Rate</u> | <u>Balance July 1, 2010</u> | <u>Retired Current Year</u> | <u>Balance June 30, 2011</u> |
|----------------|----------------------|------------------------|----------------------|-----------------------------|-----------------------------|------------------------------|
| Copiers | 7/1/06 | \$ 80,851 | 7.50% | \$ 26,716 | 17,234 | 9,482 |
| | | | | <u>\$ 26,716</u> | <u>17,234</u> | <u>9,482</u> |

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit I-3

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

JUNE 30, 2011

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative) Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|----------------|---|
| Revenues: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 409,101 | | 409,101 | 409,101 | |
| State Aid: | | | | | |
| Debt Service Aid | 285,636 | | 285,636 | 285,636 | |
| Total Revenues | <u>694,737</u> | <u>-</u> | <u>694,737</u> | <u>694,737</u> | <u>-</u> |
| Expenditures: | | | | | |
| Regular Debt Service: | | | | | |
| Interest | 347,775 | | 347,775 | 347,775 | - |
| Redemption of Principal | 370,000 | | 370,000 | 370,000 | |
| Total Expenditures | <u>717,775</u> | <u>-</u> | <u>717,775</u> | <u>717,775</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (23,038) | - | (23,038) | (23,038) | - |
| Other Financing Sources: | | | | | |
| Due from Capital Projects Fund | - | - | 1,519 | 1,519 | |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures | (23,038) | - | (21,519) | (21,519) | - |
| Fund Balance July 1 | <u>28,028</u> | | <u>28,028</u> | <u>28,028</u> | <u>-</u> |
| Fund Balance June 30 | <u>\$ 4,990</u> | <u>-</u> | <u>6,509</u> | <u>6,509</u> | <u>-</u> |

STATISTICAL SECTION

(Unaudited)

Ocean Township Board of Education
 Net Assets by Component,
 Last Five Fiscal Years

(accrual basis of accounting)

Exhibit J-1

GASB B-1
 New

| | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|--------------|----------------|--------------|--------------|--------------|
| Governmental activities | | | | | |
| Invested in capital assets, net of related debt | \$ (77,828) | \$ (6,152,095) | \$ 1,476,349 | \$ 1,738,834 | \$ 1,092,288 |
| Restricted | 547,192 | 9,450,167 | 4,136,847 | 3,088,898 | 2,882,876 |
| Unrestricted | 1,613,520 | 384,524 | 535,861 | (945,759) | (888,504) |
| Total governmental activities net assets | \$ 2,082,884 | \$ 3,682,596 | \$ 6,149,057 | \$ 3,881,973 | \$ 3,086,660 |
| Business-type activities | | | | | |
| Invested in capital assets, net of related debt | \$ 15,308 | \$ 25,261 | \$ 21,356 | \$ 17,448 | \$ 36,707 |
| Restricted | 3,290 | 6,509 | 17,734 | 13,083 | 7,774 |
| Unrestricted | 5,154 | 6,848 | 7,884 | 11,803 | 9,396 |
| Total business-type activities net assets | \$ 23,752 | \$ 38,618 | \$ 46,974 | \$ 42,334 | \$ 53,877 |
| District-wide | | | | | |
| Invested in capital assets, net of related debt | \$ (62,520) | \$ (6,126,834) | \$ 1,497,705 | \$ 1,756,282 | \$ 3,140,537 |
| Restricted | 550,482 | 9,456,676 | 4,154,581 | 3,101,981 | 2,890,650 |
| Unrestricted | 1,618,674 | 391,372 | 543,745 | (933,956) | (879,108) |
| Total district net assets | \$ 2,106,636 | \$ 3,721,214 | \$ 6,196,031 | \$ 3,924,307 | \$ 5,152,079 |

Source: CAFR Schedule A-1

Ocean Township Board of Education
 Changes in Net Assets, Last Five Fiscal Years
 (accrual basis of accounting)

Exhibit J-2
 GASB B-2
 New

| | 2007 | 2008 | 2009 | 2010 | 2011 |
|--|---------------|---------------|---------------|---------------|---------------|
| Expenses | | | | | |
| Governmental Activities | | | | | |
| Instruction | | | | | |
| Regular | \$ 2,297,333 | \$ 2,545,442 | \$ 2,313,777 | \$ 2,487,430 | \$ 2,240,260 |
| Special Education | 1,078,086 | 1,520,084 | 1,222,990 | 1,160,249 | 1,537,257 |
| Other Special Education | | | | | |
| Vocational | | | | | |
| Other Instruction | 69,513 | | 172,495 | 196,809 | 265,444 |
| Nonpublic School Programs | | | | | |
| Adult/continuing Education Programs | | | | | |
| Support Services | | | | | |
| Tuition | 6,908,836 | 7,431,302 | 8,348,299 | 7,509,277 | 6,940,320 |
| Student & Instruction Related Services | 899,667 | 1,024,397 | 1,160,073 | 1,148,441 | 1,032,633 |
| General Administrative Services | 269,066 | 231,045 | | | |
| School Administrative Services | 258,540 | 268,845 | 265,456 | 292,420 | 258,279 |
| Other Administrative Services | | | 287,485 | 209,233 | 205,246 |
| Business Administrative Services | | | | | |
| Plant Operations and Maintenance | 834,995 | 181,537 | 922,087 | 1,008,615 | 958,822 |
| Pupil Transportation | 633,984 | 817,983 | 751,370 | 728,349 | 757,863 |
| Business and Other Support Services | 186,294 | 675,934 | 205,138 | 219,401 | 198,628 |
| Unallocated Benefits | 2,090,349 | 2,136,307 | 2,039,684 | 2,263,797 | 2,318,543 |
| Capital Outlay | | | | | |
| Interest on Long-term Debt | 197,471 | 382,011 | 370,517 | 256,230 | 341,219 |
| Unallocated Depreciation | 205,769 | 273,587 | 239,854 | 105,998 | 392,036 |
| Total Governmental Activities Expenses | 15,930,903 | 17,488,474 | 18,299,225 | 317,493 | 17,446,350 |
| Business-type Activities: | | | | | |
| Food Service | 147,567 | 427,314 | 106,622 | 76,624 | 308,367 |
| Lunch Key | (3,219) | 81,089 | 4,651 | 8,117 | 85,800 |
| Total Business-type Activities Expense | 144,348 | 508,403 | 111,273 | 84,741 | 394,167 |
| Total District Expenses | \$ 16,075,251 | \$ 17,996,877 | \$ 18,410,498 | \$ 18,088,483 | \$ 17,840,517 |
| Program Revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| Taxes | \$ 8,215,031 | \$ 8,654,519 | \$ 9,000,700 | \$ 9,331,450 | |
| Fees on Debt Service | 220,883 | 371,062 | 258,094 | 205,598 | |
| Federal & State Aid Not Restricted | 7,922,784 | 8,386,715 | 8,058,744 | 522,032 | |
| Miscellaneous Income | 403,019 | 396,467 | 191,270 | | |
| Sale of Bonds | 8,100,503 | | | | |
| Account Receivable Cancelled | | | 8,951 | (33) | |
| Transfers | | | (106,552) | | |
| Total Governmental Activities Program Revenues | 24,862,220 | 17,808,763 | 17,411,207 | 17,894,903 | |
| Change in Net Assets | | | | | |
| Governmental Activities | 8,810,317 | 6,149,057 | 6,149,057 | -177,720 | |
| Business-type Activities | (23,348) | 47,810 | 46,974 | -15,860 | |
| Total District | \$ 8,786,969 | \$ 6,196,867 | \$ 6,196,031 | \$ -193,580 | |

Source: CAFR, Schedule A. 2

Ocean Township Board of Education
Fund Balances, Governmental Funds,
Last Five Fiscal Years
(modified accrual basis of accounting)

Exhibit J-3
GASB B-3
New

| | 2007 | 2008 | 2009 | 2010 | 2011 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| General Fund | | | | | |
| Reserved | \$ 2,800,245 | \$ 5,161,793 | \$ 1,650,284 | \$ 252,099 | \$ 442,388 |
| Unreserved | 27,113 | 177,101 | 352,752 | (400,927) | (258,312) |
| Emergency Reserve | | | | | 400,000 |
| Total general fund | \$ 2,827,358 | \$ 5,338,894 | \$ 2,003,036 | \$ 1,851,172 | \$ 584,076 |
| All Other Governmental Funds | | | | | |
| Reserved | \$ 7,872,450 | \$ 4,902,311 | | | |
| Capital Projects | | | 530,473 | 510,973 | 67,802 |
| Debt Service | | | 177,101 | 23,038 | 6,509 |
| Unreserved, reported in: | | | | | |
| Special revenue fund | (1,244) | | | | |
| Capital Reserve fund | | 181,083 | | | 992,282 |
| Maintenance Reserve | 137,603 | 255,500 | | | 805,500 |
| Debt Service | | | 23,036 | 1,990 | 6,509 |
| Total all other governmental funds | \$ 8,008,809 | \$ 5,338,894 | \$ 730,610 | \$ 536,001 | \$ 1,878,602 |

Source: CAFR Schedule B-1

Ocean Township Board of Education
 Changes in Fund Balances, Governmental Funds
 Last Five Fiscal Years

Exhibit J-4

| |
|----------|
| GASB B-4 |
| New |

| | 2007 | 2008 | 2009 | 2010 | 2011 |
|--|-------------------|-------------------|-----------------------|---------------------|-------------------|
| Revenues | | | | | |
| Tax levy | \$ 7,435,914 | \$ 9,025,581 | \$ 9,258,794 | \$9,537,048 | \$ 9,827,750 |
| Tuition charges | 71,088 | 52,368 | 70,220 | | |
| Interest earnings | 182,321 | 146,334 | 52,136 | | |
| Miscellaneous | 152,610 | 209,557 | 59,914 | 522,947 | 111,276 |
| State sources | 7,943,501 | 8,452,213 | 8,050,410 | 7,713,381 | 7,807,297 |
| Federal sources | 390,442 | 350,954 | 371,300 | 728,089 | 457,860 |
| Total revenue | 17,175,876 | 18,237,007 | 17,862,774 | 18,501,465 | 18,204,183 |
| Expenditures | | | | | |
| Instruction | | | | | |
| Regular Instruction | 2,270,030 | 2,526,506 | 2,389,456 | 2,455,758 | 231,048 |
| Special education instruction | 1,452,272 | 1,520,084 | 1,570,657 | 1,715,426 | 1,537,257 |
| Other special instruction | | | | | |
| Vocational education | | | | | |
| Other instruction | 69,513 | 131,940 | 172,495 | 196,809 | 265,444 |
| Nonpublic school programs | | | | | |
| Adult/continuing education programs | | | | | |
| Support Services: | | | | | |
| Tuition | 6,909,836 | 7,431,302 | 8,348,299 | 7,509,277 | 6,940,320 |
| Student & instruction related services | 939,640 | 1,024,397 | 1,176,372 | 1,148,441 | 1,032,633 |
| General administrative services | 258,540 | 231,045 | 265,456 | 292,420 | 258,279 |
| School Administrative services | 269,066 | 268,845 | 287,485 | 209,233 | 205,246 |
| Business administrative services | | | | | |
| Plant operations and maintenance | 834,995 | 817,983 | 922,087 | 1,008,615 | 958,822 |
| Pupil transportation | 633,984 | 675,934 | 751,370 | 728,349 | 757,663 |
| Business and Other Support Services | 186,294 | 181,537 | 205,138 | 219,401 | 198,628 |
| Unallocated employee benefits | 2,090,349 | 2,136,307 | 2,039,684 | 2,315,230 | 2,318,543 |
| Special Schools | | | | | |
| Charter Schools | | | | | |
| Capital outlay | 7,932,636 | 203,533 | 163,068 | 3,950 | 489,625 |
| Debt service: | | | | | |
| Principal | 310,000 | 340,000 | 340,000 | 355,000 | 370,000 |
| Interest and other charges | 79,049 | 363,050 | 376,352 | 362,458 | 347,775 |
| Total expenditures | 24,236,204 | 17,852,463 | 19,007,919 | 18,776,105 | 17,911,283 |
| Excess (Deficiency) of revenues over (under) expenditures | (7,060,328) | 384,544 | (1,135,145) | (274,640) | 292,900 |
| Other Financing sources (uses) | | | | | |
| Accounts Payable Cancelled | | | 9,237 | | |
| Additional Accounts Payable | | | | (33) | (5,310) |
| Accounts Reciveable Cancelled | | | (286) | | |
| Sale of Bonds | 8,100,503 | | | | |
| Transfers - Food Service | (121,000) | (119,000) | (106,552) | (68,800) | (52,000) |
| Total other financing sources (uses) | 7,979,503 | (119,000) | (97,601) | (68,833) | (57,310) |
| Net change in fund balances | \$ 919,175 | \$ 265,544 | \$ (1,232,746) | \$ (343,473) | \$ 235,590 |
| Fund Balance July 1 | | | 3,966,392 | 2,733,646 | 2,390,173 |
| Fund Balance June 30 | | | 2,733,646 | 2,390,173 | 2,625,763 |
| Debt service as a percentage of noncapital expenditures | 2.4% | 4.0% | 3.8% | 3.8% | 4.1% |

Source: CAFR Schedule B-2

OCEAN TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
 LAST SIX FISCAL YEARS
 UNAUDITED

| Fiscal Year Ended June 30, | Interest on Investments | Tuition Revenue | Rentals | Misc. | Total |
|-------------------------------|----------------------------|--------------------|---------|---------|---------|
| 2006 | 147,516 | 117,522 | 2,400 | 8,691 | 276,129 |
| 2007 | 123,774 | 64,797 | 2,400 | 14,512 | 205,483 |
| 2008 | 146,334 | 52,368 | 2,400 | 163,585 | 364,687 |
| 2009 | 80,961 | 70,220 | 2,200 | 30,509 | 183,890 |
| 2010 | 18,501 | 453,547 | 400 | 16,442 | 488,890 |
| 2011 | 26,363 | 23,059 | - | 19,103 | 68,525 |

Source: District Records

Ocean Township Board of Education
 Assessed Value and Actual Value of Taxable Property,
 Last SIX Fiscal Years

Exhibit J-6
 GASB C-11
 NJ J-4

| Fiscal Year Ended June 30, | Total Assessed Value | | | | | Less: Tax-Exempt Property | Public Utilities ^a | Net Valuation Taxable | Total Direct School Tax Rate ^b | Estimated Actual (County Equalized Value) |
|----------------------------|----------------------|-----------------|-------------|-----------|--------------|---------------------------|-------------------------------|-----------------------|---|---|
| | Vacant Land | Residential | Farm Reg. | Qfarm | Commercial | | | | | |
| 2006 | \$93,228,300 | \$997,622,300 | \$1,943,900 | \$359,800 | \$54,811,500 | \$574,600 | \$1,148,540,400 | \$1,149,325,804 | 0.733 | 0.320 |
| 2007 | \$79,818,100 | \$1,077,178,900 | \$1,943,900 | \$381,600 | \$60,019,100 | \$574,600 | \$1,219,916,200 | \$1,221,267,417 | 0.739 | 0.337 |
| 2008 | \$68,887,700 | \$1,127,016,900 | \$2,902,500 | \$389,500 | \$59,969,800 | \$574,600 | \$1,259,741,000 | \$1,261,091,724 | 0.734 | 0.352 |
| 2009 | \$67,564,300 | \$1,163,308,000 | \$2,902,500 | \$376,600 | \$62,682,500 | \$574,600 | \$1,297,408,500 | \$1,298,829,376 | 0.734 | 0.351 |
| 2010 | \$71,455,800 | \$1,199,130,600 | \$3,301,000 | \$264,300 | \$62,240,200 | \$574,600 | \$1,336,966,500 | \$1,338,569,340 | 0.734 | |
| 2011 | 68,645,800 | 1,233,141,900 | 3,301,000 | 264,300 | 62,384,700 | 574,600 | 1,368,312,300 | 1,369,749,544 | 0.731 | |

Source: Municipal Tax Assessor

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 ordered by the County Board of Taxation

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

b Tax rates are per \$100

Ocean Township Board of Education
 Direct and Overlapping Property Tax Rates
 Last Seven Fiscal Years

Exhibit J-7
 GASB C-2
 NJ J-5

(rate per \$100 of assessed value)

| Fiscal Year Ended June 30, | Ocean Township Board of Education | | | | Overlapping Rates | | | Total Direct and Overlapping Tax Rate |
|----------------------------|-----------------------------------|--|--------------|-----------------|-------------------|---------------|--------------|--|
| | Basic Rate ^a | General Obligation Debt Service ^b | Total Direct | School District | Ocean Township | Library/Other | Ocean County | |
| 2005 | 0.710 | 0.020 | 0.730 | 0.730 | 0.333 | 0.012 | 0.287 | 2.092 |
| 2006 | 0.713 | 0.020 | 0.733 | 0.733 | 0.352 | 0.012 | 0.320 | 2.150 |
| 2007 | 0.708 | 0.031 | 0.739 | 0.739 | 0.361 | 0.012 | 0.337 | 2.188 |
| 2008 | 0.714 | 0.020 | 0.734 | 0.734 | 0.396 | 0.012 | 0.352 | 1.494 |
| 2009 | 0.718 | 0.160 | 0.734 | 0.734 | 0.423 | 0.300 | 0.351 | 1.538 * Plus Municipal Open Space .030 |
| 2010 | 0.718 | 0.160 | 0.734 | 0.734 | 0.421 | 0.035 | 0.328 | 1.548 * Plus Municipal Open Space .030 |
| 2011 | 0.700 | 0.031 | 0.731 | 0.731 | 0.421 | 0.036 | 0.331 | 1.549 Inc. Mun. Open Space .03 |

Source: Municipal 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 calcu

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.

Ocean Township Board of Education
Principal Property Tax Payers,
Current Year

Exhibit J-8

GASB C-3
NJ J-11

| Taxpayer | As of October 2009 for 2010 | |
|--------------------------|------------------------------|--------------------|
| | Taxable Assessed Value | Rank [Optional] |
| US Home Corp | \$ 22,663,600 | 1 |
| Lange, Robert & Vivian | 6,392,300 | 2 |
| Whelan, Thomas | 4,920,900 | 3 |
| Mackres Family LLC | 4,219,000 | 4 |
| Silvestri, Joseph C. | 2,580,000 | 5 |
| Coastal Redevelopment | 2,332,800 | 6 |
| Lennar Corp. | 2,319,900 | 7 |
| CVS 7190 NJ LLC | 2,263,700 | 8 |
| Vasen, Arthur & Jodi | 2,085,600 | 9 |
| Ocean Memorial Plaza LLC | 2,033,600 | 10 |
| Total | <u>\$ 51,811,400</u> | |

Source: Municipal Tax Assessor

Ocean Township Board of Education
 Property Tax Levies and Collections,
 Last Six Fiscal Years

Exhibit J-9
 GASB C-4
 Expanded J-3

| Fiscal Year Ended June 30, | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | |
|-------------------------------------|-------------------------------------|---|-----------------------|
| | | Amount | Percentage of Levy |
| 2005 | 8,333,337 | 8,333,337 | 100.00% |
| 2006 | 7,986,898 | 7,986,898 | 100.00% |
| 2007 | 8,435,914 | 8,435,914 | 100.00% |
| 2008 | 9,025,581 | 9,025,581 | 100.00% |
| 2009 | 9,258,794 | 9,258,794 | 100.00% |
| 2010 | 9,537,048 | 9,537,048 | 100.00% |
| 2011 | 9,827,750 | 9,827,750 | 100.00% |

Source: District records including the Certificate and Report of School Taxes (A4F form)

Note: 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 is the amount voted upon or certified prior to the end of the school

Ocean Township Board of Education
 Ratios of Outstanding Debt by Type
 Last Six Fiscal Years

Exhibit J-10
 GASB D-1
 New

| Fiscal Year Ended June 30, | Governmental Activities | | | | Business-Type Activities | | Per Capita ^a |
|----------------------------|---------------------------------------|-------------------------------|----------------|--------------------------------|--------------------------|----------------|-------------------------|
| | General Obligation Bonds ^b | Certificates of Participation | Capital Leases | Bond Anticipation Notes (BANs) | Business-Type Activities | | |
| | | | | | Capital Leases | Total District | |
| 2006 | 2,040,000 | - | - | - | 2,040,000 | - | 32,964 |
| 2007 | 9,830,000 | - | - | - | 9,830,000 | - | 33,910 |
| 2008 | 9,490,000 | - | - | - | 9,490,000 | - | 35,856 |
| 2009 | 9,150,000 | - | - | - | 9,150,000 | - | 37,228 |
| 2010 | 9,795,000 | - | - | - | 9,795,000 | - | 39,521 |
| 2011 | 8,425,000 | - | - | - | 8,425,000 | - | 39,677 |

Source: District CAFR Schedules I-1, I-2

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

a See Exhibit NJ J-13 for population data.

Ocean Township Board of Education
Ratios of Net General Bonded Debt Outstanding
Last Six Fiscal Years

Exhibit J-11
GASB D-2
NJ J-6 modified

| Fiscal Year Ended June 30. | General Bonded Debt Outstanding | | | Percentage of Actual Taxable Value ^a of Property | Per Capita ^b |
|----------------------------|---------------------------------|------------|-------------------------------------|---|-------------------------|
| | General Obligation Bonds | Deductions | Net General Bonded Debt Outstanding | | |
| 2005 | 2,675,000 | 320,000 | 2,355,000 | 0.09% | 34,509 |
| 2006 | 2,355,000 | 315,000 | 2,040,000 | 0.07% | 33,921 |
| 2007 | 10,140,000 | 310,000 | 9,830,000 | 0.34% | 36,037 |
| 2008 | 9,830,000 | 340,000 | 9,490,000 | 0.33% | 35,856 |
| 2009 | 9,490,000 | 340,000 | 9,150,000 | 0.32% | 37,228 |
| 2010 | 9,150,000 | 355,000 | 8,795,000 | 0.32% | 39,521 |
| 2011 | 8,795,000 | 370,000 | 8,425,000 | 0.32% | 39,677 |

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

^a See Exhibit NJ J-6 for property tax data.

^b Population data can be found in Exhibit NJ J-13.

Ocean Township Board of Education
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2011

Exhibit J-12
GASB D-3
NJ J-8 modified

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable^a</u> | <u>Estimated Share of Overlapping Debt</u> |
|---|-----------------------------|--|--|
| Debt repaid with property taxes | | | |
| Ocean Township | 12,570,750 | | 12,570,750 |
| Other debt | | 0.00% | |
| Ocean County | | | <u>4,527,250</u> |
| Subtotal, overlapping debt | | | 17,098,000 |
| Ocean Township School District Direct Debt | | | <u>8,425,000</u> |
| Total direct and overlapping debt | | | <u>\$ 25,523,000</u> |

Sources: Ocean Township Finance Officer, Ocean County Finance Office
and Utility Authorities

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 Ocean Township. 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.

Ocean Township Board of Education
 Legal Debt Margin Information,
 Last Six Fiscal Years

Exhibit J-13
 GASB D-4
 NJ J-7 modified

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------|--------------------|
| Debt limit | | | | | | |
| Total net debt applicable to limit | <u>2,350,000</u> | <u>1,730,000</u> | <u>9,490,000</u> | <u>9,150,000</u> | <u>8,795,000</u> | <u>8,425,000</u> |
| Legal debt margin | <u>\$ (2,350,000)</u> | <u>\$ (1,730,000)</u> | <u>\$ (9,490,000)</u> | <u>\$ (9,150,000)</u> | <u>8,795,000</u> | <u>\$8,425,000</u> |

Total net debt applicable to the limit
 as a percentage of debt limit

Source: Abstract of Rates and District Records CAFR Schedule J-7

^a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

Ocean Township Board of Education
 Demographic and Economic Statistics
 Last Six Fiscal Years

Exhibit J-14
 GASB E-1
 NJ J-10 modified

| Year | Population ^a | Personal Income ^c | Unemployment Rate ^d |
|------|-------------------------|------------------------------|--------------------------------|
| 2005 | 7,822 | 34,509 | 3.3% |
| 2006 | 8,241 | N/A | 6.4% |
| 2007 | 8,643 | 36,037 | 5.6% |
| 2008 | 8,993 | 37,228 | 7.3% |
| 2009 | 9,121 | 39,521 | 12.0% |
| 2010 | 3,931 | 39,677 | 12.6% |

Source:

- a Population information provided by the NJ Dept of Labor and Workforce Development
- b Personal income _____
- c Per Capita _____
- d Unemployment data provided by the NJ Dept of Labor and Workforce Development

Ocean Township Board of Education
 Principal Employers,
 Current Year

Exhibit J-15
 GASB E-2
 NEW

| Employer | 2010 | | Percentage of Total Employment |
|-----------------------|-----------|--------------------|--------------------------------------|
| | Employees | Rank (Optional) | |
| Shop Rite | 250 | 1 | 48.36% |
| Township of Ocean BOE | 124 | 2 | 23.98% |
| Township of Ocean | 65 | 3 | 12.57% |
| Sonic | 40 | 4 | 7.74% |
| Lighthouse Tavern | 14 | 5 | 2.71% |
| Clayton Block | 13 | 6 | 2.51% |
| Waretown Post Office | 11 | 7 | 2.13% |
| | 517 | | 100.00% |

Source:

This schedule should include the ten largest employers, unless fewer are required to reach 50 percent of total employment.

Ocean Township Board of Education
 Full-time Equivalent District Employees by Function/Program,
 Last Six Fiscal Years

Exhibit J-16
 GASB F-1
 New

| <u>Function/Program</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Administration | 5 | 5 | 5 | 4 | 3 | 4 |
| Certified Educational Support Staff | 4 | 4 | 4 | 4 | 4 | 3 |
| Instruction | | | | | | |
| Regular | 37 | 37 | 38 | 38 | 38 | 38 |
| Special education | 15 | 15 | 15 | 15 | 15 | 15 |
| Support Services: | | | | | | |
| Student & instruction related services | 19 | 19 | 20 | 20 | 20 | 20 |
| General administrative services | 1 | 1 | 1 | 1 | 1 | 1 |
| School administrative services | 5 | 5 | 5 | 5 | 5 | 5 |
| Business administrative services | 2 | 2 | 2 | 2 | 2 | 2 |
| Plant operations and maintenance | 16 | 16 | 16 | 16 | 16 | 16 |
| Food Service | | | | | | |
| Total | 104 | 104 | 106 | 105 | 104 | 104 |

Source: District Personnel Records

Ocean Township Board of Education
 Operating Statistics
 Last Six Fiscal Years

Exhibit J-17
 GASB F-6
 NJ J-12, 14

| Fiscal Year | Enrollment | Operating Expenditures ^a | Cost Per Pupil | Percentage Change | Pupil/Teacher Ratio | | Average Daily Enrollment (ADE) ^c | Average Daily Attendance (ADA) ^c | % Change in Average Daily Enrollment |
|-------------|------------|-------------------------------------|----------------|-------------------|-----------------------------|------------|---|---|--------------------------------------|
| | | | | | Teaching Staff ^b | Elementary | | | |
| 2006 | 533 | 14,819,754 | 27,804 | | 52 | 511 | 487 | | |
| 2007 | 551 | 16,536,995 | 30,013 | 7.94% | 52 | 551 | 523 | 7.83% | |
| 2008 | 543 | 16,056,172 | 29,569 | -1.48% | 53 | 545 | 517 | -1.09% | |
| 2009 | 543 | 17,298,998 | 31,858 | 7.74% | 53 | 543 | 513 | -0.37% | |
| 2010 | 535 | 16,721,104 | 31,254 | -0.02% | 53 | 535 | 504 | -0.01% | |
| 2011 | 540 | 15,755,164 | 29,176 | 0.06% | 52 | 540 | 511 | 0.06% | |

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Ocean Township Board of Education
 School Building Information
 Last Six Fiscal Years

Exhibit J-18
 GASB F-4
 New

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|------------------------------------|--------|--------|--------|--------|--------|--------|
| District Building | | | | | | |
| Elementary | | | | | | |
| Frederic A. Priff School | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 |
| Square Feet | 318 | 318 | 318 | 318 | 318 | 318 |
| Capacity (students) | 215 | 215 | 216 | 216 | 216 | 216 |
| Enrollment | | | | | | |
| Waretown Elementary School | 40,000 | 40,000 | 40,000 | 40,002 | 40,002 | 40,002 |
| Square Feet | 349 | 349 | 349 | 349 | 349 | 349 |
| Capacity (students) | 321 | 321 | 327 | 327 | 327 | 327 |
| Enrollment | | | | | | |
| Total Enrollment | 511 | 551 | 543 | 543 | 535 | 535 |
| Other | | | | | | |
| Superintendent's Office | 840 | 840 | 840 | 840 | 840 | 840 |
| Square Feet | | | | | | |
| Business Office | 840 | 840 | 840 | 840 | 840 | 840 |
| Square Fee | | | | | | |
| Maintenance Offices | 840 | 840 | 840 | 840 | 840 | 840 |
| Square Feet | | | | | | |
| Latchkey Trailer | 840 | 840 | 840 | 840 | 0 | 0 |
| Square Feet | | | | | | |
| Municipal Alliance | 216 | 216 | 216 | 216 | 0 | 0 |
| Square Fee | 2 | 2 | 2 | 2 | 2 | 2 |
| Number of Schools at June 30, 2008 | | | | | | |
| Elementary = 2 | | | | | | |
| Other = 5 | | | | | | |

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

OCEAN TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST SIX FISCAL YEARS
 UNAUDITED

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-XXX

| School Facilities | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|--------------------------------|------------------|------------------|-------------------|-------------------|-------------------|------------------|
| Frederic Piuff School | 64,172 | 69,767 | 99,247 | 132,044 | 61,322 | \$ 32,564 |
| Waretown Elementary School | 69,204 | 69,644 | 135,448 | 153,461 | 74,144 | 49,739 |
| Total School Facilities | 133,376 | 139,411 | 234,695 | 285,505 | 135,466 | 82,303 |
| Grand Total | \$133,376 | \$139,141 | \$ 234,695 | \$ 285,505 | \$ 135,466 | \$ 82,303 |

Source: District Records

OCEAN TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED

| Company | Type of Coverage | Coverage | Deductible |
|---------------------------|--|--|----------------|
| School Alliance Ins. Fund | Property Blanket Building & Contents- Replacement Cost Values | \$ 250,000,000 | \$ 1,000 |
| School Alliance Ins. Fund | Flood Earthquake | 10,000,000 / 100,000 25,000,000 | 25,000 |
| School Alliance Ins. Fund | Genreal Liability Each Occurrence General Aggregate Prod/completed Oper Personal Injury Fire Damage Medical Expense Limit Excluding students Employee Benefit Liability Aggregate | 15,000,000 15,000,000 15,000,000 15,000,000 2,500,000 5,000 5,000,000 5,000,000 | 1,000 |
| School Alliance Ins. Fund | Automotive Coverage -Combined Single Limit -Hired/Non-Owned -Uninsured & Underinsured | 15,000,000 15,000,000 15,000,000 | |
| School Alliance Ins. Fund | Inland Marine -Electronic Data Processing Equipment | 250,000,000 | 1,000 |
| School Alliance Ins. Fund | Crime Coverage -Employee Dishonesty with Faithful Performance -Theft, Disappearance & Destruction Inside and Out | 100,000 400,000 50,000 | 1,000 1,000 |
| School Alliance Ins. Fund | Boiler & Machinery Coverage | 100,000,000 | 1,000 |
| School Alliance Ins. Fund | Catastrophe Liability Coverage Included Above | - | |

Source: District Records

(Continued)

OCEAN TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED

| Company | Type of Coverage | Coverage | Deductible |
|---------------------------|--|---------------|------------|
| School Alliance Ins. Fund | Board of Education | | |
| School Alliance Ins. Fund | -Liability Wrongful Acts Coverage | 10,000,000 | 5,000 |
| School Alliance Ins. Fund | Each Loss | \$ 10,000,000 | \$ 5,000 |
| | Aggregate | | |
| School Alliance Ins. Fund | Fellow Employee/Volunteer Workers | 25,000 | N/A |
| Maksin & Assoc. | Student Accident - Voluntary Program | 5,000,000 | |
| | -Benefit Period 2 years | 1,000,000 | |
| | Fidelity Bonds | | |
| Travelers Prop. & Cas. | -Treasurer of School Monies | 250,000 | |
| | -School Business Administrator/ Board Secretary | 100,000 | |
| School Alliance Ins. Fund | Worker's Compensation | | |
| School Alliance Ins. Fund | -Covered Payrolls-Professional | 4,160,459 | N/A |
| School Alliance Ins. Fund | -Covered Payrolls-Non-Professional | 478,689 | |

SINGLE AUDIT SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

REPORT ON COMPLIANCE AND 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

K-1

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

We have audited the general-purpose financial statements of the Board of Education of the Ocean Township School District, in the County of Ocean, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated September 12, 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 Ocean Township 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 Ocean Township Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Ocean Township 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. *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 District's financial statements will not be prevented, or detected and corrected on a timely basis.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 Ocean Township Board of Education's general-purpose 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 general-purpose 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 Ocean Township 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.

Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company

September 12, 2011

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

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

K-2

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

Compliance

We have audited the compliance of the Board of Education of the Ocean Township School District, in the County of Ocean, 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. Ocean Township 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 Ocean Township Board of Education's management. Our responsibility is to express an opinion on the Ocean Township 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 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 and state program occurred. An audit includes examining, on a test basis, evidence about the Ocean Township 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 on the Ocean Township Board of Education's compliance with those requirements.

In our opinion, the Board of Education of the Ocean Township School District, in the County of Ocean, 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 year ended June 30, 2011.

Internal Control Over Compliance

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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. Ocean Township Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Ocean Township Board of Education's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, the Ocean Township 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.

Robert A. Hulsart
 Licensed Public School Accountant
 No. 322
 Robert A. Hulsart and Company

September 12, 2011

OCEAN TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2011

| Federal Grantor/ Pass-Through Grantor/ Program Title | Federal C.F.D.A. Number | Grant or State Project Number | Program or Award Amount | Grant Period | | Balance June 30, 2010 | Carryover (Walkover) Amount | Cash Received | Budgetary Expenditures | Adjustments | Balance at June 30, 2011 | |
|--|-------------------------------|--|-------------------------------|--------------|-----------|--------------------------|-----------------------------------|------------------|---------------------------|-------------|--------------------------|---------------------|
| | | | | From | To | | | | | | (Accounts Receivable) | Deferred Revenue |
| U.S. Department of Education: | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | |
| Medical Assistance Program | 93.778 | N/A | 16,799 | 9/1/2010 | 8/31/2011 | \$ - | - | 16,799 | (16,799) | - | - | - |
| Total General Fund | | | | | | | | 16,799 | (16,799) | - | - | - |
| Special Revenue: | | | | | | | | | | | | |
| NCLB: | | | | | | | | | | | | |
| Title I | 84.010A | NCLB-11 | 81,590 | 9/1/2010 | 8/31/2011 | | | 35,711 | (76,590) | | (40,879) | |
| Title I | 84.010A | NCLB-10 | 88,673 | 9/1/2009 | 8/31/2010 | (40,486) | | 55,501 | (15,015) | | | |
| Title I-ARRA | 84.389 | NCLB-10 | 29,148 | 9/1/2009 | 8/31/2011 | (29,148) | | 29,148 | | | | |
| Title II Part A | 84.367 | NCLB-11 | 54,778 | 9/1/2010 | 8/31/2011 | | | 27,488 | (54,778) | | (27,290) | |
| Title II Part A | 84.367 | NCLB-10 | 56,931 | 9/1/2009 | 8/31/2010 | (21,864) | | 31,445 | (9,581) | | | |
| Title II Part D | 84.318 | NCLB-11 | 157 | 9/1/2010 | 8/31/2011 | | | 157 | (157) | | | |
| Title II Part D | 84.318 | NCLB-10 | 902 | 9/1/2009 | 8/31/2010 | (120) | | 792 | (672) | | | |
| Title IV | 84.186 | NCLB-10 | 1,748 | 9/1/2009 | 8/31/2010 | (210) | | 1,160 | (950) | | | |
| IDEA: | | | | | | | | | | | | |
| Preschool | 84.173 | IDEA-11 | 7,742 | 9/1/2010 | 8/31/2011 | | | 2,600 | (7,742) | | (5,142) | |
| Preschool | 84.173 | IDEA-10 | 7,500 | 9/1/2009 | 8/31/2010 | (3,023) | | 3,900 | (877) | | | |
| Preschool-ARRA | 84.392 | IDEA-10 | 7,718 | 9/1/2009 | 8/31/2011 | (7,718) | | 7,718 | | | | |
| Basic-ARRA | 84.391 | IDEA-10 | 271,130 | 9/1/2009 | 8/31/2011 | (52,722) | | 92,199 | (50,785) | | (11,308) | |
| Basic | 84.027 | IDEA-11 | 243,733 | 9/1/2010 | 8/31/2011 | | | 97,279 | (243,733) | | (146,454) | |
| Basic | 84.027 | IDEA-10 | 246,655 | 9/1/2009 | 8/31/2010 | (92,762) | | 92,762 | | | | |
| Total Special Revenue | | | | | | (248,053) | - | 477,860 | (460,880) | - | (231,073) | - |
| U.S. Department of Agriculture: | | | | | | | | | | | | |
| Passed Through State Department of Education: | | | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | | | |
| National School Breakfast Program | 10.553 | | 8,029 | 7/1/2009 | 6/30/2010 | (609) | | 609 | | | | |
| National School Breakfast Program | 10.553 | | 9,494 | 7/1/2010 | 6/30/2011 | | | 9,494 | (9,494) | | | |
| National School Lunch Program | 10.555 | | 63,608 | 7/1/2009 | 6/30/2010 | (6,124) | | 6,124 | | | | |
| National School Lunch Program | 10.555 | | 73,638 | 7/1/2010 | 6/30/2011 | | | 73,638 | (73,638) | | | |
| U.S. Food Distribution Program | 10.550 | | 9,432 | 7/1/2010 | 6/30/2011 | (6,733) | | 9,432 | (9,432) | | | |
| Total Enterprise Fund | | | | | | (6,733) | - | 99,297 | (92,564) | - | - | - |
| Total Federal Assistance | | | | | | \$ (254,786) | - | 593,956 | (570,243) | - | (231,073) | - |

See accompanying notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

OCEAN TOWNSHIP SCHOOL DISTRICT

Schedule B
K-4

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| State Grantor/Program State Department of Education | Grant or State Project Number | Program or Award Amount | Grant Period | | Balance June 30, 2010 | Carryover (Walkover) Amount | Cash Received | Budgetary Expenditures | Adjustments | Balance at June 30, 2011 | | MEMO Budgetary Receivable | Cumulative Total Expenditures |
|--|----------------------------------|-------------------------------|--------------|-----------|--------------------------|-----------------------------------|------------------|---------------------------|-------------|--------------------------|---------------------|---------------------------------|-------------------------------------|
| | | | From | To | | | | | | (Accounts Receivable) | Deferred Revenue | | |
| General Fund: | | | | | | | | | | | | | |
| Extraordinary Aid | 10-495-034-5120-044 | \$ 98,749 | 7/1/2009 | 6/30/2010 | \$ - | - | 98,749 | (98,749) | - | (86,161) | - | 98,749 | |
| Extraordinary Aid | 11-495-034-5120-044 | 86,161 | 7/1/2010 | 6/30/2011 | - | - | (86,161) | (86,161) | - | - | - | 86,161 | |
| Security Aid | 11-495-034-5120-084 | 120,657 | 7/1/2010 | 6/30/2011 | - | - | 120,657 | (120,657) | - | - | - | 120,657 | |
| Transportation Aid | 11-495-034-5120-014 | 326,693 | 7/1/2010 | 6/30/2011 | - | - | 326,693 | (326,693) | - | - | - | 326,693 | |
| Special Education Aid | 11-495-034-5120-089 | 466,986 | 7/1/2010 | 6/30/2011 | - | - | 466,986 | (466,986) | - | - | - | 466,986 | |
| Adjustment Aid | 11-495-034-5120-085 | 5,727,664 | 7/1/2010 | 6/30/2011 | - | - | 5,727,664 | (5,727,664) | - | - | - | 5,727,664 | |
| Non Public Transportation | 10-495-034-5120-014 | 3,101 | 7/1/2009 | 6/30/2010 | - | - | 3,101 | (3,101) | - | - | - | 3,101 | |
| Non Public Transportation | 11-495-034-5120-014 | 3,306 | 7/1/2010 | 6/30/2011 | - | - | (3,306) | (3,306) | - | - | - | 3,306 | |
| TPAF Social Security (Reimbursed) | | | | | | | | | | | | | |
| Non-Budgeted) | 11-495-034-5095-002 | 305,951 | 7/1/2010 | 6/30/2011 | - | - | 305,951 | (305,951) | - | - | (662,882) | 305,951 | |
| Total General Fund | | | | | | | 7,049,801 | (7,139,268) | - | (89,467) | - | 7,139,268 | |
| State Department of Agriculture Enterprise Fund: | | | | | | | | | | | | | |
| National School Breakfast Program (State Share) | 10-100-010-3350-021 | 1,048 | 7/1/2009 | 6/30/2010 | (54) | - | 54 | - | - | - | - | - | |
| National School Lunch Program (State Share) | 10-100-010-3350-023 | 3,328 | 7/1/2009 | 6/30/2010 | (337) | - | 337 | - | - | - | - | - | |
| National School Lunch Program (State Share) | 11-100-010-3350-023 | 2,517 | 7/1/2010 | 6/30/2011 | (391) | - | 2,517 | (2,517) | - | - | - | 2,517 | |
| Total Enterprise Fund | | | | | | | 2,908 | (2,517) | - | - | - | 2,517 | |
| Debt Service Fund: | | | | | | | | | | | | | |
| Debt Service Aid | 11-495-034-5120-017 | 285,636 | 7/1/2010 | 6/30/2011 | - | - | 285,636 | (285,636) | - | - | - | 285,636 | |
| Total State Financial Assistance | | | | | | | 7,338,345 | (7,427,421) | - | (89,467) | (662,882) | 7,427,421 | |

See accompanying Notes to Schedules of Federal Awards and State Financial Assistance.

BOARD OF EDUCATION

K-5

OCEAN TOWNSHIP SCHOOL DISTRICT**NOTES TO SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE****JUNE 30, 2011****NOTE 1: General**

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Ocean Township School District. The Board of Education is defined in Note 1(A) to the Board's general-purpose financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of federal financial assistance.

NOTE 2: Basis of Accounting

The accompanying schedules of financial assistance are presented using the modified accrual basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. Programs recorded in the food service fund include the Special Milk Program. These bases of accounting are described in the Note 1(C) to the Board's general-purpose financial statements.

NOTE 3: Relationship to General Purpose Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the Board's general-purpose financial statements except for the general fund and the special revenue fund. The general fund and special revenue fund is maintained on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognized the related revenues, whereas the GAAP basis does not. Financial assistance revenues are reported in the Board's general-purpose financial statements as follows:

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Debt Service Fund</u> | <u>Food Service</u> | <u>Total</u> |
|--------------------------------|---------------------|-------------------------------------|----------------------------------|-------------------------|--------------|
| <u>State Assistance</u> | | | | | |
| Actual Amounts (Budgetary) | | | | | |
| “Revenues” from the Schedule | | | | | |
| of Expenditures of State | | | | | |
| Financial Assistance | \$ 7,139,268 | | 285,636 | 2,517 | 7,427,421 |

Difference – Budget to “GAAP”
Grant Accounting Budgetary
Basis Differs from GAAP
in that Encumbrances are
Recognized as Expenditures
and the Related Revenue
is Recognized

NOTE 3: Relationship to General Purpose Financial Statements (Continued)

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Debt Service Fund</u> | <u>Food Service</u> | <u>Total</u> |
|---|---------------------|-------------------------------------|----------------------------------|-------------------------|------------------|
| On Behalf Payments Recognized for GAAP Statements but Not Included in the Schedule of Expenditures of State Financial Assistance | 291,162 | | | | 291,162 |
| The Last State Aid Payment Is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33) | <u>91,231</u> | | | | <u>91,231</u> |
| Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances | <u>\$ 7,521,661</u> | | <u>285,636</u> | <u>2,517</u> | <u>7,809,814</u> |
| <u>Federal Assistance</u> | | | | | |
| Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of Federal Awards | \$ 16,799 | 460,880 | | 92,564 | 570,243 |
| Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized | | <u>(19,819)</u> | | | <u>(19,819)</u> |
| Total Federal Revenue as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances | <u>\$ 16,799</u> | <u>441,061</u> | | <u>92,564</u> | <u>550,424</u> |

NOTE 4: Relationship to Federal and State Financial Reports

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

NOTE 5: Other

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Part 1 - Summary of Auditor's Results

Financial Statement Section

Unqualified

Type of auditor's report issued:

Internal control over financial reporting:

1) Material weakness(es) identified? Yes x No

2) Reportable conditions(s) identified that are not considered to be material weaknesses? Yes x None Reported

Noncompliance material to general purpose financial statements noted? Yes x No

Federal Awards Section

(D) Dollar threshold used to determine Typed A programs: \$300,000

(E) Auditee qualified as low-risk auditee? x Yes No

(F) Type of auditor's report on compliance for major programs: Unqualified

(G) Internal control over compliance:

1) Material weakness(es) identified? Yes x No

2) Were reportable condition(s) identified that were not considered to material weaknesses? Yes x No

(H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))? Yes x No

(I) Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.027

I.D.E.A. Part B Basic

84.391

I.D.E.A. Part B Basic - ARRA

84.173

I.D.E.A. Preschool

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Part 1 - Summary of Auditor's Results (Continued)

State Awards

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

Auditee qualified as low-risk auditee? x Yes No

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

Internal Control over major programs:

(1) Material Weakness(es) identified? Yes x No

(2) Reportable condition(s) identified that are not considered to material weaknesses? Yes x None Reported

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB's Circular 04-04? Yes x No

Identification of major programs:

GMIS Number(s)

- 11-495-034-5120-089
11-495-034-5120-085
11-495-034-5120-084
11-495-034-5120-014
11-495-034-5120-014
11-495-034-5095-002

Name of State Program

- Special Education Aid
Adjustment Aid
Security Aid
Non Public Transportation Aid
Transportation Aid
TPAF Social Security (Reimbursed)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Part 2 - Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the general purpose financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's Response: N/A

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Part 3 - Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular Letter 04-04.

FEDERAL AWARDS

Finding: NONE

Information on the Federal Program: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's response: N/A

STATE AWARDS

Finding: NONE

Information on the State Program: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Part 3 - Federal Awards and State Financial Assistance Findings and Questioned Costs (Continued)

STATE AWARDS (Continued)

Recommendation: N/A

Management's response: N/A

OCEAN TOWNSHIP SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

K-7

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Prior Audit Findings:

None