

**OCEAN GATE SCHOOL DISTRICT**

Ocean Gate, New Jersey  
County of Ocean

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**OCEAN GATE SCHOOL DISTRICT**

**OCEAN GATE, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Prepared by**

**Ocean Gate School District  
Business Administrator's Office**



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**INTRODUCTORY SECTION**

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Ocean Gate School District  
126 West Arverne Avenue  
P.O. Box 478  
Ocean Gate, New Jersey 08740  
(732) 269-3023

Mr. Frank B. Vanalasti,  
Superintendent  
Board Secretary

Mr. John Failla  
Business Administrator

November 17, 2016

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

Dear Members of the Board of Education:

I am pleased to submit The Comprehensive Annual Financial Report of the Ocean Gate Board of Education (hereafter the "District") for the fiscal year ending June 30, 2016. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the District. To the best of our knowledge, 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 the results of operations of the various funds 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 independent Auditor's Report, Management Discussion and Analysis (MD&A) and the basic financial statements including the government-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements, notes to the financial statements and required supplemental information (RSI). The Statistical section includes selected financial and demographic information presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the Single Audit section of this report.

#### **1. REPORTING ENTITY AND ITS SERVICES:**

The District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board as established by GASB No. 14. All funds of the District are included in this report. The Ocean Gate Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 6.

In the 2015-2016 fiscal year the District's official enrollment was 159 resident students. The following details the changes in the student enrollment of the District over the last ten years:

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-2016	159	0.63%
2014-2015	158	15.33%
2013-2014	137	-15.43%
2012-2013	162	0.00%
2011-2012	162	3.18%
2010-2011	157	-10.29%
2009-2010	175	8.02%
2008-2009	162	9.46%
2007-2008	148	-5.73%

## **2. ECONOMIC CONDITION AND OUTLOOK:**

The economic environment for the past fiscal year has been challenging. While the economy and employment today are showing some signs of positive economic growth, there are still many uncertainties for the future. The unemployment rate in Ocean Gate increased from 5% to 5.4% from 2006 to 2016, according to the Bureau of Labor Statistics. Per capita income for Borough of Ocean Gate increased to \$29,598 for 2014, the latest available year, compared to the revised New Jersey Department of Labor and Workforce Development income data of \$38,029 for 2006.

The District has no charter school Expenditures.

The major funding source for the operating budget continues to be the local tax levy. The local tax levy funded 51% of the 2015-2016 budget. The reliance on the local taxpayers to fund the majority of the District's budget will likely continue under the provisions of the School Funding Reform Act of 2008. According to the NJ Department of Education, Office of School Funding, the District's tax levy exceeds the Local Fair Share and the district's total budget exceeds the "adequacy model" used to calculate state aid.

## **3. MAJOR INITIATIVES:**

The District's major initiatives for the 2015-2016 school year include full day inclusive Pre-K and kindergarten programs.

The Ocean Gate District will be making a commitment to decreasing operating costs by converting all florescent lighting to LED type lighting. This process will be made over a period of several years.

## **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 estimate 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 municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund and 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 items basis. Open encumbrances at year-end either are canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2016.

## **6. ACCOUNTING SYSTEM AND REPORTS:**

The District's accounting records reflect generally accepted accounting principles as promulgated by the Government Accounting Standards Board (GASB). The accounting system of the District is organized based on funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

## **7. CASH MANAGEMENT:**

The investment policy of the District is by state statute as detailed in "Notes to the Financial Statements", Note 1. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. 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.

## **8. 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.

## **9. OTHER INFORMATION:**

Independent Audit – State statutes require an annual audit by independent certified public accounts or registered municipal accountants. The accounting firm of Holman Frenia Allison, P.C. was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Uniform Guidance and New Jersey

OMB's Circular 15-08. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports, related specifically to the single audit are included in the single audit section of this report.

**10. ACKNOWLEDGEMENTS:**

We would like to express our appreciation to the members of the Ocean Gate Board of Education 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.

Respectfully Submitted,



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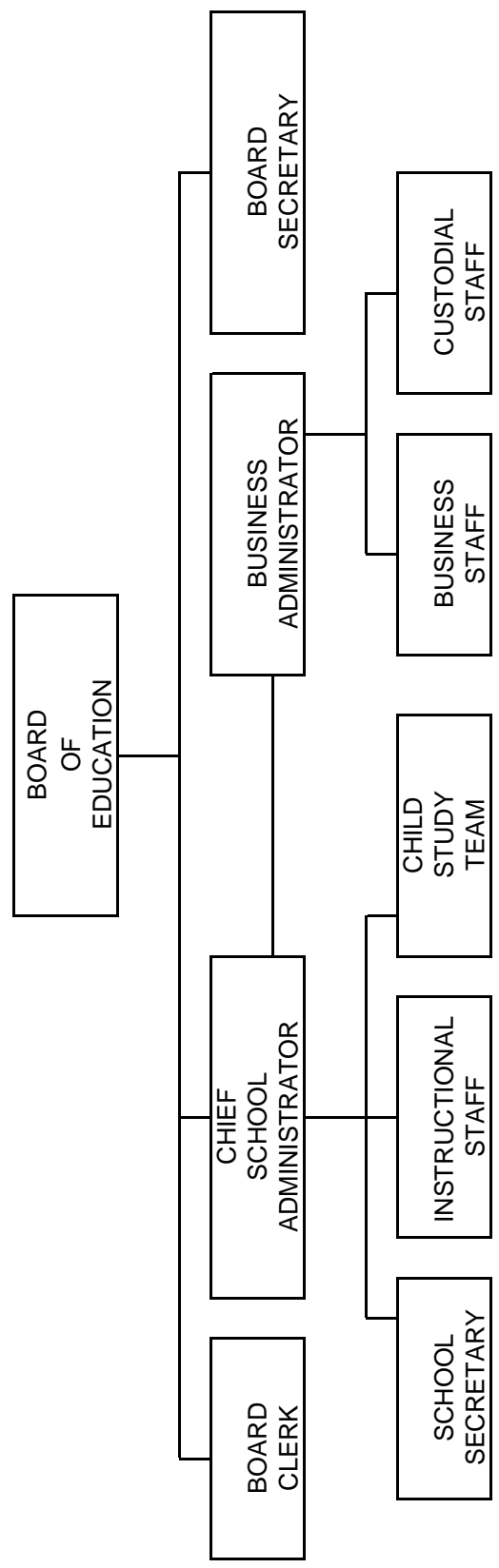
Frank B. Vanalesti  
Superintendent of Schools



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John Failla, CPA, CTPP, PMP, QPA  
Business Administrator/Board Secretary

**OCEAN GATE BOARD OF EDUCATION  
ORGANIZATIONAL CHART  
(UNIT CONTROL)**



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**OCEAN GATE SCHOOL DISTRICT  
OCEAN GATE, NEW JERSEY**

**ROSTER OF OFFICIALS**

**JUNE 30, 2016**

**MEMBERS OF THE BOARD OF EDUCATION**

**TERM EXPIRES**

Juan Alicia, President	2016
Stephanie George-Kopp, Vice President	2017
Carlos A. Acevedo, III	2018
Nancy Ricany	2017
Nancy Vassallo	2018

**OTHER OFFICIALS**

Frank Vanalesti, Superintendent of Schools

John Failla, CPA, Business Administrator/Board Secretary

Stephen Brennan, Treasurer of School Monies

Arthur Stein, Esq., Solicitor

**OCEAN GATE SCHOOL DISTRICT  
OCEAN GATE, NEW JERSEY**

**CONSULTANTS AND ADVISORS**

**Architect**

The Gibson Tarquini Group  
764 Cuthbert Boulevard  
Cherry Hill, NJ 08002

**ATTORNEY**

Arthur Stein  
1041 West Lacey Road  
P.O. Box 1070  
Forked River, New Jersey 08731

**AUDIT FIRM**

Robert W. Allison, CPA, PSA  
Holman Frenia Allison, P.C.  
912 Highway 33, Suite 2  
Freehold, New Jersey 07728

**OFFICIAL DEPOSITORY**

TD Bank  
CN 2050  
Toms River, New Jersey 08754-2050

**Bond Council**

McCarter English, LLP  
Four Gateway Center  
100 Mulberry Street  
P.O. Box 652  
Newark, New Jersey 07102-0652

**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Ocean Gate Board of Education  
County of Ocean  
Ocean Gate, New Jersey 08740

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Ocean Gate Board of Education, County of Ocean, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Ocean Gate Board of Education, County of Ocean, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ocean Gate Board of Education's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis as required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and is also not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2016 on our consideration of the Ocean Gate Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ocean Gate Board of Education's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison  
Certified Public Accountant  
Public School Accountant, No. 897

Freehold, New Jersey  
November 17, 2016

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**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

Management's Discussion and Analysis

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**OCEAN GATE SCHOOL DISTRICT  
OCEAN GATE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

UNAUDITED

The discussion and analysis of Ocean Gate School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2016 are as follows:

- ◆ General revenues accounted for \$2,789,963.28 in revenue or 75.89% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$886,559.55 or 24.11% of total revenues of \$3,676,522.83.
- ◆ Total Net Position of governmental activities increased by \$277,525.79.
- ◆ The School District had \$3,398,997.04 in expenses; only \$886,559.55 of these expenses were offset by program specific charges for services, grants or contributions.
- ◆ The General Fund had \$2,791,339.77 in revenues and \$2,737,356.11 in expenditures and transfers. The General Fund's balance increased by 53,983.66 over the 2015-2016 school year.

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

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

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

**Reporting the School District as a Whole**

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

While this document contains the majority of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the

question, “How did we do financially during 2016?” The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting treatment utilized by most private-sector companies. The accrual basis method of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct types of activities:

- ◆ Governmental Activities – All of the School District’s programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ◆ Business-Type Activities – These activities are entrepreneurial in nature. The Food Service enterprise fund is reported as a business activity. Goods and services are provided at cost in the expectation of retaining revenues for a profit.

## **Reporting the School District’s Most Significant Funds**

### **Fund Financial Statements**

An analysis of the District’s funds (all) is included in the 2015-16 Comprehensive Annual Financial Report (“CAFR”). Fund financial reports provide detailed information about the School District’s funds. The School District uses several funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds: General Fund, Special Revenue Fund and the Capital Projects Fund.

### **Governmental Funds**

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

### **Enterprise Fund**

The Enterprise Fund uses the same basis of accounting as entrepreneurial activities; therefore, these statements are essentially the same.

## The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary comparison of the School District's Net Position for 2016 and 2015.

	<u>2016</u>	<u>2015</u>
Assets:		
Current and Other Assets	\$ 1,163,534.78	\$ 1,443,286.46
Capital Assets, Net	<u>2,541,562.30</u>	<u>2,116,851.00</u>
Total Assets	<u>3,705,097.08</u>	<u>3,560,137.46</u>
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	<u>62,056.00</u>	<u>31,816.00</u>
Total Deferred Outflows related to Resources	<u>62,056.00</u>	<u>31,816.00</u>
Total Assets and Deferred Outflow of Resources	<u>3,767,153.08</u>	<u>3,591,953.46</u>
Liabilities:		
Long-Term Liabilities	1,340,728.59	1,434,652.40
Other Liabilities	<u>73,393.25</u>	<u>100,060.05</u>
Total Liabilities	<u>1,414,121.84</u>	<u>1,534,712.45</u>
Deferred Inflows of Resources:		
Deferred Inflows Related to Pensions	<u>79,018.00</u>	<u>70,264.00</u>
Total Deferred Inflows related to Resources	<u>79,018.00</u>	<u>70,264.00</u>
Total Liabilities and Deferred Inflow of Resources	<u>1,493,139.84</u>	<u>1,604,976.45</u>
Net Position:		
Net Investment in Capital Assets	1,805,562.30	1,250,851.00
Restricted	885,377.67	880,806.94
Unrestricted	<u>(416,926.73)</u>	<u>(144,680.93)</u>
Total Net Position	<u>\$ 2,274,013.24</u>	<u>\$ 1,986,977.01</u>

Table 2 provides a comparison analysis of District-wide changes in Net Position from fiscal years 2016 and 2015.

Table 2

Changes in Net Position

	<u>2016</u>	<u>2015</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 12,385.04	\$ 12,777.60
Operating Grants and Contributions	945,609.28	764,981.27
General Revenues:		
Property Taxes	1,651,062.00	1,637,715.00
Grants and Entitlements	1,158,708.03	1,033,138.97
Other	193.25	5,777.75
Total Revenues	<u>3,767,957.60</u>	<u>3,454,390.59</u>
<u>Program Expenses</u>		
Instruction	1,286,212.00	1,249,801.11
Support Services:		
Tuition	8,948.25	38,571.00
Pupils and Instructional Staff	326,079.69	359,964.74
General Administration & School Administration	63,876.33	117,948.72
Operations and Maintenance of Facilities	247,620.10	209,533.29
Central Services	75,846.07	74,528.73
Admin Information Technology	6,479.22	8,377.40
Pupil Transportation	51,061.30	34,684.46
Unallocated Benefits	1,159,873.88	1,003,795.89
Special Schools	31,540.00	30,397.08
Interest on Long-Term Debt	33,694.01	39,389.32
Unallocated Change in Compensated Absence	(813.81)	6,482.70
Unallocated Depreciation Expense & Direct		
Depreciation Expenses to Programs	108,580.00	715,272.66
Food Service	81,924.33	88,787.48
Total Expenses	<u>3,480,921.37</u>	<u>3,977,534.58</u>
Increase/(Decrease) in Net Position	<u>\$ 287,036.23</u>	<u>\$ (523,143.99)</u>

## **Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the District operations. Property taxes made up 49.41% of general revenues for governmental activities for the Ocean Gate School District for fiscal year 2016. The District's total governmental revenues were \$3,341,673.83 for the fiscal year ended June 30, 2016. Federal, state and local grants accounted for another 50.59%.

The total cost of all governmental program and services was \$3,595,437.66. Instruction comprises 35.77% of District's expenses.

## **Business-Type Activities**

Revenues for the District's entrepreneurial activities (Food Service Program) were comprised of charges for services, federal and state reimbursements. This deficit was made up by transfers from the General Fund in the amount of \$20,000.00.

- ◆ Food service expenses exceeded revenues by \$9,510.44.
- ◆ Charges for services represent \$12,385.04 of revenue or 13.55% of total revenues. This represents amounts paid by patrons for daily food services.
- ◆ Federal and state reimbursements for meals, including payments for free and reduced breakfasts and lunches, as well as cost reduced commodities were \$59,049.73.

## **Governmental Activities**

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

Table 3

Governmental Activities

	2016		2015	
	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>
Instruction	\$1,286,212.00	\$1,113,234.85	\$1,249,801.11	\$1,118,712.94
Support Services:				
Tuition	8,948.25	8,948.25	38,571.00	38,571.00
Pupils and Instructional Staff	326,079.69	263,922.78	359,964.74	267,283.91
General Administration, School Administration				
Business	63,876.36	63,876.36	117,948.72	117,948.72
Operation and Maintenance of Facilities	247,620.10	247,620.10	209,533.29	209,533.29
Central Services	75,846.07	75,846.07	74,528.73	74,528.73
Admin. Info. Tech	6,479.22	6,479.22	8,377.40	8,377.40
Pupil Transportation	51,061.30	51,061.30	34,684.46	34,684.46
Unallocated Benefits	1,159,873.88	508,448.36	1,003,795.89	509,196.44
Special Schools	31,540.00	31,540.00	30,397.08	30,397.08
Unallocated Change in Compensated Absence	(813.81)	(813.81)	6,482.70	6,482.70
Unallocated Depreciation & Direct Depreciation Expenses to Programs	108,580.00	108,580.00	715,272.66	715,272.66
Interest on Long-Term Debt	33,694.01	33,694.01	39,389.32	39,389.32
Total Expenses	<u>\$3,398,997.07</u>	<u>2,512,437.49</u>	<u>\$3,888,747.10</u>	<u>\$3,170,378.65</u>

Instruction expenses include activities that directly deal with the teaching of students, the interaction between teacher and student, and also include extracurricular activities.

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

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

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

Curriculum and staff development include expenses related to planning, research, development and the evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.



Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

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

Other includes unallocated depreciation and amortization.

### **The School District's Funds**

Information about the School District's major funds is included in the 2015-16 Comprehensive Annual Financial Report as presented by the School District. These funds are accounted for by using the modified accrual basis of accounting. All governmental funds (i.e., General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund presented in the fund-based statements) had total revenues of \$3,341,673.83 and expenditures and transfers of \$3,615,437.66. The net positive/(negative) change in fund balance for the year was most significant in the Capital Projects Fund, with an increase of \$(327,747.97). This was due to the District's completions of the capital projects for new classroom air conditioning.

As demonstrated by the various statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of the governmental funds for the fiscal year ending June 30, 2016, and the amount and percentage of increases and decreases in relation to prior-year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2014/15</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 1,651,255.25	49.41%	\$ 7,762.50	0.47%
State Sources	1,602,011.12	47.94%	203,858.55	14.58%
Federal Sources	<u>88,407.46</u>	<u>2.65%</u>	<u>(9,663.42)</u>	<u>-9.85%</u>
Total	<u>\$ 3,341,673.83</u>	<u>100.00%</u>	<u>\$ 201,957.63</u>	<u>6.43%</u>

The increase in State Sources is due to mainly by an increase in TPAF Contributions and the recognition of revenue in the completion of the air conditioner project from the SDA a grant

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects, and Debt Service Fund expenditures for the fiscal year ended June 30, 2016.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2014/15</u>	<u>Percent of Increase/ (Decrease)</u>
Current:				
Instruction	\$ 1,286,211.97	35.77%	\$ 36,410.86	2.91%
Undistributed Expenditures	1,619,179.91	45.03%	(19,546.40)	-1.19%
Debt Service:				
Principal	130,000.00	3.62%	(20,000.00)	-13.33%
Interest	35,722.52	0.99%	(6,187.48)	-14.76%
Capital Outlay	<u>524,323.26</u>	<u>14.58%</u>	<u>512,154.60</u>	<u>4208.80%</u>
Total	<u>\$ 3,595,437.66</u>	<u>100.00%</u>	<u>\$ 502,831.58</u>	<u>4182.42%</u>

The increase in Current - Instruction is attributed to Special Education Instruction cost increases and budget categories.

The decrease in Current - Undistributed Expenditures is attributed to budget categories.

The increase in Capital Outlay is attributed to the completions of the air conditioner project.

### **General Fund Budgeting Highlights**

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

During the course of the fiscal year 2016, the District amended its General Fund budget as needed. The District uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

- ◆ Staffing changes based on student needs.
- ◆ Additional costs for student transportation both in regular and special education.
- ◆ Accounting changes in maintenance and operations.
- ◆ Changes in appropriations to prevent budget overruns.

While the District's final budget for the General Fund anticipated that revenues and expenditures would approximately equal, the actual results for the year show a \$53,986.66 increase in surplus funds for a total unassigned free balance (Budgetary Basis) of \$250,696.00 at June 30, 2016.

## General Fund Capital Assets

At the end of the fiscal year 2016, the District had \$2,522,969.30 invested in land, site improvements, building and building improvements, and machinery and equipment, net of depreciation.

Table 4

General Fund Capital Assets (Net of Depreciation) at June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Land	\$ 251,700.00	\$ 251,700.00
Construction in Progress	-	36,000.00
Design in Progress	27,600.00	-
Building and Building Improvements	1,744,775.30	1,737,286.00
Machinery and Equipment	498,894.00	82,240.00
	<hr/>	<hr/>
	\$ 2,522,969.30	\$ 2,107,226.00

## Debt Administration

At June 30, 2016, the District had \$1,340,728.59 in outstanding debt. Of this amount, \$100,720.59 is for compensated absences. \$31,200.00 is for CDL loan for Superstorm Sandy and \$736,000.00 for bonds payable. \$472,808.00 is for the total net pension liability

## For the Future

One of the goals of the Ocean Gate School District is to prepare staff and facilities to meet the needs of all children. As such, the Ocean Gate School District has been able to meet its educational and facility past budgets. The District is preparing for Quality Single Accountability Continuum (“QSAC”) to be presented to the New Jersey Department of Education. This preparation ensures that the School District is educationally and financially meeting goals as set forth by the Department of Education and the School District’s Board of Education and administration.

The current school year’s financial situation is dramatically influenced by the inclusion and out-of-District placement of our Special Education population. In addition, the passage of Legislation S-1701, and newly-presented accountability regulations present new challenges for the Ocean Gate School District. The School District’s budget for the 2016-17 school year was formulated to include an increase of \$128,000.00, or approximately 4.1% of its 2015-2016 budget.

The Ocean Gate School District continues to maintain sound fiscal management that coincides with relevant legislation and enables the District to continue to provide the high level of educational programs currently implemented. In addition, we will continue to seek discretionary funds to enable our school to continue to provide high-quality, sustained professional development for all of our teachers and support staff, Preschool through Grade 6, as well as continued funding to implement our full-day research-based Preschool and Kindergarten curricula, Early Literacy curricula, and all of the core curriculum content standards.

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

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, please contact the School Business Administrator/Board Secretary at Ocean Gate Board of Education, 126 W. Arverne Avenue, PO Box 478, Ocean Gate, NJ 08740.

**BASIC FINANCIAL STATEMENTS**

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A. Government-Wide Financial Statements

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**OCEAN GATE SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2016**

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Cash & Cash Equivalents	\$ 438,661.77	\$ 8,941.07	\$ 447,602.84
Receivables, Net	290,563.79	15,240.14	305,803.93
Inventory	-	7,257.01	7,257.01
Restricted Cash & Cash Equivalents	402,871.00	-	402,871.00
Capital Assets, Net (Note 5)	2,522,969.30	18,593.00	2,541,562.30
Total Assets	<u>3,655,065.86</u>	<u>50,031.22</u>	<u>3,705,097.08</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	<u>62,056.00</u>	-	<u>62,056.00</u>
Total Deferred Outflows of Resources	<u>62,056.00</u>	-	<u>62,056.00</u>
Total Assets and Deferred Outflows of Resources	<u>3,717,121.86</u>	<u>50,031.22</u>	<u>3,767,153.08</u>
<b>LIABILITIES</b>			
Accounts Payable	-	41,671.16	41,671.16
Internal Balances	7,458.19	(7,458.19)	-
Accrued Interest Payable	14,817.78	-	14,817.78
Unearned Revenue	14,893.00	2,011.31	16,904.31
Noncurrent Liabilities (Note 7):			
Due Within One Year	130,000.00	-	130,000.00
Due Beyond One Year	<u>1,210,728.59</u>	-	<u>1,210,728.59</u>
Total Liabilities	<u>1,377,897.56</u>	<u>36,224.28</u>	<u>1,414,121.84</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	<u>79,018.00</u>	-	<u>79,018.00</u>
Total Deferred Inflows of Resources	<u>79,018.00</u>	-	<u>79,018.00</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,456,915.56</u>	<u>36,224.28</u>	<u>1,493,139.84</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,786,969.30	18,593.00	1,805,562.30
Restricted For:			
Debt Service	(14,816.96)	-	(14,816.96)
Other Purposes	900,194.63	-	900,194.63
Unrestricted	<u>(412,140.67)</u>	<u>(4,786.06)</u>	<u>(416,926.73)</u>
Total Net Position	<u>\$ 2,260,206.30</u>	<u>\$ 13,806.94</u>	<u>\$ 2,274,013.24</u>

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

**OCEAN GATE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular Instruction	\$ 828,767.22	\$ -	\$ -	\$ (828,767.22)	\$ -	\$ (828,767.22)
Special School Instruction	354,807.41	-	172,977.12	(181,830.29)	-	(181,830.29)
Other Special Instruction	102,321.34	-	-	(102,321.34)	-	(102,321.34)
Other Instruction	316.00	-	-	(316.00)	-	(316.00)
Support Services & Undistributed Costs:						
Tuition	8,948.25	-	-	(8,948.25)	-	(8,948.25)
Student & Instruction Related Services	326,079.69	-	62,156.91	(263,922.78)	-	(263,922.78)
General Administrative Services	63,876.36	-	-	(63,876.36)	-	(63,876.36)
School Administrative Services	54,230.64	-	-	(54,230.64)	-	(54,230.64)
Central Services	75,846.07	-	-	(75,846.07)	-	(75,846.07)
Administrative Information Technology	6,479.22	-	-	(6,479.22)	-	(6,479.22)
Plant Operations & Maintenance	193,389.46	-	-	(193,389.46)	-	(193,389.46)
Pupil Transportation	51,061.30	-	-	(51,061.30)	-	(51,061.30)
Unallocated Benefits	1,159,873.88	-	651,425.52	(508,448.36)	-	(508,448.36)
Special Schools	31,540.00	-	-	(31,540.00)	-	(31,540.00)
Unallocated Change in Compensated Absence	(813.81)	-	-	813.81	-	813.81
Unallocated Depreciation Expense & Prior Year Fixed Asset Adjustments, Excluding Direct Depreciation Expenses to Programs Interest & Other Charges on Debt	108,580.00	-	-	(108,580.00)	-	(108,580.00)
	33,694.01	-	-	(33,694.01)	-	(33,694.01)
Total Governmental Activities	3,398,997.04	-	886,559.55	(2,512,437.49)	-	(2,512,437.49)
Business-Type Activities:						
Food Service	81,924.33	12,385.04	59,049.73	-	(10,489.56)	(10,489.56)
Total Business-Type Activities	81,924.33	12,385.04	59,049.73	-	(10,489.56)	(10,489.56)

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

**OCEAN GATE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	BUSINESS- TYPE ACTIVITIES	TOTAL
Total Primary Government	\$ 3,480,921.37	\$ 12,385.04	\$ 945,609.28	(2,512,437.49)	(10,489.56)	(2,522,927.05)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				1,564,651.00	-	1,564,651.00
Taxes Levied for Debt Service				86,411.00	-	86,411.00
Federal & State Aid Not Restricted				1,158,708.03	-	1,158,708.03
Miscellaneous Income				193.25	-	193.25
Transfers				(20,000.00)	20,000.00	-
<b>Total General Revenues</b>				<b>2,789,963.28</b>	<b>20,000.00</b>	<b>2,809,963.28</b>
Change In Net Position				277,525.79	9,510.44	287,036.23
Beginning Net Position				1,982,680.51	4,296.50	1,986,977.01
Ending Net Position				<u>\$ 2,260,206.30</u>	<u>\$ 13,806.94</u>	<u>\$ 2,274,013.24</u>

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## B. Fund Financial Statements

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Governmental Funds

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**OCEAN GATE SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2016**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Cash & Cash Equivalents	\$ 736,648.75	\$ 36,470.50	\$ -	\$ -	\$ 773,119.25
Interfund Receivable	150,691.92	-	173,705.30	2,707.74	327,104.96
Intergovernmental Receivables:					
State	696.37	-	160,753.00	-	161,449.37
Federal	-	88,408.12	-	-	88,408.12
Restricted Cash & Cash Equivalents	402,871.00	-	-	-	402,871.00
<b>Total Assets</b>	<b>\$ 1,290,908.04</b>	<b>\$ 124,878.62</b>	<b>\$ 334,458.30</b>	<b>\$ 2,707.74</b>	<b>\$ 1,752,952.70</b>
<b>LIABILITIES &amp; FUND BALANCES</b>					
Liabilities:					
Cash Deficit	\$ -	\$ -	\$ 331,750.56	\$ 2,706.92	\$ 334,457.48
Interfund Payable	181,163.49	109,985.62	2,707.74	-	293,856.85
Unearned Revenue	-	14,893.00	-	-	14,893.00
<b>Total Liabilities</b>	<b>181,163.49</b>	<b>124,878.62</b>	<b>334,458.30</b>	<b>2,706.92</b>	<b>643,207.33</b>
Fund Balances:					
Restricted for:					
Capital Reserve Account	56,000.00	-	-	-	56,000.00
Maintenance Reserve Account	190,356.00	-	-	-	190,356.00
Emergency Reserve Account	156,515.00	-	-	-	156,515.00
Excess Surplus	281,895.63	-	-	-	281,895.63
Excess Surplus Designated for Subsequent Year's Expenditures	215,428.00	-	-	-	215,428.00
Debt Service	-	-	-	0.82	0.82
Committed to:					
Other Purposes	31,520.00	-	-	-	31,520.00
Assigned for:					
Other Purposes	20,257.92	-	-	-	20,257.92
Unassigned:					
General Fund	157,772.00	-	-	-	157,772.00
<b>Total Fund Balances</b>	<b>1,109,744.55</b>	<b>-</b>	<b>-</b>	<b>0.82</b>	<b>1,109,745.37</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 1,290,908.04</b>	<b>\$ 124,878.62</b>	<b>\$ 334,458.30</b>	<b>\$ 2,707.74</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$4,360,574.30 and the accumulated depreciation is \$1,837,605.00 (see Note 5)	2,522,969.30
Deferred outflows and inflows of resources related to pensions and deferred charges and/or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.	(16,962.00)
Accrued interest payable is not recorded in the fund financial statements due to the fact that payable is not due in the period.	(14,817.78)
Long-term liabilities, including net pension liability, bonds and loans payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 7)	(1,340,728.59)
<b>Net Position of Governmental Activities</b>	<b>\$ 2,260,206.30</b>

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

**OCEAN GATE SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2016**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Revenues:					
Local Tax Levy	\$ 1,564,651.00	\$ -	\$ -	\$ 86,411.00	\$ 1,651,062.00
Interest Earned on Capital Reserve	193.25	-	-	-	193.25
Total Local Sources	<u>1,564,844.25</u>	<u>-</u>	<u>-</u>	<u>86,411.00</u>	<u>1,651,255.25</u>
State Sources	1,226,495.52	146,726.57	149,477.03	79,312.00	1,602,011.12
Federal Sources	-	88,407.46	-	-	88,407.46
Total Revenues	<u>2,791,339.77</u>	<u>235,134.03</u>	<u>149,477.03</u>	<u>165,723.00</u>	<u>3,341,673.83</u>
Expenditures:					
Current:					
Regular Instruction	828,767.22	-	-	-	828,767.22
Special Education Instruction	181,830.29	172,977.12	-	-	354,807.41
Other Special Instruction	102,321.34	-	-	-	102,321.34
Other Instructional Programs	316.00	-	-	-	316.00
Support Services & Undistributed Costs - Current:					
Tuition	8,948.25	-	-	-	8,948.25
Student & Instruction Related Services	263,922.78	62,156.91	-	-	326,079.69
General Administrative	63,876.40	-	-	-	63,876.40
School Administrative Services	54,230.64	-	-	-	54,230.64
Central Services	75,846.07	-	-	-	75,846.07
Administrative Information Technology	6,479.22	-	-	-	6,479.22
Plant Operations & Maintenance	193,389.46	-	-	-	193,389.46
Pupil Transportation	51,061.30	-	-	-	51,061.30
Unallocated Benefits	807,728.88	-	-	-	807,728.88
Special Schools	31,540.00	-	-	-	31,540.00
Debt Service:					
Principal	-	-	-	130,000.00	130,000.00
Interest	-	-	-	35,722.52	35,722.52
Capital Outlay	32,017.96	-	492,305.30	-	524,323.26
Total Expenditures	<u>2,702,275.81</u>	<u>235,134.03</u>	<u>492,305.30</u>	<u>165,722.52</u>	<u>3,595,437.66</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>89,063.96</u>	<u>-</u>	<u>(342,828.27)</u>	<u>0.48</u>	<u>(253,763.83)</u>
Other Financing Sources/(Uses):					
Transfer to/(from) Food Service	(20,000.00)	-	-	-	(20,000.00)
Transfer to/(from) Capital Projects	(15,080.30)	-	15,080.30	-	-
Total Other Financing Sources/(Uses):	<u>(35,080.30)</u>	<u>-</u>	<u>15,080.30</u>	<u>-</u>	<u>(20,000.00)</u>
Net Change in Fund Balances	53,983.66	-	(327,747.97)	0.48	(273,763.83)
Fund Balance - July 1	1,055,760.89	-	327,747.97	0.34	1,383,509.20
Fund Balance - June 30	<u>\$ 1,109,744.55</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0.82</u>	<u>\$ 1,109,745.37</u>

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

**OCEAN GATE SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
(FOR THE YEAR ENDED JUNE 30, 2016)**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ (273,763.83)

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

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

Depreciation Expense	\$ (108,580.00)	
Capital Outlays	524,323.30	415,743.30

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

District Pension Contributions	18,108.00	
State Share of Unfunded TPAF Pension Expense	354,849.00	
Unfunded TPAF Pension Expense	(354,849.00)	
Pension Expense	(15,404.00)	2,704.00

Repayment of bond, loan and capital lease principal is an expenditure in the governmental funds, but there payment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 130,000.00

Accrual of interest of capital leases, loans and bonds is not an expenditure in the governmental funds, but the adjustment is charged to expense and is reported in the statement of activities.

Prior Year	16,846.29	
Current Year	(14,817.78)	2,028.51

Repayment of compensated absences is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

Prior Year	101,534.40	
Current Year	(100,720.59)	813.81

Change in Net Position of Governmental Activities \$ 277,525.79

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## Proprietary Funds

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**OCEAN GATE SCHOOL DISTRICT  
ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2016**

ASSETS	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u> FOOD SERVICE
Current Assets:	
Cash & Cash Equivalents	\$ 8,941.07
Intergovernmental Accounts Receivable:	
State	231.80
Federal	15,008.34
Interfund Receivable	7,458.19
Inventories	<u>7,257.01</u>
Total Current Assets	<u>38,896.41</u>
Noncurrent Assets:	
Furniture, Machinery & Equipment	26,516.00
Less: Accumulated Depreciation	<u>(7,923.00)</u>
Total Noncurrent Assets	<u>18,593.00</u>
Total Assets	<u>57,489.41</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	41,671.16
Unearned Revenue	<u>2,011.31</u>
Total Current Liabilities	<u>43,682.47</u>
NET POSITION	
Net Invested in Capital Assets	18,593.00
Unrestricted	<u>(4,786.06)</u>
Total Net Position	<u><u>\$ 13,806.94</u></u>

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

**OCEAN GATE SCHOOL DISTRICT  
ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016**

	BUSINESS-TYPE ACTIVITIES - <u>ENTERPRISE FUND</u> FOOD SERVICE
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 8,277.70
Daily Sales - Nonreimbursable Programs	<u>4,107.34</u>
Total Operating Revenues	<u>12,385.04</u>
Operating Expenses:	
Salaries	13,615.64
Support Services - Employee Benefits	2,250.20
Purchased Professional/Technical Services	28,416.56
Insurance	8,824.29
Management Fees	5,375.00
Supplies and Materials	7,801.20
Miscellaneous Expenditures	2,071.42
Cost of Sales	<u>11,803.02</u>
Total Operating Expenses	<u>81,924.33</u>
Operating Income/(Loss)	<u>(69,539.29)</u>
Nonoperating Revenues/(Expenses):	
State Sources:	
State School Lunch Program	774.55
Federal Sources:	
NSLP Equipment Assistance Grant	9,550.00
National School Lunch Program	37,400.63
National School Breakfast Program	10,471.19
National School Performance Based Program	<u>853.36</u>
Total Nonoperating Revenues/(Expenses)	<u>59,049.73</u>
Other Financing Sources(Uses):	
Board Contribution	<u>20,000.00</u>
Total Other Financing Sources	<u>20,000.00</u>
Change in Net Position	9,510.44
Total Net Position - Beginning	<u>4,296.50</u>
Total Net Position - Ending	<u><u>\$ 13,806.94</u></u>

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



**OCEAN GATE SCHOOL DISTRICT  
ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2016**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND
	FOOD SERVICE
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 14,396.35
Payments to Employees & Benefits	(14,098.84)
Payments to Suppliers	(52,232.61)
Net Cash Flows from Operating Activities	(51,935.10)
Cash Flows From Noncapital Financing Activities:	
Transfer from General Fund	20,000.00
State Sources	600.08
Federal Sources	37,118.14
Net Cash Flows from Noncapital Financing Activities	57,718.22
Cash Flows From Capital & Related Financing Activities:	
Purchases of Fixed Assets	(1,185.00)
Net Cash Flows from Capital & Related Financing Activities	(1,185.00)
Change in Cash & Cash Equivalents	4,598.12
Balances - Beginning of Year	4,342.95
Balances - End of Year	\$ 8,941.07

**Reconciliation of Operating Loss to Net Cash Flows from Operating Activities:**

Operating Loss	\$ (69,539.29)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:	
Depreciation Expense	1,767.00
(Increase)/Decrease in Inventories	(6,946.45)
Increase/(Decrease) in Accounts Payable	20,772.33
Increase/(Decrease) in Deferred Revenue	2,011.31
Total Adjustments	17,604.19
Net Cash Flows from Operating Activities	\$ (51,935.10)

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

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## Fiduciary Fund

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**OCEAN GATE SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2016**

ASSETS	PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION TRUST	AGENCY FUNDS	TOTAL
Cash & Cash Equivalents	\$ 9,736.76	\$ 47,345.17	\$ 57,081.93
Total Assets	<u>9,736.76</u>	<u>47,345.17</u>	<u>57,081.93</u>
<b>LIABILITIES</b>			
Unemployment Payable	81.00	-	81.00
Interfund Due to General Fund	-	40,706.30	40,706.30
Due to Student Groups	-	6,638.87	6,638.87
Total Liabilities	<u>81.00</u>	<u>47,345.17</u>	<u>47,426.17</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims & Other Purposes	<u>9,655.76</u>	-	<u>9,655.76</u>
Total Net Position	<u>\$ 9,655.76</u>	<u>\$ -</u>	<u>\$ 9,655.76</u>

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

**OCEAN GATE SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION TRUST</u>
<b>ADDITIONS</b>	
Contributions:	
Plan Members	<u>\$ 3,946.72</u>
Total Contributions	<u>3,946.72</u>
<b>DEDUCTIONS</b>	
Unemployment Claims	<u>183.70</u>
Total Deductions	<u>183.70</u>
Change in Net Position	3,763.02
Net Position - Beginning of the Year	<u>5,892.74</u>
Net Position - End of the Year	<u><u>\$ 9,655.76</u></u>

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

**OCEAN GATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**OCEAN GATE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 1. Summary of Significant Accounting Policies**

The financial statements of the Ocean Gate Board of Education District (the ‘District’) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant accounting policies.

**Reporting Entity**

The Ocean Gate Board of Education (hereafter referred to as the “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 comprised of five members elected to three-year terms. These terms are staggered so that three members’ terms expire each year. The purpose of the District provides a full range of educational services appropriate to grade levels PreK through 6. The Ocean Gate Board of Education has an approximate enrollment at June 30, 2016 of 158 students.

**Component Units**

GASB Statement No.14, The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units and GASB Statement No. 61, The Financial Reporting Entity: Omnis - an amendment of GASB Statements No. 14 and No. 34. The District had no component units as of for the year ended June 30, 2016.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements.

**OCEAN GATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (continued):**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**Note 1. Summary of Significant Accounting Policies (continued):**

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

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Food Service Fund are charges to customers for sales. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District does not maintain any internal service funds.

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

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

**OCEAN GATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (continued):**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**Note 1. Summary of Significant Accounting Policies (continued):**

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

**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.

The District reports the following major proprietary funds:

**Food Service Fund** – This fund accounts for the revenues and expenses pertaining to the District’s cafeteria operations.

Additionally, the District reports the following major fiduciary funds:

**Private Purpose Trust Funds** - Private-purpose trust funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The district currently maintains the following private purpose trust funds:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the District. Expenditures consist of unemployment reimbursement claims.

**Agency Funds** - Agency funds are assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity’s own operating programs. The district currently maintains Payroll funds and Student Activity Funds as Agency Funds

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated

**OCEAN GATE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued):  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 1. Summary of Significant Accounting Policies (continued):**

so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

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

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

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

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

**OCEAN GATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (continued):**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**Note 1. Summary of Significant Accounting Policies (continued):**

**Encumbrances**

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue at fiscal year-end.

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

**Cash and Cash Equivalents**

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

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

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

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

**Tuition Payable/Receivable**

Tuition rates for the fiscal year end June 30, 2016 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**OCEAN GATE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued):  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 1. Summary of Significant Accounting Policies (continued):**

**Inventories**

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

**Short-Term Interfund Receivables/Payables**

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

**Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Equipment & Vehicles	3 – 20 Years
Buildings	30 – 50 Years
Improvements	10 – 50 Years
Software	5 – 7 Years

**Compensated Absences**

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

In the District-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

**OCEAN GATE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued):  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 1. Summary of Significant Accounting Policies (continued):**

**Unearned Revenue**

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

**Accrued Liabilities and Long-Term Obligations**

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

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Fund Balance**

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2016.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can

**OCEAN GATE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued):  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 1. Summary of Significant Accounting Policies (continued):**

be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

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

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

**Net Position**

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

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

**Impact of Recently Issued Accounting Principles**

**Adopted Accounting Pronouncements**

For the year ended June 30, 2016, the District implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the District is required to measure certain investments at fair value for financial reporting purposes. In addition, the District is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain*



**OCEAN GATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (continued):**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**Note 1. Summary of Significant Accounting Policies (continued):**

*Provisions of GASB Statements 67 and 68.* Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the District's financial statements.

Recently Issued and Adopted Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

**OCEAN GATE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued):  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 1. Summary of Significant Accounting Policies (continued):**

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

**Bond Premiums, Discounts and Issuance Costs**

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

**Deferred Loss on Refunding Debt**

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

**Deferred Inflows/Outflows of Resources**

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

**OCEAN GATE SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (continued):  
 FOR THE YEAR ENDED JUNE 30, 2016**

**Note 1. Summary of Significant Accounting Policies (continued):**

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

**Subsequent Events**

The District has evaluated subsequent events occurring after June 30, 2016 through the date of November 17, 2016, which is the date the financial statements were available to be issued.

**Note 2. Cash and Cash Equivalents**

**Cash Deposits**

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2016, the District’s bank balance of \$931,025.67 was exposed to custodial credit risk as follows:

Insured Under FDIC	\$	250,000.00
Collateralized by securities held by		
Pledging financial institution		613,492.10
Uninsured and uncollateralized		67,533.57
 Total	 \$	 <u><u>931,025.67</u></u>

**Investments**

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

1. Bonds and other obligations of the United State or obligations guaranteed by the United States.
2. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank , which have a maturity date not greater than twelve months from the date of purchase.
3. New Jersey Cash Management Fund, New Jersey Asset and Rebate Management Fund and MBIA CLASS.

**OCEAN GATE SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (continued):  
 FOR THE YEAR ENDED JUNE 30, 2016**

**Note 2. Cash and Cash Equivalents (continued):**

Custodial credit risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District does not have custodial credit risk policies for investments.

Interest rate risk - This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Concentrations - The District places no limit in the amount the District may invest in any one issuer

The District did not hold any investments at June 30, 2016.

**Note 3. Reserve Accounts**

**A. Capital Reserve**

A capital reserve account was established by the Ocean Gate Board of Education by inclusion of \$125,000 in 2013 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, 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 01, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$ 30,000.00
Transfer per June Resolution	41,080.30
Withdrawals for Capital Expenditures	(15,080.30)
Ending Balance, June 30, 2016	<u>\$ 56,000.00</u>

The June 30, 2016 LRFP balance of local support costs of uncompleted capital projects at June 30, 2016 is \$89,919.70. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the District's Long Rang Facilities Plan.

**OCEAN GATE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued):  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 3. Reserve Accounts (continued):**

**B. Maintenance Reserve Account**

The District established a Maintenance Reserve Account for the accumulation of Funds for use as maintenance expenditures in subsequent fiscal years. The Maintenance Reserve Account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the District's approved Maintenance Plan (M-1). A district may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both

The activity of the maintenance reserve for the June 30, 2015 to June 30, 2016 fiscal year is as follows:

Ending Balance, June 30, 2016 & 2015	\$ <u>190,356.00</u>
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**C. Emergency Reserve Account**

An Emergency Reserve Account was established by the Ocean Gate Board of Education for the accumulation of funds in accordance with N.J.S.A. 18A:7F-41c(1). The Emergency Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget. Funds placed in the Emergency Reserve Account are to finance unanticipated General Fund expenditures required for a thorough and efficient education.

The activity of the emergency reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Ending Balance, June 30, 2016 & 2015	\$ <u>156,515.00</u>
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**OCEAN GATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (continued):**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**Note 4. Accounts Receivable**

Accounts receivable at June 30, 2016 consisted of accounts and intergovernmental grants. All state and federal receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Proprietary Funds	Total
Intergovernmental	\$ 696.37	\$ 88,408.12	\$ 160,753.00	\$ 15,240.14	\$ 265,097.63
Total	<u>\$ 696.37</u>	<u>\$ 88,408.12</u>	<u>\$ 160,753.00</u>	<u>\$ 15,240.14</u>	<u>\$ 265,097.63</u>

**Note 5. Capital Assets**

Capital assets activity for the year ended June 30, 2016 was as follows:

	June 30, 2015	Increases	Decreases	June 30, 2016
<b>Governmental Activities:</b>				
Capital assets that are not being depreciated:				
Land	\$ 251,700.00	\$ -	\$ -	\$ 251,700.00
Construction in progress	36,000.00	-	(36,000.00)	-
Design Phase in progress	-	27,600.00	-	27,600.00
Total capital assets not being depreciated	<u>287,700.00</u>	<u>27,600.00</u>	<u>(36,000.00)</u>	<u>279,300.00</u>
Capital Assets being Depreciated:				
Buildings & Improvements	3,054,075.00	528,305.30	-	3,582,380.30
Machinery & Equipment	494,476.00	4,418.00	-	498,894.00
Subtotal	<u>3,548,551.00</u>	<u>532,723.30</u>	<u>-</u>	<u>4,081,274.30</u>
Less: accumulated depreciation:				
Buildings & Improvements	(1,316,789.00)	(94,283.00)	-	(1,411,072.00)
Machinery & Equipment	(412,236.00)	(14,297.00)	-	(426,533.00)
Total accumulated depreciation	<u>(1,729,025.00)</u>	<u>(108,580.00)</u>	<u>-</u>	<u>(1,837,605.00)</u>
Total capital assets being depreciated, net	<u>1,819,526.00</u>	<u>424,143.30</u>	<u>-</u>	<u>2,243,669.30</u>
Governmental activities capital assets, net	<u>\$ 2,107,226.00</u>	<u>\$ 451,743.30</u>	<u>\$ (36,000.00)</u>	<u>\$ 2,522,969.30</u>

**OCEAN GATE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued):  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 5. Capital Assets (continued):**

	June 30, 2015	Increases	Decreases	June 30, 2016
<b>Business-Type Activities:</b>				
Capital Assets being Depreciated:				
Machinery & Equipment	\$ 15,781.00	\$ 10,735.00	\$ -	\$ 26,516.00
	<hr/>			
Subtotal	15,781.00	10,735.00	-	26,516.00
	<hr/>			
Less: accumulated depreciation:				
Machinery & Equipment	(6,156.00)	(1,767.00)	-	(7,923.00)
	<hr/>			
Total accumulated depreciation	(6,156.00)	(1,767.00)	-	(7,923.00)
	<hr/>			
Total capital assets being depreciated, net	9,625.00	8,968.00	-	18,593.00
	<hr/>			
Business-type activities capital assets, net	\$ 9,625.00	\$ 8,968.00	\$ -	\$ 18,593.00
	<hr/> <hr/>			

Depreciation expense was charged to governmental functions/programs as follows:

<b>Governmental Activities:</b>	
Unallocated	<u>\$ 108,580.00</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 108,580.00</u>

**Note 6. Interfund Receivables, Payables and Transfers**

Individual fund receivables/payables balances at June 30, 2016 are as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 150,691.92	\$ 181,163.49
Special Revenue Fund	-	109,985.62
Capital Projects Fund	173,705.30	2,707.74
Debt Service Fund	2,707.74	-
Food Service Fund	7,458.19	-
Fiduciary Funds	-	40,706.30
	<hr/>	
	<u>\$ 334,563.15</u>	<u>\$ 334,563.15</u>

**OCEAN GATE SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (continued):  
 FOR THE YEAR ENDED JUNE 30, 2016**

**Note 6. Interfund Receivables, Payables and Transfers (continued):**

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

The summary of interfund transfers follows:

Fund	Transfers In	Transfers Out
General Fund	\$ 82,048.94	\$ 85,698.52
Capital Projects Fund	42,680.30	-
Fiduciary Funds	-	39,030.72
	<u>\$ 124,729.24</u>	<u>\$ 124,729.24</u>

The purpose of interfunds transfers were for the liquidation of prior year interfund receivables and payables and for payments made on behalf of other funds.

**Note 7. Long-Term Obligations**

During the fiscal year ended June 30, 2016 the following changes occurred in liabilities reported in the long-term obligations:

	June 30, 2015	Additions	Reductions	June 30, 2016	Due Within One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 101,534.40	\$ -	\$ (813.81)	\$ 100,720.59	\$ -
Bonds Payable	866,000.00	-	(130,000.00)	736,000.00	130,000.00
Loans Payable (See Note 19)	31,200.00	-	-	31,200.00	-
Net Pension Liability	435,918.00	36,890.00	-	472,808.00	-
Total	<u>\$ 1,434,652.40</u>	<u>\$ 36,890.00</u>	<u>\$ (130,813.81)</u>	<u>\$ 1,340,728.59</u>	<u>\$ 130,000.00</u>

**A. Bonds Payable**

Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

On March 29, 2007, the School District issued \$1,186,000.00 School District Bonds, Series 2007 to finance renovations to the Ocean Gate Elementary School, including the roof, boiler, flooring, and HVAC control system replacements, masonry repairs, and various other projects.

The Bonds bear interest from 4.000% to 4.125% per annum payable semi-annually on the fifteenth day of January and July of each year, until maturity. The principal is due annually on the fifteenth day of January through 2022, installments range from \$25,000.00 to \$150,000.00.

Debt Service requirements on serial bonds payable at June 30, 2016 are as follows:



**OCEAN GATE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued):  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 7. Long-Term Obligations (continued):**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 130,000.00	\$ 30,360.00	\$ 160,360.00
2018	125,000.00	24,997.50	149,997.50
2019	120,000.00	19,841.26	139,841.26
2020	120,000.00	14,891.26	134,891.26
2021	120,000.00	9,941.26	129,941.26
2022	121,000.00	4,991.26	125,991.26
	<u>\$ 736,000.00</u>	<u>\$ 105,022.54</u>	<u>\$ 841,022.54</u>

**B. Bonds Authorized But Not Issued**

As of June 30, 2016, the District had no authorized but not issued bonds.

**D. Capital Leases**

As of June 30, 2016, the District had no capital leases.

**Note 8. Pension Obligations**

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

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

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are

**OCEAN GATE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued):  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 8. Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Basis of Presentation** - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

**Three-Year Trend Information for PERS**

Year Funded	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2016	\$ 18,108	100%	\$ 472,808
6/30/2015	19,194	100%	435,918
6/30/2014	19,610	100%	497,407

**Components of Pension Liability** - At June 30, 2016, the District reported a liability of \$472,808 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2014, to the measurement date of June 30, 2015. The District's proportion of the net pension liability was based

**OCEAN GATE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued):  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 8. Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The District's proportion measured as of June 30, 2015, was 0.00211% percent, which was a decrease of 0.00022% from its proportion measured as of June 30, 2014.

	<u>6/30/2016</u> June 30, 2015	<u>6/30/2015</u> June 30, 2014
Actuarial valuation date		
Deferred Outflows of Resources	\$ 62,056.00	\$ 31,816.00
Deferred Inflows of Resources	79,018.00	70,264.00
Net Pension Liability	472,808.00	435,918.00
District's portion of the Plan's total net pension Liability	0.00211%	0.00233%

**Pension Expense and Deferred Outflows/Inflows of Resources** - For the year ended June 30, 2016, the District recognized pension expense of \$15,404. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	50,776.00	-
Net difference between projected and actual earnings on pension plan investments	11,280.00	7,602.00
Changes in proportion and differences between District contributions and proportionate share of contributions	-	71,416.00
Total	\$ 62,056.00	\$ 79,018.00

The \$62,056 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**OCEAN GATE SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (continued):  
 FOR THE YEAR ENDED JUNE 30, 2016**

**Note 8. Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

Year Ended June 30:	
2017	(5,862.00)
2018	(5,862.00)
2019	(5,862.00)
2020	633.00
2021	(10.00)
Thereafter	-

**Actuarial Assumptions** - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>PERS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40%
Inflation rate	Based on Age 3.01%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

**OCEAN GATE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued):  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 8. Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.21%
Total	100.00%	

**Discount Rate** - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the District's proportionate share of the net pension liability as of June 30, 2015, calculated using the discount rate as disclosed above, as well as what the District's

**OCEAN GATE SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (continued):  
 FOR THE YEAR ENDED JUNE 30, 2016**

**Note 8. Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90) or 1-percentage-point higher (5.90%) than the current rate:

	<u>Decrease</u>	<u>Discount</u>	<u>Increase</u>
	<u>(3.90%)</u>	<u>(4.90%)</u>	<u>(5.90%)</u>
District's proportionate share of the net pension liability	\$ 587,643	\$ 472,808	\$ 376,532

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

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

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for

**OCEAN GATE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued):  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 8. Pension Obligations (continued):**

**B. Teachers' Pension and Annuity Fund (TPAF) (continued):**

his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Basis of Presentation** - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount.

**Special Funding Situation** - The employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

**Three-Year Trend Information for TPAF & Post Retirement Medical Contributions  
(Paid on behalf of the District)**

Year Funded	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2016	\$ 207,764	100%	-
6/30/2015	163,006	100%	-
6/30/2014	119,203	100%	-

**Teachers Pensions and Annuity Fund (TPAF)** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of

**OCEAN GATE SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (continued):  
 FOR THE YEAR ENDED JUNE 30, 2016**

**Note 8. Pension Obligations (continued):**

**B. Teachers' Pension and Annuity Fund (TPAF) (continued):**

employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

	<u>TPAF</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	Varies Based On Experience
Inflation rate	2.50%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:



**OCEAN GATE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued):  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 8. Pension Obligations (continued):**

**B. Teachers' Pension and Annuity Fund (TPAF) (continued):**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	<u>4.00%</u>	4.30%
Total	100%	

**Discount Rate** - The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of employers' contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS & TPAF financial report.

**Defined Contribution Retirement Plan (DCRP)** - The District contributes to the New Jersey Defined Contribution Retirement Program (DCRP) which is a defined contribution retirement benefit plan, along with life insurance and disability coverage, for its employees who are ineligible for PERS or TPAF.

**OCEAN GATE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued):  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 8. Pension Obligations (continued):**

**Defined Contribution Retirement Plan (DCRP) (continued):**

When enrolled in the DCRP, members contribute 5.5 percent of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3 percent employer contribution. For the year ended June 30, 2016, employee contributions total \$5,258, and the District recognized pension expense of \$2,868.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in District contributions and earnings on District contributions after commencement of their second year of employment, with some exceptions. Nonvested District contributions and earnings are forfeited upon separation from covered employment. Such forfeitures are reverted back to a forfeiture account for the employer and may be used to reduce pension expenses. For the year ended June 30, 2016, the District did not apply forfeitures to reduce the District's pension expense.

**Note 9. 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, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the state contributed \$1.25 billion on their behalf. 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 benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

**Note 10. 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 to the State. The following is a summary of School District contributions, reimbursements to the

**OCEAN GATE SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (continued):  
 FOR THE YEAR ENDED JUNE 30, 2016**

**Note 10. Risk Management (continued):**

State for benefits paid and the ending balance of the School District's trust fund for the current and previous two years:

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2015-2016	\$ -	\$ 3,946.72	\$ 183.70	9,655.76
2014-2015	-	4,642.70	333.63	5,892.74
2013-2014	-	-	5,509.87	1,583.67

**Joint Insurance Pool** – The Ocean Gate Board of Education participates in the School Alliance Insurance Fund and, public entity risk pool. The Fund provides its members with the following coverage's:

Property – Blanket Building & Grounds	General & Automobile Liability
Boiler & Machinery	Workers' Compensation
School Board Legal Liability	Crime Coverage

**Note 11. Contingencies**

**State and Federal Grantor Agencies** - The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2016 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

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

**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, could have an effect on the District's programs and activities

**OCEAN GATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (continued):**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**Note 14. Deferred Compensation**

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

Equitable  
Syracusa  
Lincoln

**Note 15. 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 rights to the benefits.

District employees are granted varying amount of vacation and sick leave in accordance with the District's personnel policies. The District 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 Districts' agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2016 is \$100,720.59

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, 2016 no liability existed for compensated absences in the proprietary fund types.

**Note 16. Calculation of Excess Surplus**

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to *N.J.S.A.18A:7F-7*, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$281,895.63.

**OCEAN GATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (continued):**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**Note 17. Fund Balance**

**General Fund** – [Exhibit B-1] Of the \$1,109,744.55 General Fund fund balance at June 30, 2016, \$31,520.00 is committed for encumbrances; \$281,895.63 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$215,428.00 is reserved as excess surplus designated for subsequent year's expenditures; \$56,000.00 has been reserved in the Capital Reserve Account; \$190,356.00 has been reserved in the Maintenance Reserve Account; \$156,515.00 has been reserved in the Emergency Reserve Account; \$20,257.92 has been assigned for encumbrances; and \$157,772.00 is unreserved and undesignated.

**Debt Service Fund** – Of the \$.82 Debt Service Fund fund balance at June 30, 2016, \$.82 has been is restricted for future debt service payments.

**Note 18. Deficit in Net Position**

**Restricted Net Position** – The School District had a deficit in restricted net position for Debt Service in the amount of \$14,816.96 at June 30, 2016. The deficit is caused by the accrual of bond interest in the government-wide financial statements.

**Unrestricted Net Position** – The School District had a deficit in unrestricted net position in the amount of \$412,140.67 at June 30, 2016. The deficit is due to the final June state aid payment of \$106,598 not recognized under GAAP and by the implementation of GASB 68 which requires the district to report their proportionate share of the net pension liability for the Public Employee's Retirement System (PERS) at June 30, 2016.

**Note 19. FEMA Community Disaster Loan (CDL)**

**General Fund** – The school district applied for and received a CDL in response to the devastating effects on the property tax ratable base of the municipality due to Superstorm Sandy in October 2012. The district was approved for \$460,955.00 total loan with an interest rate of 1.375%. The district chose to withdraw \$21,000.00 as a reduction of the tax levy assessed for the 2013-2014 school year. The district chose to withdraw an additional \$10,200.00 as a reduction of the tax levy assessed for the 2014-2015 school year. The amount of principal and interest accrued through June 30, 2016 is \$31,200.00 and \$902.78 respectively. This loan is subject to FEMA review in 2016 and may be fully or partially cancelled based upon FEMA's calculation of the revenue loss that the district experienced over the specified period. The loan matures in 2018.

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**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

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### C. Budgetary Comparison Schedules

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**OCEAN GATE SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Revenues:</b>						
<b>Local Sources:</b>						
Local Tax Levy	10-1210	\$ 1,564,651.00	\$ -	\$ 1,564,651.00	\$ 1,564,651.00	\$ -
Interest Earned on Capital Reserve	10-1XXX	25.00	-	25.00	193.25	168.25
<b>Total Local Sources</b>		<b>1,564,676.00</b>	<b>-</b>	<b>1,564,676.00</b>	<b>1,564,844.25</b>	<b>168.25</b>
<b>State Sources:</b>						
Equalization Aid	10-3176	825,262.00	-	825,262.00	825,262.00	-
Categorical Security Aid	10-3178	9,128.00	-	9,128.00	9,128.00	-
Categorical Transportation Aid	10-3121	103.00	-	103.00	103.00	-
Categorical Special Education Aid	10-3132	84,886.00	-	84,886.00	84,886.00	-
Adjustment Aid	10-3190	7,407.00	-	7,407.00	7,407.00	-
PARCC Readiness	10-3XX	1,220.00	-	1,220.00	1,220.00	-
Per Pupil Growth	10-3XX	1,220.00	-	1,220.00	1,220.00	-
Nonpublic Transportation 2015-2016		-	-	-	696.00	696.00
<b>Nonbudgeted:</b>						
On-Behalf TPAF Pension Contribution		-	-	-	94,838.00	94,838.00
On-Behalf TPAF Medical Contribution		-	-	-	112,926.00	112,926.00
Reimbursed TPAF Social Security		-	-	-	88,812.52	88,812.52
<b>Total State Sources</b>		<b>929,226.00</b>	<b>-</b>	<b>929,226.00</b>	<b>1,226,498.52</b>	<b>297,272.52</b>
<b>Total Revenues</b>		<b>2,493,902.00</b>	<b>-</b>	<b>2,493,902.00</b>	<b>2,791,342.77</b>	<b>297,440.77</b>
<b>Expenditures:</b>						
<b>Current Expense:</b>						
<b>Instruction - Regular Programs:</b>						
<b>Salaries of Teachers:</b>						
Preschool	11-105-100-101	209.00	-	209.00	209.00	-
Kindergarten	11-110-100-101	100,863.00	-	100,863.00	100,863.00	-
Grades 1 - 5	11-120-100-101	519,242.00	-	519,242.00	517,972.97	1,269.03
Grades 6 - 8	11-130-100-101	125,073.00	-	125,073.00	124,073.00	1,000.00
<b>Regular Programs - Undistributed Instruction:</b>						
Unused Vacation Payment to Termined/Retired	11-XXX-100-XXX	11,700.00	-	11,700.00	11,700.00	-
<b>Purchased Professional -</b>						
Educational Services	11-190-100-320	12,000.00	-	12,000.00	3,214.70	8,785.30
<b>Purchased Professional -</b>						
Technical Services	11-190-100-340	8,500.00	-	8,500.00	8,451.81	48.19
Other Purchased Services	11-190-100-500	17,000.00	(7,235.35)	9,764.65	514.00	9,250.65
General Supplies	11-190-100-610	26,750.00	6,026.01	32,776.01	28,835.00	3,941.01
Textbooks	11-190-100-640	25,000.00	762.19	25,762.19	21,302.29	4,459.90
Other Objects	11-190-100-890	15,000.00	447.15	15,447.15	11,631.45	3,815.70
<b>Total Regular Programs - Instruction</b>		<b>861,337.00</b>	<b>-</b>	<b>861,337.00</b>	<b>828,767.22</b>	<b>32,569.78</b>
<b>Multiple Disabilities:</b>						
Salaries of Teachers	11-212-100-101	103,560.00	-	103,560.00	103,560.00	-
<b>Purchased Professional -</b>						
Educational Services	11-212-100-320	1,500.00	-	1,500.00	442.33	1,057.67
<b>Purchased Professional -</b>						
Technical Services	11-212-100-340	1,500.00	(500.00)	1,000.00	-	1,000.00
General Supplies	11-212-100-610	1,000.00	500.00	1,500.00	1,214.17	285.83
Textbooks	11-212-100-640	1,000.00	-	1,000.00	-	1,000.00
<b>Total Multiple Disabilities</b>		<b>108,560.00</b>	<b>-</b>	<b>108,560.00</b>	<b>105,216.50</b>	<b>3,343.50</b>

**OCEAN GATE SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Autism:</b>						
Salaries of Teachers	11-214-100-101	46,304.00	-	46,304.00	46,303.55	0.45
Other Salaries for Instruction	11-214-100-106	30,000.00	-	30,000.00	30,000.00	-
Purchased Professional- Services	11-214-100-320	2,500.00	-	2,500.00	310.24	2,189.76
General Supplies	11-214-100-610					-
Textbooks	11-214-100-640	1,000.00	-	1,000.00	-	1,000.00
<b>Total Resource Room</b>		<b>79,804.00</b>	<b>-</b>	<b>79,804.00</b>	<b>76,613.79</b>	<b>3,190.21</b>
<b>Preschool Disabilities - Part Time:</b>						
Other Salaries for Instruction	11-219-100-106	5,400.00	-	5,400.00	-	5,400.00
<b>Total Preschool Disabilities - Part-Time</b>		<b>5,400.00</b>	<b>-</b>	<b>5,400.00</b>	<b>-</b>	<b>5,400.00</b>
<b>Total Special Education</b>		<b>193,764.00</b>	<b>-</b>	<b>193,764.00</b>	<b>181,830.29</b>	<b>11,933.71</b>
<b>Basic Skills/Remedial:</b>						
Salaries of Teachers	11-230-100-101	99,030.00	3,000.00	102,030.00	102,030.00	-
Other Salaries for Instruction	11-230-100-106	3,000.00	(3,000.00)	-	-	-
Purchased Professional - Educational Services	11-230-100-320	500.00	-	500.00	-	500.00
Purchased Professional - Technical Services	11-230-100-340	500.00	-	500.00	-	500.00
Other Purchased Services	11-230-100-500	1,500.00	-	1,500.00	-	1,500.00
General Supplies	11-230-100-610	1,000.00	-	1,000.00	291.34	708.66
Textbooks	11-230-100-640	1,000.00	-	1,000.00	-	1,000.00
<b>Total Basic Skills/Remedial</b>		<b>106,530.00</b>	<b>-</b>	<b>106,530.00</b>	<b>102,321.34</b>	<b>4,208.66</b>
<b>School Sponsored Cocurricular Activities:</b>						
Salaries	11-401-100-100	2,750.00	-	2,750.00	175.00	2,575.00
Supplies and Materials	11-401-100-600	250.00	-	250.00	141.00	109.00
<b>Total School Sponsored Cocurricular Activities</b>		<b>3,000.00</b>	<b>-</b>	<b>3,000.00</b>	<b>316.00</b>	<b>2,684.00</b>
<b>Total - Instruction</b>		<b>1,164,631.00</b>	<b>-</b>	<b>1,164,631.00</b>	<b>1,113,234.85</b>	<b>51,396.15</b>
<b>Undistributed Expenditures:</b>						
<b>Instruction:</b>						
Tuition to Private Schools for the Handicapped - within State	11-000-100-566	130,244.00	-	130,244.00	8,948.25	121,295.75
<b>Total Undistributed Expenditures - Instruction</b>		<b>130,244.00</b>	<b>-</b>	<b>130,244.00</b>	<b>8,948.25</b>	<b>121,295.75</b>
<b>Attendance &amp; Social Work Services:</b>						
Salaries	11-000-211-100	3,500.00	0.08	3,500.08	3,500.08	-
<b>Total Attendance &amp; Social Work Services</b>		<b>3,500.00</b>	<b>0.08</b>	<b>3,500.08</b>	<b>3,500.08</b>	<b>-</b>
<b>Health Services:</b>						
Salaries	11-000-213-100	56,490.00	-	56,490.00	55,740.00	750.00
Purchased Professional & Technical Services	11-000-213-300	1,000.00	-	1,000.00	1,000.00	-
Other Purchased Services (400-500 Series)	11-000-213-500	250.00	(107.08)	142.92	-	142.92
Supplies and Materials	11-000-213-600	300.00	107.00	407.00	406.76	0.24
<b>Total Health Services</b>		<b>58,040.00</b>	<b>(0.08)</b>	<b>58,039.92</b>	<b>57,146.76</b>	<b>893.16</b>
<b>Other Support Services - Speech, OT, PT &amp; Related</b>						
Purchased Prof. Ed. Services	11-000-216-320	75,000.00	-	75,000.00	68,946.26	6,053.74
General Supplies	11-000-216-600	900.00	-	900.00	316.67	583.33
<b>Total Other Support Services - Students - Related Services</b>		<b>75,900.00</b>	<b>-</b>	<b>75,900.00</b>	<b>69,262.93</b>	<b>6,637.07</b>

**OCEAN GATE SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Other Support Services - Students - Guidance:</b>						
Salaries of Secretarial & Clerical Assistants	11-000-218-105	11,784.00	-	11,784.00	11,783.75	0.25
<b>Total Other Support Services - Students - Regular</b>		<b>11,784.00</b>	<b>-</b>	<b>11,784.00</b>	<b>11,783.75</b>	<b>0.25</b>
<b>Other Support Services - Students - Child Study Team:</b>						
Salaries of Other Professional Staff	11-000-219-104	49,537.00	-	49,537.00	49,536.57	0.43
Salaries of Secretarial & Clerical Assistants	11-000-219-105	10,000.00	-	10,000.00	5,515.62	4,484.38
Other Salaries	11-000-219-110	5,000.00	-	5,000.00	-	5,000.00
Purchased Professional Education Services	11-000-219-320	10,000.00	-	10,000.00	9,334.14	665.86
Other Purchased Services (400-500 Series)	11-000-219-500	500.00	(500.00)	-	-	-
Misc Purchased Services	11-000-219-592	2,500.00	500.00	3,000.00	-	3,000.00
Supplies & Materials	11-000-219-600	750.00	-	750.00	644.54	105.46
Other Objects	11-000-219-800	2,100.00	-	2,100.00	403.71	1,696.29
<b>Total Other Support Services - Students - Special Services</b>		<b>80,387.00</b>	<b>-</b>	<b>80,387.00</b>	<b>65,434.58</b>	<b>14,952.42</b>
<b>Improvement of Instruction Services/Other Support Services - Instruction Staff:</b>						
Other Purchased Professional Technical Services	11-000-221-390	7,500.00	-	7,500.00	-	7,500.00
Supplies and Materials	11-000-221-600	7,500.00	-	7,500.00	6,645.15	854.85
Other Objects	11-000-221-800	1,500.00	-	1,500.00	-	1,500.00
<b>Total Improvement of Instruction Services/Other Support Services - Instructional Staff</b>		<b>16,500.00</b>	<b>-</b>	<b>16,500.00</b>	<b>6,645.15</b>	<b>9,854.85</b>
<b>Educational Media Services/School Library:</b>						
Salaries & Technology Coordinators	11-000-222-177	5,000.00	-	5,000.00	2,844.40	2,155.60
Other Purchased Services	11-000-222-500	5,500.00	-	5,500.00	5,276.66	223.34
Supplies and Materials	11-000-222-600	11,000.00	-	11,000.00	8,453.21	2,546.79
<b>Total Educational Media Services/School Library</b>		<b>21,500.00</b>	<b>-</b>	<b>21,500.00</b>	<b>16,574.27</b>	<b>4,925.73</b>
<b>Instructional Staff Training Services:</b>						
Salaries of Supervisors of Instruction	11-000-223-102	23,000.00	-	23,000.00	23,000.00	-
Purchased Professional - Educational Services	11-000-223-320	7,500.00	-	7,500.00	3,253.76	4,246.24
Other Purchased Professional & Technical Services	11-000-223-390	10,000.00	-	10,000.00	6,779.70	3,220.30
Supplies and Materials	11-000-223-600	3,000.00	-	3,000.00	541.80	2,458.20
<b>Total Instructional Staff Training Services</b>		<b>43,500.00</b>	<b>-</b>	<b>43,500.00</b>	<b>33,575.26</b>	<b>9,924.74</b>
<b>Support Services General Administration:</b>						
Salaries	11-000-230-100	29,500.00	-	29,500.00	29,500.00	-
Legal Services	11-000-230-331	7,500.00	(115.00)	7,385.00	7,096.42	288.58
Audit Fees	11-000-230-332	18,500.00	115.00	18,615.00	18,615.00	-
Communications/Telephone	11-000-230-530	10,000.00	(199.50)	9,800.50	3,701.07	6,099.43
Other Purchased Services (400-500 Series)	11-000-230-585	1,000.00	(308.79)	691.21	562.00	129.21
Other Purchasing Services	11-000-230-590	-	47.00	47.00	47.00	-
General Supplies	11-000-230-610	1,050.00	461.29	1,511.29	1,397.16	114.13
BOE In-House Training - Meeting Supplies	11-000-230-630	900.00	(59.75)	840.25	398.00	442.25
BOE Membership Dues & Fees	11-000-230-895	2,500.00	59.75	2,559.75	2,559.75	-
<b>Total Support Services General Administration</b>		<b>70,950.00</b>	<b>-</b>	<b>70,950.00</b>	<b>63,876.40</b>	<b>7,073.60</b>

**OCEAN GATE SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Support Services School Administration:</b>						
Salaries of Principals & Assistant Principals	11-000-240-103	40,000.00	-	40,000.00	40,000.00	-
Salaries of Secretarial & Clerical Assistants	11-000-240-105	13,743.00	-	13,743.00	13,742.64	0.36
Other Objects	11-000-240-800	750.00	-	750.00	488.00	262.00
<b>Total Support Services School Administration</b>		<b>54,493.00</b>	<b>-</b>	<b>54,493.00</b>	<b>54,230.64</b>	<b>262.36</b>
<b>Central Services:</b>						
Salaries	11-000-251-100	74,510.00	0.07	74,510.07	74,510.07	-
Miscellaneous Purchased Services	11-000-251-592	1,500.00	773.61	2,273.61	1,273.61	1,000.00
Miscellaneous Expenditures	11-000-251-890	1,250.00	(773.68)	476.32	62.39	413.93
<b>Total Central Services</b>		<b>77,260.00</b>	<b>0.00</b>	<b>77,260.00</b>	<b>75,846.07</b>	<b>1,413.93</b>
<b>Administrative Information Technology:</b>						
Purchased Technical Services	11-000-252-340	4,500.00	2,000.00	6,500.00	6,479.22	20.78
Other Purchased Services	11-000-252-500	2,000.00	(2,000.00)	-	-	-
<b>Total Administrative Information Technology</b>		<b>6,500.00</b>	<b>-</b>	<b>6,500.00</b>	<b>6,479.22</b>	<b>20.78</b>
<b>Required Maintenance for School Facilities:</b>						
Cleaning, Repair & Maintenance Services	11-000-261-420	20,000.00	-	20,000.00	19,992.35	7.65
General Supplies	11-000-261-610	5,000.00	-	5,000.00	4,952.38	47.62
Other Objects	11-000-261-800	6,000.00	-	6,000.00	718.96	5,281.04
<b>Total Allowable Maintenance For School Facilities</b>		<b>31,000.00</b>	<b>-</b>	<b>31,000.00</b>	<b>25,663.69</b>	<b>5,336.31</b>
<b>Other Operation &amp; Maintenance of Plant Services:</b>						
Salaries	11-000-262-100	73,702.00	-	73,702.00	67,583.16	6,118.84
Purchased Professional & Technical Services	11-000-262-300	2,000.00	-	2,000.00	1,829.78	170.22
Cleaning, Repair & Maintenance Services	11-000-262-420	7,500.00	(208.55)	7,291.45	7,291.45	-
Rental of Land & Buidling (other than lease)	11-000-262-441	2.00	-	2.00	-	2.00
Other Purchased Property Services	11-000-262-490	2,400.00	408.55	2,808.55	2,808.19	0.36
Insurance	11-000-262-520	4,000.00	-	4,000.00	4,000.00	-
Miscellaneous Purchased Services	11-000-262-590	200.00	(200.00)	-	-	-
General Supplies	11-000-262-610	7,500.00	-	7,500.00	7,334.69	165.31
Energy (Natural Gas)	11-000-262-621	31,500.00	-	31,500.00	16,251.70	15,248.30
Energy (Electricity)	11-000-262-622	33,500.00	3,554.62	37,054.62	37,047.55	7.07
<b>Total Operation &amp; Maintenance of Plant Services</b>		<b>162,304.00</b>	<b>3,554.62</b>	<b>165,858.62</b>	<b>144,146.52</b>	<b>21,712.10</b>
<b>Undistributed Expenditures - Care &amp; Upkeep of Grounds:</b>						
Salaries	11-000-263-100	4,000.00	(3,000.00)	1,000.00	-	1,000.00
Purchased Professional and Technical Services	11-000-263-300	5,000.00	3,000.00	8,000.00	7,441.75	558.25
Cleaning, Repair, and Maintenance Services	11-000-263-420	2,000.00	-	2,000.00	1,991.24	8.76
General Supplies	11-000-263-610	750.00	-	750.00	504.16	245.84
<b>Total Undistributed Expenditures - Care &amp; Upkeep of Grounds</b>		<b>11,750.00</b>	<b>-</b>	<b>11,750.00</b>	<b>9,937.15</b>	<b>1,812.85</b>

**OCEAN GATE SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Security:</b>						
Purchased Professional and technical Services	11-000-266-300	15,000.00	2,740.49	17,740.49	8,640.49	9,100.00
Cleaning, Repair, & Maintenance Services	11-000-266-420	4,000.00	(2,592.49)	1,407.51	1,407.51	-
General Supplies	11-000-266-610	12,500.00	(3,702.62)	8,797.38	1,889.60	6,907.78
Other Objects	11-000-266-800	3,000.00	-	3,000.00	1,704.50	1,295.50
<b>Total Security</b>		<b>34,500.00</b>	<b>(3,554.62)</b>	<b>30,945.38</b>	<b>13,642.10</b>	<b>17,303.28</b>
<b>Student Transportation Services:</b>						
Contracted Services - Jointure Agreements - (other btw home & sch.) - Vendors	11-000-270-512	6,000.00	(884.00)	5,116.00	3,265.70	1,850.30
Contracted Services - ESC's & CTSA's - (Special Education Students)	11-000-270-518	61,000.00	-	61,000.00	44,259.60	16,740.40
Contracted Services - Aid in Lieu	11-000-270-503	2,652.00	884.00	3,536.00	3,536.00	-
<b>Total Student Transportation Services</b>		<b>69,652.00</b>	<b>-</b>	<b>69,652.00</b>	<b>51,061.30</b>	<b>18,590.70</b>
<b>Unallocated Benefits Employee Benefits:</b>						
Social Security Contributions	11-000-291-220	38,000.00	-	38,000.00	30,640.90	7,359.10
Other Retirement Contributions - PERS	11-000-291-241	25,000.00	-	25,000.00	21,501.19	3,498.81
Other Retirement Contributions - Regular	11-000-291-249	1,500.00	-	1,500.00	-	1,500.00
Workman's Compensation	11-000-291-260	21,000.00	-	21,000.00	21,000.00	-
Health Benefits	11-000-291-270	476,560.00	-	476,560.00	434,035.27	42,524.73
Tuition Reimbursement	11-000-291-280	6,300.00	-	6,300.00	3,975.00	2,325.00
<b>Total Unallocated Benefits - Employee Benefits</b>		<b>568,360.00</b>	<b>-</b>	<b>568,360.00</b>	<b>511,152.36</b>	<b>57,207.64</b>
<b>Nonbudgeted:</b>						
On-Behalf TPAF Pension Contributions		-	-	-	94,838.00	(94,838.00)
On-Behalf TPAF Medical Contributions		-	-	-	112,926.00	(112,926.00)
Reimbursed TPAF Social Security		-	-	-	88,812.52	(88,812.52)
<b>Total On-Behalf Contributions</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>296,576.52</b>	<b>(296,576.52)</b>
<b>Total Personal Services - Employee Benefits</b>		<b>568,360.00</b>	<b>-</b>	<b>568,360.00</b>	<b>807,728.88</b>	<b>(239,368.88)</b>
<b>Total Undistributed Expenditures</b>		<b>1,528,124.00</b>	<b>0.00</b>	<b>1,528,124.00</b>	<b>1,525,483.00</b>	<b>2,641.00</b>
<b>Total Expenditures - Current Expense</b>		<b>2,692,755.00</b>	<b>0.00</b>	<b>2,692,755.00</b>	<b>2,638,717.85</b>	<b>54,037.15</b>
<b>SPECIAL SCHOOLS:</b>						
<b>Summer School - Instruction:</b>						
Salaries of Teachers	13-422-100-101	20,600.00	8,000.00	28,600.00	28,600.00	-
Other Salaries for Instruction	13-422-100-106	8,000.00	(8,000.00)	-	-	-
General Supplies	13-422-100-610	500.00	-	500.00	-	500.00
<b>Total Summer School - Instruction</b>		<b>29,100.00</b>	<b>-</b>	<b>29,100.00</b>	<b>28,600.00</b>	<b>500.00</b>
<b>Summer School - Support Services:</b>						
Salaries	13-422-200-100	3,000.00	-	3,000.00	-	3,000.00
Purchased Professional & Technical Services	13-422-200-300	16,500.00	-	16,500.00	2,940.00	13,560.00
<b>Total Summer School - Instruction</b>		<b>19,500.00</b>	<b>-</b>	<b>19,500.00</b>	<b>2,940.00</b>	<b>16,560.00</b>
<b>Total Summer School</b>		<b>48,600.00</b>	<b>-</b>	<b>48,600.00</b>	<b>31,540.00</b>	<b>17,060.00</b>

**OCEAN GATE SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Capital Outlay:						
Equipment:						
Undistributed Expenditures:						
Care & Upkeep of Grounds	12-000-263-730	5,000.00	-	5,000.00	4,417.96	582.04
Security	12-000-266-730	33,905.00	-	33,905.00	-	33,905.00
Total Equipment		38,905.00	-	38,905.00	4,417.96	34,487.04
Facilities Acquisition & Construction Services:						
Architectural/Engineering Services	12-000-400-334	-	-	-	27,600.00	(27,600.00)
Total Facilities Acquisition & Construction Services		-	-	-	27,600.00	(27,600.00)
Total Capital Outlay		38,905.00	-	38,905.00	32,017.96	6,887.04
Total Expenditures		2,780,260.00	-	2,780,260.00	2,702,275.81	77,984.19
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(286,358.00)	-	(286,358.00)	89,066.96	375,424.96
Other Financing Sources/(Uses):						
Transfer to cover deficit in Enterprise Fund		(20,000.00)	-	(20,000.00)	(20,000.00)	-
Transfer to Capital Projects		-	(15,080.30)	(15,080.30)	(15,080.30)	-
Total Other Financing Sources/(Uses)		(20,000.00)	(15,080.30)	(35,080.30)	(35,080.30)	-
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses		(306,358.00)	(15,080.30)	(321,438.30)	53,986.66	375,424.96
Fund Balances, July 1		1,148,681.89	-	1,148,681.89	1,148,681.89	-
Fund Balances, June 30		<u>\$ 842,323.89</u>	<u>\$ (15,080.30)</u>	<u>\$ 827,243.59</u>	<u>\$ 1,202,668.55</u>	<u>\$ 375,424.96</u>

**RECAPITULATION OF BUDGET TRANSFERS**

Withdrawal from Capital Reserve	\$ 15,080.30
Total Budget Transfers	<u>\$ 15,080.30</u>

**RECAPITULATION OF FUND BALANCE**

<b>Restricted Fund Balance:</b>	
Capital Reserve	\$ 56,000.00
Maintenance Reserve	190,356.00
Emergency Reserve	156,515.00
Excess Surplus	281,895.63
Excess Surplus Designated for Subsequent Year's Expenditures	214,399.37
<b>Committed Fund Balance:</b>	
Year-end Encumbrances	31,520.00
<b>Assigned Fund Balance:</b>	
Year-end Encumbrances	20,257.92
Designated for Subsequent Year's Expenditures	1,028.63
<b>Unassigned Fund Balance</b>	<u>250,696.00</u>
Subtotal	<u>1,202,668.55</u>
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payments Not Recognized on GAAP Basis	<u>(92,924.00)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 1,109,744.55</u>



**OCEAN GATE SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

REVENUES	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
State Sources	\$ 150,454.00	\$ -	\$ 150,454.00	\$ 146,726.57	\$ (3,727.43)
Federal Sources	190,535.00	-	190,535.00	90,202.97	(100,332.03)
<b>Total Revenues</b>	<b>340,989.00</b>	<b>-</b>	<b>340,989.00</b>	<b>236,929.54</b>	<b>(104,059.46)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	94,451.00	-	94,451.00	94,402.50	48.50
Salaries for Teachers Aides	45,000.00	-	45,000.00	30,546.75	14,453.25
Purchased Professional Services (300 Series)	41,000.00	-	41,000.00	-	41,000.00
Tuition	1,500.00	-	1,500.00	40,711.50	(39,211.50)
General Supplies	54,911.00	-	54,911.00	9,111.88	45,799.12
<b>Total Instruction</b>	<b>236,862.00</b>	<b>-</b>	<b>236,862.00</b>	<b>174,772.63</b>	<b>62,089.37</b>
Support Services:					
Salaries	25,000.00	-	25,000.00	25,000.00	-
Clerical Salaries	15,500.00	-	15,500.00	-	15,500.00
Personal Services - Employee Benefits	10,300.00	-	10,300.00	7,800.00	2,500.00
Purchased Professional - Educational Services	33,513.00	(2,500.00)	31,013.00	18,695.10	12,317.90
Other Purchased Professional Services	6,814.00	-	6,814.00	2,000.00	4,814.00
Travel	500.00	-	500.00	-	500.00
Miscellaneous Expenditures	5,500.00	500.00	6,000.00	5,374.25	625.75
Supplies & Materials, Equipment	7,000.00	2,000.00	9,000.00	3,287.56	5,712.44
<b>Total Support Services</b>	<b>104,127.00</b>	<b>-</b>	<b>104,127.00</b>	<b>62,156.91</b>	<b>41,970.09</b>
<b>Total Expenditures</b>	<b>340,989.00</b>	<b>-</b>	<b>340,989.00</b>	<b>236,929.54</b>	<b>104,059.46</b>
Excess/(Deficiency) of Revenues Over/(Under)					
Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

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**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**OCEAN GATE SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 NOTE TO RSI  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

	GENERAL FUND	SPECIAL REVENUE FUND
<b>Sources/Inflows of Resources:</b>		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 2,791,342.77	\$ 236,929.54
 <b>Difference - Budget to GAAP:</b>		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	92,921.00	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(92,924.00)	-
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year	-	-
Current Year	-	(1,795.51)
	-	(1,795.51)
<b>Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)</b>	<b>\$ 2,791,339.77</b>	<b>\$ 235,134.03</b>
 <b>Uses/outflows of resources:</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 2,702,275.81	\$ 236,929.54
<b>Differences - budget to GAAP</b>		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year	-	-
Current Year	-	(1,795.51)
	-	(1,795.51)
<b>Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)</b>	<b>\$ 2,702,275.81</b>	<b>\$ 235,134.03</b>

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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**OCEAN GATE SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset)	0.00211%	0.00233%	0.00260%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 472,808	\$ 435,918	\$ 497,407	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 149,813	\$ 144,323	\$ 151,376	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	315.60%	302.04%	328.59%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%	48.72%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

**OCEAN GATE SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 18,108	\$ 19,194	\$ 19,610	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contributions in relation to the contractually required contribution	18,108	19,194	19,610	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's covered-employee payroll	\$ 149,813	\$ 144,323	151,376	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contributions as a percentage of covered-employee payroll	12.09%	13.30%	12.95%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A

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

**OCEAN GATE SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS' PENSION AND ANNUITY FUND  
LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset)	0.0117%	0.0107%	0.0119%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ 7,364,798	\$ 5,705,416	\$ 6,017,671	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 1,217,991	\$ 1,191,756	\$ 1,202,489	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A

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

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**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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**OCEAN GATE BOARD OF EDUCATION  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2016**

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

**Basis of Presentation.** The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated July 28, 2016. The full report is available by the State of New Jersey, Division of Pension and Benefits. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Changes of benefit terms.** The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**Changes of assumptions.** Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

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

**Basis of Presentation.** The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated April 14, 2016. The full report is available by the State of New Jersey, Division of Pension and Benefits. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Changes of benefit terms.** The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

**Changes of assumptions.** Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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**OTHER SUPPLEMENTARY INFORMATION**

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**OCEAN GATE SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	NO CHILD LEFT BEHIND		IDEA-B		PRESCHOOL EDUCATION AID	TOTAL
	TITLE I	TITLE II-A	BASIC	PRESCHOOL		
<b>Revenues:</b>						
State Sources	\$ -	\$ -	\$ -	\$ -	\$ 146,726.57	\$ 146,726.57
Federal Sources	37,897.50	4,384.55	44,798.34	3,122.58	-	90,202.97
<b>Total Revenues</b>	<b>\$ 37,897.50</b>	<b>\$ 4,384.55</b>	<b>\$ 44,798.34</b>	<b>\$ 3,122.58</b>	<b>\$ 146,726.57</b>	<b>\$ 236,929.54</b>
<b>Expenditures:</b>						
<b>Instruction:</b>						
Salaries of Teachers	\$ 29,951.50	\$ -	\$ -	\$ -	\$ 64,451.00	\$ 94,402.50
Salaries of Teachers Aids	-	-	-	-	30,546.75	30,546.75
Purchased Professional Services (300 Series)	-	-	40,711.50	-	-	40,711.50
General Supplies	146.00	-	4,086.84	3,122.58	1,756.46	9,111.88
<b>Total Instruction</b>	<b>30,097.50</b>	<b>-</b>	<b>44,798.34</b>	<b>3,122.58</b>	<b>96,754.21</b>	<b>174,772.63</b>
<b>Support Services:</b>						
Other Professional Staff Salaries	-	-	-	-	25,000.00	25,000.00
Purchased Professional Services	-	3,195.18	-	-	15,499.92	18,695.10
Other Purchased Professional Services	-	-	-	-	2,000.00	2,000.00
Employee Benefits	7,800.00	-	-	-	-	7,800.00
Cleaning Repairs and Maintenance	-	-	-	-	5,000.00	5,000.00
Field Trips	-	-	-	-	374.25	374.25
General Supplies	-	1,189.37	-	-	2,098.19	3,287.56
<b>Total Support Services</b>	<b>7,800.00</b>	<b>4,384.55</b>	<b>-</b>	<b>-</b>	<b>49,972.36</b>	<b>62,156.91</b>
<b>Total Expenditures</b>	<b>\$ 37,897.50</b>	<b>\$ 4,384.55</b>	<b>\$ 44,798.34</b>	<b>\$ 3,122.58</b>	<b>\$ 146,726.57</b>	<b>\$ 236,929.54</b>

**OCEAN GATE SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

		<u>2016</u>	<u>2016</u>	<u>Variance</u>
		<u>Budgeted</u>	<u>Actual</u>	
<b>EXPENDITURES:</b>				
Instruction:				
Salaries of Teachers	100-101	\$ 64,451.00	\$ 64,451.00	\$ -
Other Salaries for Instruction	100-106	45,000.00	30,546.75	14,453.25
General Supplies	100-610	3,500.00	1,756.46	1,743.54
<b>Total Instruction</b>		<u>112,951.00</u>	<u>96,754.21</u>	<u>16,196.79</u>
Support Services:				
Salaries of Other Prof. Staff	200-104	25,000.00	25,000.00	-
Other Salaries	200-110	15,500.00	15,499.92	0.08
Personal Services - Employee Benefits	200-200	2,500.00	-	2,500.00
Other Purchased Services	200-400	25,084.00	2,000.00	23,084.00
Cleaning Repairs and Maintenance	200-420	5,000.00	5,000.00	-
Field Trips	200-516	500.00	374.25	125.75
Travel	200-580	500.00	-	500.00
General Supplies	200-600	3,500.00	2,098.19	1,401.81
<b>Total Support Services</b>		<u>77,584.00</u>	<u>49,972.36</u>	<u>27,611.64</u>
<b>Total Expenditures</b>		<u>\$ 190,535.00</u>	<u>\$ 146,726.57</u>	<u>\$ 43,808.43</u>

**Calculation of Budget and Carryover**

2015/16 Preschool Education Aid Allocation	\$ 136,736.00
Add: Actual ECPA/PEA Carryover (June 30, 2015)	<u>37,252.95</u>
<b>Total Preschool Education Aid Funds Available for 2015/16 Budget</b>	<b>173,988.95</b>
Less:	
2015/16 Budgeted Preschool Education Aid (Including prior-year budget carryover)	<u>(190,535.00)</u>
<b>Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2016</b>	<b>(16,546.05)</b>
Add:	
June 30, 2016 Unexpended Preschool Education Aid	<u>43,808.43</u>
<b>2015/16 Carryover - Preschool Education Aid/Preschool</b>	<b>\$ 27,262.38</b>
<b>2015/16 Preschool Education Aid Carryover Budgeted for Preschool Programs 2016-17</b>	<b>\$ 37,253.00</b>



F. Capital Projects Fund

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**OCEAN GATE SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY STATEMENT OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Project Title/Issue</u>	<u>Date</u>	<u>Original Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended/ (Over Expended) Balance</u>
			<u>Prior Years</u>	<u>Current Year</u>	
New Class Room AC	11/28/2014	\$ 528,305.30	\$36,000.00	\$ 492,305.30	\$ -
		<u>\$ 528,305.30</u>	<u>\$36,000.00</u>	<u>\$ 492,305.30</u>	<u>\$ -</u>

**OCEAN GATE SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Revenues and Other Financing Sources:	
Transfer from Capital Reserve	<u>15,080.30</u>
Total Revenues	<u>15,080.30</u>
Expenditures and Other Financing Sources:	
Purchased Professional and Technical Services	\$ 15,080.30
Construction Services	<u>477,225.00</u>
Total Expenditures	<u>492,305.30</u>
Excess/(Deficiency) of Revenues	
Over/(Under) Expenditures	(477,225.00)
Fund Balance - July 1	<u>477,225.00</u>
Fund Balance - June 30	<u><u>\$ -</u></u>

**OCEAN GATE SCHOOL DISTRICT**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**New Classroom Air Conditioning**  
**From Inception and for the Year Ended June 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State sources - SDA grant	\$ 160,753.00	\$ -	\$ 160,753.00	\$ 160,753.00
Transfer from capital reserve	352,472.00	15,080.30	367,552.30	367,552.30
		-		
Total Revenues	513,225.00	15,080.30	528,305.30	528,305.30
Expenditures and Other Financing Uses:				
Purchased professional and technical services	36,000.00	15,080.30	51,080.30	51,080.30
Construction services	-	477,225.00	477,225.00	477,225.00
Total Expenditures	36,000.00	492,305.30	528,305.30	528,305.30
Excess (Deficiency) of revenues over (under) expenses	\$ 477,225.00	\$ (477,225.00)	\$ -	\$ -

**Additional Project Information:**

Project Number	3800-050-14-1002
Grant Date/Letter of Notification	11/28/2014
Bond Authorization/Referendum Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Project Authorized Cost	\$382,200.00
Additional Authorized Cost	\$146,105.30
Revised Authorized Cost	\$528,305.30
Percentage Increase Over Original Authorized Cost	38%
Percentage Completion	100%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

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## G. Proprietary Funds

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## Enterprise Funds

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**OCEAN GATE SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING SCHEDULE OF NET POSITION  
AS OF JUNE 30, 2016**

ASSETS	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u> FOOD SERVICE
Current Assets:	
Cash & Cash Equivalents	\$ 8,941.07
Intergovernmental Accounts Receivable:	
State	231.80
Federal	15,008.34
Interfund Receivable	7,458.19
Inventories	<u>7,257.01</u>
Total Current Assets	<u>38,896.41</u>
Noncurrent Assets:	
Furniture, Machinery & Equipment	26,516.00
Less: Accumulated Depreciation	<u>(7,923.00)</u>
Total Noncurrent Assets	<u>18,593.00</u>
Total Assets	<u>57,489.41</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	41,671.16
Deferred Revenue	<u>2,011.31</u>
Total Current Liabilities	<u>43,682.47</u>
NET POSITION	
Net Investment in Capital Assets	18,593.00
Unrestricted	<u>(4,786.06)</u>
Total Net Position	<u><u>\$ 13,806.94</u></u>

**OCEAN GATE SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND FOOD SERVICE</u>
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 8,277.70
Daily Sales - Nonreimbursable Programs	4,107.34
	12,385.04
 Total Operating Revenues	 12,385.04
 Operating Expenses:	
Salaries	13,615.64
Support Services - Employee Benefits	2,250.20
Purchased Professional/Technical Services	28,416.56
Insurance	8,824.29
Management Fees	5,375.00
Supplies and Materials	7,801.20
Depreciation	1,767.00
Miscellaneous Expenditures	2,071.42
Cost of Sales	11,803.02
	81,924.33
 Total Operating Expenses	 81,924.33
 Operating Income/(Loss)	 (69,539.29)
 Nonoperating Revenues/(Expenses):	
State Sources:	
State School Lunch Program	774.55
Federal Sources:	
NSLP Equipment Assistance Grant	9,550.00
National School Lunch Program	37,400.63
National School Breakfast Program	10,471.19
National School Performance Based Program	853.36
	59,049.73
 Total Nonoperating Revenues/(Expenses)	 59,049.73
 Other Financing Sources (Uses):	
Board Contribution	20,000.00
	20,000.00
 Total Other Financing Sources	 20,000.00
 Change in Net Position	 9,510.44
Total Net Position - Beginning	4,296.50
 Total Net Position - Ending	 \$ 13,806.94

**OCEAN GATE SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING SCHEDULE OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND FOOD SERVICE</u>
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 14,396.35
Payments to Employees & Benefits	(14,098.84)
Payments to Suppliers	<u>(52,232.61)</u>
Net Cash Flows from Operating Activities	<u>(51,935.10)</u>
Cash Flows From Noncapital Financing Activities:	
Transfer from General Fund	20,000.00
State Sources	600.08
Federal Sources	<u>37,118.14</u>
Net Cash Flows from Noncapital Financing Activities	<u>57,718.22</u>
Cash Flows From Capital & Related Financing Activities:	
Purchases of Fixed Assets	<u>(1,185.00)</u>
Net Cash Flows from Capital & Related Financing Activities	<u>(1,185.00)</u>
Change in Cash & Cash Equivalents	4,598.12
Balances - Beginning of Year	<u>4,342.95</u>
Balances - End of Year	<u><u>\$ 8,941.07</u></u>

**Reconciliation of Operating Loss to Net Cash Flows from Operating Activities:**

Operating Loss	\$ (69,539.29)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:	
Depreciation Expense	1,767.00
(Increase)/Decrease in Inventories	(6,946.45)
Increase/(Decrease) in Accounts Payable	20,772.33
Increase/(Decrease) in Deferred Revenue	<u>2,011.31</u>
Total Adjustments	<u>17,604.19</u>
Net Cash Flows from Operating Activities	<u><u>\$ (51,935.10)</u></u>

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Internal Service Fund

Not Applicable

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## H. Fiduciary Fund

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**OCEAN GATE SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2016**

ASSETS	PRIVATE PURPOSE		AGENCY		TOTAL
	UNEMPLOYMENT COMPENSATION TRUST	PAYROLL FUND	STUDENT ACTIVITY FUND		
Cash & Cash Equivalents	\$ 9,736.76	\$ 38,369.91	\$ 8,975.26	\$ 57,081.93	
Total Assets	9,736.76	38,369.91	8,975.26	57,081.93	
<b>LIABILITIES</b>					
Unemployment Payable	81.00	-	-	81.00	
Interfund Due to General Fund	-	38,369.91	2,336.39	40,706.30	
Due to Student Groups	-	-	6,638.87	6,638.87	
Total Liabilities	81.00	38,369.91	8,975.26	47,426.17	
<b>NET POSITION</b>					
Held in Trust for Unemployment Claims & Other Purposes	9,655.76	-	-	9,655.76	
Total Net Position	\$ 9,655.76	\$ -	\$ -	\$ 9,655.76	

**OCEAN GATE SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016**

ADDITIONS	PRIVATE PURPOSE <u>UNEMPLOYMENT COMPENSATION TRUST</u>
Contributions:	
Employees	<u>\$ 3,946.72</u>
Total Contributions	<u>3,946.72</u>
Total Additions	<u>3,946.72</u>
DEDUCTIONS	
Unemployment Claims	<u>183.70</u>
Total Deductions	<u>183.70</u>
Change in Net Position	3,763.02
Net Position - Beginning of the Year	<u>5,892.74</u>
Net Position - End of the Year	<u><u>\$ 9,655.76</u></u>

**OCEAN GATE SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ASSETS	BALANCE JULY 1, 2015	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2016
Cash & Cash Equivalents	\$ 9,337.08	\$ 1,479.03	\$ 1,840.85	\$ 8,975.26
Total Assets	<u>\$ 9,337.08</u>	<u>\$ 1,479.03</u>	<u>\$ 1,840.85</u>	<u>\$ 8,975.26</u>
<b>LIABILITIES</b>				
Due to Student Groups	\$ 6,953.19	\$ 1,479.03	\$ 1,793.35	\$ 6,638.87
Due to General Fund	2,383.89	-	47.50	2,336.39
Total Liabilities	<u>\$ 9,337.08</u>	<u>\$ 1,479.03</u>	<u>\$ 1,840.85</u>	<u>\$ 8,975.26</u>

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ASSETS	BALANCE JULY 1, 2015	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2016
Cash & Cash Equivalents	\$ 8,288.07	\$ 1,767,473.49	\$ 1,737,391.65	\$ 38,369.91
Total Assets	<u>\$ 11,458.75</u>	<u>\$ 1,767,473.49</u>	<u>\$ 1,737,391.65</u>	<u>\$ 38,369.91</u>
<b>LIABILITIES</b>				
Payroll Deductions & Withholdings	\$ 8,288.07	\$ 804,309.04	\$ 812,597.11	\$ -
Net Payroll	-	924,794.54	924,794.54	-
Interfund Payable	-	38,369.91	-	38,369.91
Total Liabilities	<u>\$ 8,288.07</u>	<u>\$ 1,767,473.49</u>	<u>\$ 1,737,391.65</u>	<u>\$ 38,369.91</u>

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## I. Long-Term Debt

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**OCEAN GATE SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS PAYABLE  
JUNE 30, 2016**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL PAYMENTS		INTEREST RATE	AMOUNT OUTSTANDING JUNE 30, 2015	AMOUNT RETIRED	AMOUNT OUTSTANDING JUNE 30, 2016
			DATE	AMOUNT				
Renovations to Ocean Gate Elementary School	3/29/2007	\$ 1,186,000	1/15/2017	130,000.00	4.125%	\$ 866,000.00	\$ 130,000.00	\$ 736,000.00
			1/15/2018	125,000.00	4.125%			
			1/15/2019	120,000.00	4.125%			
			1/15/2020	120,000.00	4.125%			
			1/15/2021	120,000.00	4.125%			
			1/15/2022	121,000.00	4.125%			
Total						\$ 866,000.00	\$ 130,000.00	\$ 736,000.00

**OCEAN GATE SCHOOL DISTRICT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:					
Local Sources:					
Local Tax Levy	\$ 86,411.00	\$ -	\$ 86,411.00	\$ 86,411.00	\$ -
State Sources:					
Debt Service Aid	79,312.00	-	79,312.00	79,312.00	-
<b>Total Revenues</b>	<b>165,723.00</b>	<b>-</b>	<b>165,723.00</b>	<b>165,723.00</b>	<b>-</b>
Expenditures:					
Regular Debt Service:					
Interest	35,723.00	-	35,723.00	35,722.52	0.48
Redemption of Principal	130,000.00	-	130,000.00	130,000.00	-
<b>Total Regular Debt Service</b>	<b>165,723.00</b>	<b>-</b>	<b>165,723.00</b>	<b>165,722.52</b>	<b>0.48</b>
<b>Total Expenditures</b>	<b>165,723.00</b>	<b>-</b>	<b>165,723.00</b>	<b>165,722.52</b>	<b>0.48</b>
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	-	-	-	0.48	0.48
Fund Balance, July 1	0.34	-	0.34	0.34	-
<b>Fund Balance, June 30</b>	<b>\$ 0.34</b>	<b>\$ -</b>	<b>\$ 0.34</b>	<b>\$ 0.82</b>	<b>\$ 0.48</b>



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**STATISTICAL SECTION (Unaudited)**

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Financial Trends Information

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

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**OCEAN GATE SCHOOL DISTRICT  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 1,786,969.30	\$ 724,122.00	\$ 1,758,330.00	\$ 1,762,356.00	\$ 1,289,352.00	\$ 1,197,841.00	\$ 1,110,815.00	\$ 953,824.00	\$ 867,289.00	\$ (16,957.00)
Restricted	885,377.67	171,652.07	1,168,711.89	1,111,496.00	1,200,083.00	1,121,730.00	1,056,981.00	1,302,567.00	962,710.00	1,402,448.00
Unrestricted	(412,140.67)	1,101,407.76	64,792.55	(91,960.00)	73,311.00	93,299.00	107,229.00	56,646.00	122,832.00	133,153.00
<b>Total Governmental Activities</b>	<b>\$ 2,260,206.30</b>	<b>\$ 1,997,181.83</b>	<b>\$ 2,991,834.44</b>	<b>\$ 2,781,892.00</b>	<b>\$ 2,562,746.00</b>	<b>\$ 2,412,870.00</b>	<b>\$ 2,275,025.00</b>	<b>\$ 2,313,037.00</b>	<b>\$ 1,952,831.00</b>	<b>\$ 1,518,644.00</b>
<b>Business-Type Activities:</b>										
Net Investment in Capital Assets	\$ 18,593.00	\$ 9,625.00	\$ 18,102.00	\$ 18,102.00	\$ 18,337.00	\$ 20,375.00	\$ 22,605.00	\$ 194.00	\$ 6,885.00	\$ 962.00
Unrestricted	(4,786.06)	3,148.50	(2,408.44)	(8,130.00)	730.00	4,184.00	6,522.00	34,630.00	6,368.00	5,923.00
<b>Total Business-Type Activities</b>	<b>\$ 13,806.94</b>	<b>\$ 12,773.50</b>	<b>\$ 15,693.56</b>	<b>\$ 9,972.00</b>	<b>\$ 19,067.00</b>	<b>\$ 24,559.00</b>	<b>\$ 29,127.00</b>	<b>\$ 34,824.00</b>	<b>\$ 13,253.00</b>	<b>\$ 6,885.00</b>
<b>District-Wide:</b>										
Net Investment in Capital Assets	\$ 1,805,562.30	\$ 733,747.00	\$ 1,776,432.00	\$ 1,780,458.00	\$ 1,780,458.00	\$ 1,307,689.00	\$ 1,218,216.00	\$ 1,133,420.00	\$ 954,018.00	\$ 874,174.00
Restricted	885,377.67	171,652.07	1,168,711.89	1,111,496.00	1,111,496.00	1,200,083.00	1,121,730.00	1,056,981.00	1,302,567.00	962,710.00
Unrestricted	(416,926.73)	1,104,556.26	62,384.11	(100,090.00)	(100,090.00)	74,041.00	97,483.00	113,751.00	91,276.00	129,200.00
<b>Total District Net Position</b>	<b>\$ 2,274,013.24</b>	<b>\$ 2,009,955.33</b>	<b>\$ 3,007,528.00</b>	<b>\$ 2,791,864.00</b>	<b>\$ 2,791,864.00</b>	<b>\$ 2,581,813.00</b>	<b>\$ 2,437,429.00</b>	<b>\$ 2,304,152.00</b>	<b>\$ 2,347,861.00</b>	<b>\$ 1,966,084.00</b>

Source: District CAFR, Schedule A-1

**OCEAN GATE SCHOOL DISTRICT  
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 828,767.22	\$ 753,885.35	\$ 694,053.44	\$ 650,757.00	\$ 1,162,974.00	\$ 1,137,014.00	\$ 1,172,770.00	\$ 1,218,460.00	\$ 937,744.00	\$ 804,320.00
Special Education	354,807.41	391,201.72	468,335.32	356,942.00	292,490.00	249,153.00	292,250.00	123,324.00	426,071.00	410,586.00
Other Special Education	102,321.34	102,644.45	92,814.25	78,577.00	-	-	-	-	-	460.00
Other Instruction	316.00	227.00	422.50	-	84,356.00	99,791.00	77,393.00	29,041.00	28,276.00	48,531.00
Support Services:										
Tuition	8,948.25	38,571.00	2,609.60	-	52,450.00	40,078.00	71,704.00	62,412.00	72,125.00	143,762.00
Student & Instruction Related Services	326,079.69	359,964.74	350,669.48	445,433.00	517,790.00	504,689.00	414,535.00	426,567.00	349,443.00	332,407.00
General Administrative Services	63,876.36	64,595.37	87,003.44	-	-	-	-	-	-	-
School Administrative Services	54,230.64	53,353.35	53,639.38	53,750.00	102,815.00	98,075.00	87,909.00	113,697.00	132,317.00	127,267.00
Central Services	75,846.07	74,528.73	72,236.77	100,848.00	112,692.00	102,685.00	85,666.00	88,108.00	94,892.00	100,939.00
Admin Info Tech	6,479.22	8,377.40	5,396.35	12,322.00	12,328.00	9,471.00	9,219.00	5,302.00	5,030.00	4,557.00
General & Business Administrative Services	-	-	-	121,966.00	93,698.00	111,928.00	105,912.00	104,595.00	101,603.00	106,381.00
Plant Operations & Maintenance	193,389.46	209,533.29	202,669.50	234,818.00	307,145.00	341,030.00	328,390.00	358,187.00	342,780.00	227,568.00
Pupil Transportation	51,061.30	34,684.46	8,375.27	2,977.00	10,573.00	26,430.00	57,111.00	47,884.00	58,968.00	89,519.00
Unallocated Benefits	1,159,873.88	1,004,881.89	715,213.32	733,929.00	-	-	-	-	-	-
Special Schools	31,540.00	30,397.08	32,535.02	2,977.00	25,143.00	26,225.00	26,273.00	31,259.00	23,338.00	16,595.00
Interest on Long-Term Debt	33,694.01	23,802.00	42,846.63	49,039.00	53,955.00	62,391.00	66,959.00	73,059.00	76,490.00	44,886.00
Unallocated Increase/(Decrease) in Compensated Absences	(813.81)	6,482.70	5,186.70	1,545.00	-	-	-	-	-	-
Unallocated Depreciation	108,580.00	715,272.66	100,000.00	108,593.00	-	-	87,866.00	-	11,900.00	11,622.00
Total Governmental Activities Expenses	3,398,997.04	3,872,403.19	2,934,006.97	2,954,473.00	2,828,409.00	2,808,960.00	2,883,957.00	2,681,895.00	2,660,977.00	2,469,400.00
Business-Type Activities:										
Food Service	81,924.33	80,310.48	67,401.22	74,736.00	69,357.00	61,853.00	66,447.00	52,251.00	60,378.00	52,777.00
Total Business-Type Activities Expense	81,924.33	80,310.48	67,401.22	74,736.00	69,357.00	61,853.00	66,447.00	52,251.00	60,378.00	52,777.00
Total District Expenses	\$ 3,480,921.37	\$ 3,952,713.67	\$ 3,001,408.19	\$ 3,021,874.22	\$ 2,903,145.00	\$ 2,878,317.00	\$ 2,945,810.00	\$ 2,748,342.00	\$ 2,713,228.00	\$ 2,529,778.00
Program Revenues:										
Governmental Activities:										
Charges for Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,716.00	\$ 2,650.00	\$ -	\$ -
Grants & Contributions	886,559.55	716,525.86	225,159.66	227,299.00	95,863.00	98,287.00	123,916.00	156,134.00	98,462.00	99,282.00
Total Governmental Activities Program Revenues	886,559.55	716,525.86	225,159.66	227,299.00	95,863.00	98,287.00	126,632.00	158,784.00	98,462.00	99,282.00

**OCEAN GATE SCHOOL DISTRICT  
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Business-Type Activities:</b>										
Charges for Services:										
Grants & Contributions	59,049.73	46,612.82	42,455.64	54,050.00	13,212.00	16,593.00	18,288.00	17,688.00	20,169.00	19,325.00
Food Service	12,385.04	12,777.60	10,816.51	11,591.00	44,230.00	38,301.00	42,732.00	45,134.00	31,760.00	21,522.00
<b>Total Business Type Activities</b>	<b>71,434.77</b>	<b>59,390.42</b>	<b>53,272.15</b>	<b>65,641.00</b>	<b>57,442.00</b>	<b>54,894.00</b>	<b>61,020.00</b>	<b>62,822.00</b>	<b>51,929.00</b>	<b>40,847.00</b>
<b>Program Revenues</b>	<b>\$ 957,994.32</b>	<b>\$ 278,431.81</b>	<b>\$ 278,431.81</b>	<b>\$ 292,940.00</b>	<b>\$ 153,305.00</b>	<b>\$ 153,181.00</b>	<b>\$ 187,652.00</b>	<b>\$ 221,606.00</b>	<b>\$ 150,391.00</b>	<b>\$ 140,129.00</b>
<b>Net (Expense)/Revenue:</b>	<b>\$ (2,512,437.49)</b>	<b>\$ (3,155,877.33)</b>	<b>\$ (2,708,847.31)</b>	<b>\$ (2,727,174.00)</b>	<b>\$ (2,732,546.00)</b>	<b>\$ (2,710,673.00)</b>	<b>\$ (2,757,325.00)</b>	<b>\$ (2,523,111.00)</b>	<b>\$ (2,562,515.00)</b>	<b>\$ (2,370,118.00)</b>
Governmental Activities	(10,489.56)	(20,920.06)	(14,129.07)	(1,760.22)	(17,290.00)	(14,463.00)	(833.00)	(3,625.00)	(322.00)	(19,531.00)
<b>Total District-Wide Net Expense</b>	<b>\$ (2,522,927.05)</b>	<b>\$ (3,176,797.39)</b>	<b>\$ (2,722,976.38)</b>	<b>\$ (2,728,934.22)</b>	<b>\$ (2,749,840.00)</b>	<b>\$ (2,725,136.00)</b>	<b>\$ (2,758,158.00)</b>	<b>\$ (2,526,736.00)</b>	<b>\$ (2,562,837.00)</b>	<b>\$ (2,389,649.00)</b>
<b>General Revenues &amp; Other Changes in Net Position:</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 1,564,651.00	\$ 1,537,651.00	\$ 1,486,957.00	\$ 1,486,957.00	\$ 1,464,271.00	\$ 1,466,894.00	\$ 1,498,990.00	\$ 1,530,292.00	\$ 1,471,435.00	\$ 1,387,828.00
Taxes Levied for Debt Service	86,411.00	100,064.00	121,027.00	120,381.00	121,290.00	121,695.00	89,689.00	68,412.00	135,991.00	80,869.00
Unrestricted Grants & Contributions	1,158,708.03	1,033,138.97	1,229,283.81	1,274,227.00	1,293,064.00	1,249,459.00	1,115,755.00	1,274,090.00	1,366,931.00	1,296,615.00
Investment Earning	-	-	-	-	-	8,682.00	10,198.00	6,390.00	36,475.00	26,066.00
Loss on Disposal of Assets	193.25	5,777.75	101,927.57	64,754.00	10,271.00	4,013.00	4,681.00	14,693.00	7,177.00	4,351.00
Miscellaneous Income	(20,000.00)	(18,000.00)	(19,850.63)	-	(6,474.00)	(2,316.00)	-	(10,559.00)	(14,626.00)	(14,000.00)
<b>Total Governmental Activities</b>	<b>2,789,963.28</b>	<b>2,658,631.72</b>	<b>2,919,344.75</b>	<b>2,946,319.00</b>	<b>2,882,422.00</b>	<b>2,848,427.00</b>	<b>2,719,313.00</b>	<b>2,883,318.00</b>	<b>2,996,701.00</b>	<b>2,781,729.00</b>
<b>Business-Type Activities:</b>										
Investment Earnings	-	-	-	-	-	75.00	-	171.00	191.00	185.00
Transfer	20,000.00	18,000.00	19,850.63	-	6,424.00	2,316.00	-	10,559.00	14,626.00	14,000.00
<b>Total Business-Type Activities</b>	<b>20,000.00</b>	<b>18,000.00</b>	<b>19,850.63</b>	<b>-</b>	<b>6,424.00</b>	<b>2,391.00</b>	<b>-</b>	<b>10,730.00</b>	<b>14,817.00</b>	<b>14,185.00</b>
<b>Total District-Wide</b>	<b>\$ 2,809,963.28</b>	<b>\$ 2,676,631.72</b>	<b>\$ 2,939,195.38</b>	<b>\$ 2,946,319.00</b>	<b>\$ 2,888,846.00</b>	<b>\$ 2,850,818.00</b>	<b>\$ 2,719,313.00</b>	<b>\$ 2,894,048.00</b>	<b>\$ 3,011,518.00</b>	<b>\$ 2,795,914.00</b>
<b>Change in Net Position:</b>										
Governmental Activities	\$ 277,525.79	\$ (497,245.61)	\$ 210,497.44	\$ 209,942.44	\$ 219,145.00	\$ 149,876.00	\$ 137,754.00	\$ (38,012.00)	\$ 360,207.00	\$ 434,186.00
Business-Type Activities	9,510.44	(2,920.06)	5,721.56	5,721.56	(1,760.22)	(10,870.00)	(12,072.00)	(833.00)	7,105.00	14,495.00
<b>Total District</b>	<b>\$ 287,036.23</b>	<b>\$ (500,165.67)</b>	<b>\$ 216,219.00</b>	<b>\$ 215,664.00</b>	<b>\$ 217,384.78</b>	<b>\$ 139,006.00</b>	<b>\$ 125,682.00</b>	<b>\$ (38,845.00)</b>	<b>\$ 367,312.00</b>	<b>\$ 448,681.00</b>

Source: District CAFR, Schedule A-2

**OCEAN GATE SCHOOL DISTRICT  
FUND BALANCES AND GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>General Fund:</b>										
Reserved	\$ -	\$ -	\$ -	\$ 1,111,496.00	\$ -	\$ -	\$ 796,675.00	\$ 911,487.00	\$ 579,807.00	\$ 303,655.00
Unreserved	900,194.63	188,499.36	1,188,077.52	-	970,558.00	733,906.00	207,080.00	160,169.00	215,172.00	212,070.00
Restricted	31,520.00	-	-	-	-	-	-	-	-	-
Committed	20,257.92	-	23,528.25	16,804.00	46,717.00	165,312.00	-	-	-	-
Assigned	157,772.00	867,261.53	157,316.00	157,878.00	161,631.00	171,507.00	-	-	-	-
Unassigned										
<b>Total General Fund</b>	<b>\$ 1,109,744.55</b>	<b>\$ 1,055,760.89</b>	<b>\$ 1,368,921.77</b>	<b>\$ 1,286,178.00</b>	<b>\$ 1,178,906.00</b>	<b>\$ 1,070,725.00</b>	<b>\$ 1,003,755.00</b>	<b>\$ 1,071,656.00</b>	<b>\$ 794,979.00</b>	<b>\$ 515,725.00</b>
<b>All Other Governmental Funds:</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,340.00
Unreserved, Reported in:										
Special Revenue Fund	-	-	-	(10,699.00)	-	-	(12,425.00)	(10,934.00)	(9,645.00)	(8,482.00)
Capital Projects Fund	-	-	-	-	-	-	266,201.00	361,603.00	361,603.00	1,059,113.00
Debt Service Fund	-	-	-	1.00	-	-	6,531.00	23,833.00	30,945.00	11,241.00
Restricted for:										
Capital Projects Fund	-	327,747.97	-	-	219,471.00	257,145.00	-	-	-	-
Debt Service Fund	0.82	(1.00)	1.34	-	1.00	2,136.00	-	-	-	-
Assigned to:										
Debt Service Fund	-	-	-	-	2,136.00	2,708.00	-	-	-	-
Unassigned to:										
Special Revenue Fund	-	-	-	-	(13,848.00)	(10,553.00)	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ 0.82</b>	<b>\$ 327,746.97</b>	<b>\$ 1.34</b>	<b>\$ (10,698.00)</b>	<b>\$ 207,760.00</b>	<b>\$ 251,436.00</b>	<b>\$ 260,307.00</b>	<b>\$ 374,502.00</b>	<b>\$ 382,903.00</b>	<b>\$ 1,090,212.00</b>

Source: District CAFR, Schedule B-1

**OCEAN GATE SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,**  
**LAST TEN FISCAL YEARS**  
*(Modified Accrual Basis of Accounting)*

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Revenues:</b>										
Tax Levy	\$ 1,651,062.00	\$ 1,637,715.00	\$ 1,607,984.00	\$ 1,607,338.00	\$ 1,585,561.00	\$ 1,588,679.00	\$ 1,588,679.00	\$ 1,598,704.00	\$ 1,607,426.00	\$ 1,468,697.00
Tuition Charges	-	-	-	-	-	-	-	2,650.00	-	-
Interest	-	-	-	-	-	10,818.00	7,490.00	2,568.00	-	-
Miscellaneous	193.25	5,777.75	101,927.57	64,078.00	10,271.00	1,877.00	10,105.00	18,516.00	43,648.00	19,177.00
State Sources	1,602,011.12	1,409,428.54	1,370,832.74	1,374,197.00	1,299,979.00	1,233,308.00	906,972.00	1,321,967.00	1,375,975.00	1,287,453.00
Federal Sources	88,407.46	96,228.29	83,610.73	127,329.00	88,948.00	114,438.00	332,699.00	108,256.00	89,419.00	108,444.00
<b>Total Revenue</b>	<b>3,341,673.83</b>	<b>3,149,149.58</b>	<b>3,164,355.04</b>	<b>3,172,942.00</b>	<b>2,984,759.00</b>	<b>2,949,120.00</b>	<b>2,845,945.00</b>	<b>3,052,661.00</b>	<b>3,116,468.00</b>	<b>2,883,771.00</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction										
Special Education										
Instruction	828,767.22	753,885.35	694,053.44	650,757.00	811,250.00	805,548.00	828,164.00	880,033.00	574,602.00	493,162.00
Other Special Instruction	354,807.41	391,201.72	468,335.32	356,942.00	186,973.00	158,753.00	229,810.00	113,512.00	359,401.00	343,801.00
Other Instruction	102,637.34	102,871.45	93,236.75	78,577.00	84,356.00	99,791.00	54,728.00	765.00		460.00
<b>Support Services:</b>										
Tuition	8,948.25	38,571.00	2,609.60	-	52,451.00	40,078.00	71,704.00	62,412.00	72,125.00	143,762.00
Student & Instruction										
Related Services	326,079.69	359,964.74	350,669.48	445,433.00	416,592.00	433,711.00	379,908.00	417,975.00	309,281.00	323,094.00
General & Business										
Services	63,876.40	64,595.37	87,003.44	102,081.00	93,698.00	87,175.00	88,962.00	74,156.00	64,154.00	59,988.00
School Administrative										
Administration Services	54,230.64	53,353.35	53,639.38	53,750.00	49,664.00	48,569.00	49,692.00	64,427.00	72,431.00	64,156.00
Central Services	75,846.07	74,528.73	72,236.77	100,848.00	86,117.00	77,932.00	85,666.00	88,108.00	94,893.00	100,939.00
Admin Info Tech	6,479.22	8,377.40	5,396.35	12,322.00	12,328.00	9,471.00	9,219.00	5,302.00	5,030.00	4,557.00
Plant Operations &										
Maintenance	193,389.46	209,533.29	202,669.50	234,818.00	193,947.00	230,596.00	288,184.00	300,478.00	301,908.00	199,532.00
Pupil Transportation	51,061.30	34,684.46	8,375.27	2,977.00	10,573.00	26,429.00	57,111.00	47,884.00	58,968.00	89,519.00
Unallocated Benefits	807,728.88	764,720.89	715,213.32	733,929.00	633,156.00	586,427.00	527,941.00	459,472.00	567,385.00	521,526.00
Special Schools	31,540.00	30,397.08	32,535.02	22,862.00	25,142.00	26,225.00	26,273.00	31,259.00	23,338.00	16,595.00
Capital Outlay	524,323.26	48,168.66	70,974.00	272,291.00	37,673.00	35,425.00	105,402.00		813,330.00	-
Special Revenues										

**OCEAN GATE SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,**  
**LAST TEN FISCAL YEARS**  
*(Modified Accrual Basis of Accounting)*

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Debt Service:</b>										
Principal	130,000.00	150,000.00	168,950.00	165,355.00	161,933.00	158,753.00	155,729.00	152,922.00	145,157.00	122,547.00
Interest & Other Charges	35,722.52	41,910.00	45,608.66	51,861.00	57,928.00	63,820.00	69,548.00	75,122.00	67,894.00	35,898.00
<b>Total Expenditures</b>	<b>3,595,437.66</b>	<b>3,126,763.49</b>	<b>3,071,506.30</b>	<b>3,284,803.00</b>	<b>2,913,781.00</b>	<b>2,888,703.00</b>	<b>3,028,041.00</b>	<b>2,773,827.00</b>	<b>3,529,897.00</b>	<b>2,519,536.00</b>
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>(253,763.83)</b>	<b>22,386.09</b>	<b>92,848.74</b>	<b>(111,861.00)</b>	<b>70,978.00</b>	<b>60,417.00</b>	<b>(182,096.00)</b>	<b>278,834.00</b>	<b>(413,429.00)</b>	<b>364,235.00</b>
<b>Other Financing Sources/(Uses):</b>										
Proceeds from Borrowing	-	10,200.00	21,000.00	-	-	-	-	-	-	11,240.00
Transfers in	-	-	-	2,587.00	-	-	-	-	-	-
Transfers Out	(20,000.00)	(18,000.00)	(19,850.63)	(2,466.00)	(6,474.00)	(2,316.00)	-	(10,559.00)	(14,626.00)	(14,000.00)
<b>Total Other Financing Sources/(Uses)</b>	<b>(20,000.00)</b>	<b>1,149.37</b>	<b>1,149.37</b>	<b>121.00</b>	<b>(6,474.00)</b>	<b>(2,316.00)</b>	<b>-</b>	<b>(10,559.00)</b>	<b>(14,626.00)</b>	<b>(2,760.00)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (273,763.83)</b>	<b>\$ 23,535.46</b>	<b>\$ 93,998.11</b>	<b>\$ (111,740.00)</b>	<b>\$ 64,504.00</b>	<b>\$ 58,101.00</b>	<b>\$ (182,096.00)</b>	<b>\$ 268,275.00</b>	<b>\$ (428,055.00)</b>	<b>\$ 361,475.00</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>5.4%</b>	<b>6.2%</b>	<b>7.2%</b>	<b>7.2%</b>	<b>7.6%</b>	<b>7.8%</b>	<b>7.7%</b>	<b>8.2%</b>	<b>7.8%</b>	<b>6.3%</b>

Source: District CAFR, Schedule B-2

**OCEAN GATE SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	MISCELLANEOUS	UNIVERSAL SERVICE FUND (E-RATE)	TUITION AND TUITION REFUNDS		PRIOR YEAR REFUNDS	TOTAL
				\$	\$		
2016	\$ 193.25	\$ -	\$ -	-	\$ -	-	\$ 193.25
2015	-	5,777.75	-	-	-	-	5,777.75
2014	-	99,108.35	2,819.22	-	-	-	101,927.57
2013	-	64,633.00	-	-	-	-	64,633.00
2012	-	8,871.00	-	900.00	-	-	9,771.00
2011	8,682.00	1,877.00	-	-	-	-	10,559.00
2010	7,490.00	2,827.00	750.00	2,716.00	-	-	13,783.00
2009	2,568.00	4,656.00	-	2,650.00	607.00	-	10,481.00
2008	16,466.00	3,064.00	-	4,109.00	-	-	23,639.00
2007	14,826.00	4,351.00	-	-	-	-	19,177.00

Source: District records

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Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibit for a historical view of these factors and how they relate to the School District's ability to generate revenues.

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**OCEAN GATE SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

YEAR ENDED DEC 31,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	NET VALUATION TAXABLE	LESS: TAX EXEMPT PROPERTY	LESS: PUBLIC UTILITY	TOTAL ASSESSED VALUE	TOTAL DIRECT SCHOOL TAX RATE
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015	2,933,500.00	246,659,800.00	-	-	4,527,500.00	-	1,242,100.00	267,548,700.00	12,185,800.00	-	255,362,900.00	0.646
2014	4,510,200.00	246,659,800.00	-	-	4,277,600.00	-	1,160,200.00	265,436,200.00	12,360,700.00	-	253,075,500.00	0.647
2013	4,510,200.00	243,127,500.00	-	-	4,277,600.00	-	1,160,200.00	265,436,200.00	12,360,700.00	-	253,075,500.00	0.613
2012	3,804,100.00	253,620,900.00	-	-	4,683,100.00	-	1,299,000.00	275,489,600.00	12,082,500.00	159,480.00	263,247,620.00	0.609
2011	3,488,300.00	252,790,400.00	-	-	4,683,100.00	-	1,299,000.00	274,293,300.00	12,032,500.00	153,416.00	262,107,384.00	0.604
2010	3,326,200.00	253,446,800.00	-	-	4,683,100.00	-	1,299,000.00	274,361,400.00	11,606,300.00	-	262,755,100.00	0.604
2009	3,541,200.00	252,215,100.00	-	-	4,683,100.00	-	1,299,000.00	273,344,700.00	11,606,300.00	-	261,738,400.00	0.607
2008	3,351,000.00	251,009,000.00	-	-	4,683,100.00	-	1,299,000.00	272,534,100.00	12,192,000.00	180,432.00	260,161,668.00	0.613
2007	3,455,300.00	248,615,500.00	-	-	4,683,100.00	-	1,299,000.00	270,244,900.00	12,192,000.00	163,580.00	257,889,320.00	0.620

Source: Local Tax Assessor and County Board of Taxation

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 (R) occurs when the County Board of Taxation requests Treasury to order a reassessment.

- a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
- b Tax rates are per \$100
- N/A At the time of CAFR Completion, this data was not available

**OCEAN GATE SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE		TOTAL DIRECT	OVERLAPPING RATES BOROUGH OF		TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL	REGIONAL SCHOOL		OCEAN GATE	OCEAN COUNTY	
	2016	N/A		N/A	N/A	
2015	0.645	0.361	1.006	0.693	0.320	2.019
2014	0.647	0.361	1.008	0.653	0.320	1.981
2013	0.631	0.362	0.993	0.654	0.373	2.020
2012	0.609	0.360	0.969	0.634	0.362	1.965
2011	0.604	0.364	0.968	0.635	0.366	1.969
2010	N/A	N/A	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A	N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A	N/A
2007	N/A	N/A	N/A	N/A	N/A	N/A

Source: Municipal Tax Assessor

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

- a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation taxable.
- b Rates for debt service are based on each year's requirements.

**OCEAN GATE SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)**

	2016			2007		
	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value
Taxpayer 1		1		\$	1	
Taxpayer 2		2			2	
Taxpayer 3		3			3	
Taxpayer 4		4			4	
Taxpayer 5		5			5	
Taxpayer 6		6			6	
Taxpayer 7		7			7	
Taxpayer 8		8			8	
Taxpayer 9		9			9	
Taxpayer 10		10			10	
			<b>DATA NOT AVAILABLE</b>			
Total				\$		

Source: Municipal Tax Assessor

**OCEAN GATE SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year Ended <u>June 30,</u>	Taxes Levied for <u>the Fiscal Year</u>	Collected Within the Fiscal Year of the Levy (a)		Collections in Subsequent <u>Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2016	\$ 1,651,062.00	\$ 1,651,062.00	100.00%	-
2015	\$ 1,637,715.00	\$ 1,637,715.00	100.00%	-
2014	\$ 1,607,984.00	\$ 1,607,984.00	100.00%	-
2013	\$ 1,607,338.00	\$ 1,607,338.00	100.00%	-
2012	\$ 1,585,561.00	\$ 1,585,561.00	100.00%	-
2011	\$ 1,588,679.00	\$ 1,588,679.00	100.00%	-
2010	\$ 1,588,679.00	\$ 1,588,679.00	100.00%	-
2009	\$ 1,598,704.00	\$ 1,598,704.00	100.00%	-
2008	\$ 1,607,426.00	\$ 1,607,426.00	100.00%	-
2007	\$ 1,468,697.00	\$ 1,468,697.00	100.00%	-

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

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

Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the School District's outstanding debt and its debt capacity.

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**OCEAN GATE SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year <u>Ending June 30.</u>	<u>Governmental Activities</u>			Percentage of Personal <u>Income</u> <sup>a</sup>	Per <u>Capita</u> <sup>a</sup>
	General Obligation <u>Bonds</u> <sup>b</sup>	Capital <u>Leases</u>	Total <u>District</u>		
2016	\$ 736,000.00	-	\$ 736,000.00	N/A	N/A
2015	866,000.00	-	866,000.00	N/A	N/A
2014	1,016,000.00	-	1,016,000.00	N/A	N/A
2013	1,184,950.13	-	1,184,950.13	1.35%	585
2012	1,350,306.01	-	1,350,306.01	1.55%	667
2011	1,512,238.98	-	1,512,238.98	1.78%	748
2010	1,670,992.17	-	1,670,992.17	2.04%	829
2009	1,826,721.85	-	1,826,721.85	2.10%	850
2008	1,979,643.96	-	1,979,643.96	2.24%	925
2007	2,124,801.00	-	2,124,801.00	2.47%	997

a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

b Includes Early Retirement Incentive Plan ("ERIP") refunding and State Loans

**OCEAN GATE SCHOOL DISTRICT**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
*(Dollars in Thousands, Except per Capita)*

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING		NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS			
2016	\$ 736,000.00		\$ 736,000.00	N/A	N/A
2015	866,000.00		866,000.00	0.28%	N/A
2014	1,016,000.00		1,016,000.00	0.40%	N/A
2013	1,184,950.13		1,184,950.13	0.40%	N/A
2012	1,350,306.01		1,350,306.01	0.47%	585
2011	1,512,238.98		1,512,238.98	0.51%	667
2010	1,670,992.17		1,670,992.17	0.58%	748
2009	1,826,721.85		1,826,721.85	0.64%	829
2008	1,979,643.96		1,979,643.96	0.70%	850
2007	2,124,801.00		2,124,801.00	0.76%	925

Sources: District records, Per Capita Personal income - NJ Dept of Labor

**OCEAN GATE SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2015**

<u>Governmental Unit</u>	Debt <u>Outstanding</u>	Estimated Percentage <u>Applicable</u> <sup>a</sup>	Estimated Share of Overlapping <u>Debt</u>
Debt Repaid with Property Taxes:			
Ocean Gate Borough	\$ 3,755,134.20	100.00%	\$ 3,755,134.20
Ocean County General Obligation Debt	451,253,286.00	0.264%	<u>1,191,308.68</u>
Subtotal, Overlapping Debt			4,946,442.88
Ocean Gate District Direct Debt	736,000.00	100.00%	<u>736,000.00</u>
Total Direct and Overlapping Debt			<u><u>\$ 5,682,442.88</u></u>

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

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Ocean Gate. 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 GATE SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt Limit	\$ 7,028,248.89	\$ 7,071,801.97	\$ 7,306,831.03	\$ 6,491,565.00	\$ 13,594,015.00	\$ 21,277,417.00	\$ 21,229,328.00	\$ 14,013,161.00	\$ 20,849,250.00	\$ 19,813,310.00
Total Net Debt Applicable to Limit	736,000.00	866,000.00	1,016,000.00	1,184,950.00	1,350,306.00	1,512,239.00	1,670,992.00	1,826,722.00	1,979,644.00	2,124,801.00
Legal Debt Margin	\$ 6,292,248.89	\$ 6,205,801.97	\$ 6,290,831.03	\$ 5,306,615.00	\$ 12,243,709.00	\$ 19,765,178.00	\$ 19,558,336.00	\$ 12,186,439.00	\$ 18,869,606.00	\$ 17,688,509.00
Total Net Debt Applicable to the Limit as a % of Debt Limit	10.47%	12.25%	13.90%	18.25%	9.93%	7.11%	7.87%	13.04%	9.50%	10.72%

**Legal Debt Margin Calculation for Fiscal Year 2016**

	Equalized Valuation Basis
Average Equalized Valuation of Taxable Property	
	2016 \$ 230,871,901.67
	2015 \$ 238,359,208.00
	2014 \$ 233,593,779.00
	<u>\$ 702,824,888.67</u>
	<u>\$ 234,274,962.89</u>
Debt Limit (3 % of Average Equalization Value)	\$ 7,028,248.89
Net Bonded School Debt	<u>736,000.00</u>
Legal Debt Margin	<u>\$ 6,292,248.89</u>

**Source:** Equalized valuation bases were obtained from the Annual Debt Statement, Township of Ocean Gate

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

## Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide the information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view fo the demographic and economic statistics and factors prevalent in the location in which the School District operates.

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**OCEAN GATE SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

YEAR	POPULATION (a)	PERSONAL INCOME	PER CAPITA PERSONAL INCOME (b)	UNEMPLOYMENT RATE (c)
2016	N/A	N/A	N/A	N/A
2015	2,010	N/A	N/A	6.6%
2014	2,012	89,294,572	44,381	5.7%
2013	2,008	85,486,584	42,573	7.8%
2012	2,013	85,550,487	42,499	7.8%
2011	2,019	83,707,740	41,460	N/A
2010	2,013	80,318,700	39,900	N/A
2009	2,149	85,414,154	39,746	N/A
2008	2,140	88,433,360	41,324	5.9%
2007	1,131	45,287,502	40,042	5.0%

Source:

<sup>a</sup> Population information provided by the NJ Department of Labor and Workforce Development.

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

<sup>c</sup> Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

<sup>d</sup> Unemployment data provided by the NJ Department of Labor and Workforce Development.

**OCEAN GATE SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

**2016 DATA NOT AVAILABLE**

EMPLOYERS:	EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
		1	
		2	
		3	
		4	
		5	
		6	
		7	
		8	
		9	
	_____	10	_____
Total	=====		=====
Total Labor Force	=====		

**2007 DATA NOT AVAILABLE**



Operating Information

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

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**OCEAN GATE SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<u>Function/Program</u>										
Instruction:										
Regular	13	13	13	13	13	13	13	12	12	12
Special Education	4	4	4	4	3	3	3	7	5	5
Support Services:										
Student & Instruction Related Services	3	3	3	3	3	3	3	4	4	4
General Administration	1	1	1	1	1	1	1	1	1	1
School Administrative Services	1	1	1	1	1	1	1	1	1	1
Other Administrative Services										
Central Service	1	1	1	1	1	1	1	1	1	1
Technical Administrative Services										
Plant Operations & Maintenance	3	3	3	3	3	3	3	3	3	3
Food Service	-	-	-	-	-	-	-	1	1	1
<b>Total</b>	<b>26</b>	<b>26</b>	<b>26</b>	<b>26</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>30</b>	<b>28</b>	<b>28</b>

**Source:** District Personnel Records

OCEAN GATE SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST NINE FISCAL YEARS

SCHOOL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL TEACHER RATIO	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2016	159	\$ 2,905,391.88	18,273	-5.26%	17	9.4	152	144.0	0.66%	94.7%
2015	158	2,685,588.00	16,997	-0.78%	17	9.3	151	142.0	5.59%	94.0%
2013	137	2,642,486.98	19,288	12.60%	17	8.1	143	133.7	-13.65%	93.5%
2012	162	2,775,127.00	17,130	2.56%	17	9.5	166	153.0	3.50%	92.4%
2011	162	2,705,874.00	16,703	2.56%	16	10.1	160	156.0	-0.93%	97.5%
2010	157	2,556,945.00	16,286	8.51%	16	9.8	162	150.0	13.73%	92.9%
2009	175	2,626,541.00	15,009	-0.76%	16	10.9	142	132.0	-6.58%	93.0%
2008	162	2,450,007.00	15,124	-3.65%	17	9.5	152	137.0	7.04%	90.1%
2007	148	2,323,071.00	15,696	13.25%	19	7.8	142	137.0	-3.40%	96.5%
2006	157	2,176,025.00	13,860	-0.45%	19	8.4	147	137.0	-6.37%	93.2%

Sources: District records

Note: Enrollment based on annual October District count.

a. Operating expenditures equal total expenditures less debt service and capital outlay. (Sch B-2)

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 GATE SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST EIGHT FISCAL YEARS**

DISTRICT BUILDINGS	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Elementary:										
Main Building Elementary (1968)										
Square Feet	31,556	31,556	31,556	31,566	31,566	31,566	31,566	31,566	31,566	31,566
Capacity (Students)	195	195	195	195	195	195	195	195	195	195
1st & 2nd Grade Elementary (1941)										
Square Feet	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Capacity (Students)	50	50	50	50	50	50	50	50	50	50
Kindergarden Schoolhouse (1914)										
Square Feet	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225
Capacity (Students)	35	35	35	35	35	35	35	35	35	35
Total Enrollment	159	158	137	162	162	157	175	162	148	147

Number of Schools at June 30, 2016:

Elementary = 1

Other = 0

Source: District Facilities Office

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 GATE SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS**

UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES

	<u>PROJECT #</u>	<u>ELEMENTARY SCHOOL</u>	<u>TOTAL</u>
2016	N/A	\$ 25,663.69	\$ 25,663.69
2015	N/A	29,155.33	29,155.33
2014	N/A	27,707.43	27,707.43
2013	N/A	25,222.75	25,222.75
2012	N/A	11,511.97	11,511.97
2011	N/A	31,696.86	31,696.86
2010	N/A	80,164.27	80,164.27
2009	N/A	90,121.59	90,121.59
2008	N/A	75,802.85	75,802.85
2007	N/A	23,439.54	23,439.54

Source: District records, M-1

**OCEAN GATE SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2016**

	LIMITS	DEDUCTIBLE
<b>School Package Policy (1):</b>		
Property Coverage Overview	\$ 7,519,302.00	\$ 1,000.00
Limited Liability Coverages:		
Combined Comprehensive Liability	16,000,000.00	N/A
Combined Employee Benefits Program Liability	16,000,000.00	N/A
Combined Crime	135,000.00	500.00
Errors and Omissions School Leaders	100,000.00	5,000.00
Workers' Compensation	1,664,000.00	N/A
<b>Student Accident Insurance (2)</b>	1,000,000.00	N/A
<b>Surety Bonds (3):</b>		
Treasurer	150,000.00	1,000.00
Board Secretary	150,000.00	1,000.00

Source: Monmouth Ocean County Shared Services Insurance Fund

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**SINGLE AUDIT SECTION**

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EXHIBIT K-1

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

Honorable President and Members  
of the Board of Education  
Ocean Gate Board of Education  
County of Ocean  
Ocean Gate, New Jersey 08740

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental and business-type activities, each major fund and the aggregate remaining fund information of the Ocean Gate Board of Education, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Ocean Gate Board of Education’s basic financial statements, and have issued our report thereon dated November 17, 2016.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2016-001 that we consider to be a significant deficiency.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Ocean Gate Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which is described in the accompanying schedule of findings and questioned costs as item 2016-001.

## **Purpose of this Report**

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison  
Certified Public Accountant  
Public School Accountant, No. 897

Freehold, New Jersey  
November 17, 2016



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

Honorable President and Members  
of the Board of Education  
Ocean Gate Board of Education  
County of Ocean  
Ocean Gate, New Jersey 08026

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

We have audited Ocean Gate Board of Education’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District’s major state programs for the year ended June 30, 2016. Ocean Gate Board of Education’s major state programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management’s Responsibility**

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

**Auditor’s Responsibility**

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

### **Opinion on Each Major State Program**

In our opinion, Ocean Gate Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

Management of the Ocean Gate Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Ocean Gate Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Ocean Gate Board of Education's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001 that we consider to be a significant deficiency.

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison  
Certified Public Accountant  
Public School Accountant, No. 897

Freehold, New Jersey  
November 17, 2016

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OCEAN GATE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL FAIN NUMBER	PASSED-THROUGH NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2015	CASH RECEIVED	BUDGETARY EXPENDITURES	SUB RECIPIENT EXPENDITURES	ADJUSTMENTS/ CANCELED	DEFERRED REVENUE AT JUNE 30, 2016	(ACCOUNTS RECEIVABLE) JUNE 30, 2016	DUE TO GRANTOR JUNE 30, 2016
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH STATE DEPARTMENT OF EDUCATION:</b>													
Child Nutrition Cluster													
Noncash Assistance:													
Federal Distribution Program	10.555	16161N304N1099	N/A	\$ 1,631.55	7/1/15-6/30/16	\$ -	\$ 1,631.55	\$ -	\$ -	\$ -	\$ 1,631.55	\$ -	\$ -
Cash Assistance:													
National School Lunch Program	10.555	16161N304N1099	16-10-3350-100-026	37,400.63	7/1/15-6/30/16	-	25,823.89	(37,400.63)	-	-	-	(1,576.74)	-
National School Lunch Program	10.555	16161N304N1099	15-10-3350-100-026	37,207.70	7/1/14-6/30/15	(2,710.00)	2,710.00	-	-	-	-	-	-
Total National School Lunch Program						(2,710.00)	28,533.89	(37,400.63)	-	-	-	(1,576.74)	-
National Performance Based Lunch	10.555	16161N304N1099	16-10-3350-100-026	853.36	7/1/15-6/30/16	-	589.98	(853.36)	-	-	-	(263.38)	-
National Performance Based Lunch	10.555	16161N304N1099	15-10-3350-100-026	885.60	7/1/14-6/30/15	(65.88)	65.88	-	-	-	-	-	-
Total National Performance Based Lunch						(65.88)	655.86	(853.36)	-	-	-	(263.38)	-
Total National Performance Based Lunch													
National School Breakfast Program	10.553	16161N304N1099	16-10-3350-100-028	10,471.19	7/1/15-6/30/16	-	7,302.97	(10,471.19)	-	-	-	(3,168.22)	-
National School Breakfast Program	10.553	16161N304N1099	15-10-3350-100-028	7,703.63	7/1/14-6/30/15	(625.42)	625.42	-	-	-	-	-	-
Total National Schools Breakfast Program						(625.42)	7,928.39	(10,471.19)	-	-	-	(3,168.22)	-
NSLP Equipment Grant	10.579	15151N354N8103	15-10-3350-100-007	9,550.00	7/1/15-6/30/16	-	9,550.00	(9,550.00)	-	-	-	-	-
Total Cash Assistance:						(3,401.30)	48,299.69	(58,275.18)	-	-	1,631.55	(15,008.34)	-
Total U.S. Department of Agriculture						(3,401.30)	49,931.24	(58,275.18)	-	-	3,263.10	(15,008.34)	-
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH STATE DEPARTMENT OF EDUCATION:</b>													
Title I													
Title I	84.010A	S010A150030	16-034-5064-100-194	46,498.00	7/1/15-6/30/16	-	-	(37,897.50)	-	-	-	(37,897.50)	-
Title I	84.010A	S010A150030	14/15-034-5064-100-194	48,789.00	7/1/14-6/30/15	(45,249.01)	45,249.01	-	-	-	-	-	-
Total Title I						(45,249.01)	45,249.01	(37,897.50)	-	-	-	(37,897.50)	-
Title II A	84.367A	S367A150029	16-034-5063-100-290	10,416.00	7/1/15-6/30/16	-	-	(4,384.55)	-	-	-	(4,384.55)	-
Title II A	84.367A	S367A150029	14/15-034-5063-100-290	10,535.00	7/1/14-6/30/15	(9,289.10)	9,289.00	-	-	(0.10)	-	(0.20)	-
Total Title II A						(9,289.10)	9,289.00	(4,384.55)	-	(0.10)	-	(4,384.75)	-
Special Education Cluster:													
ID E.A. Part B, Basic Regular	84.027A	H027A150100	16-034-5065-100-016	50,604.00	7/1/15-6/30/16	-	-	(44,798.34)	-	-	-	(44,798.34)	-
ID E.A. Part B, Basic Regular	84.027A	H027A150100	15-034-5065-100-016	44,962.00	7/1/14-6/30/15	(35,518.52)	35,516.00	-	-	2.52	-	-	-
Total ID E.A. Part B, Basic Regular						(35,518.52)	35,516.00	(44,798.34)	-	2.52	-	(44,798.34)	-
ID E.A. Preschool	84.173A	H173A150114	16-034-5065-100-020	3,682.00	7/1/15-6/30/16	-	-	(3,122.58)	-	-	-	(3,122.58)	-
ID E.A. Preschool	84.173A	H173A150114	14/15-034-5065-100-020	6,171.00	7/1/14-6/30/15	(6,171.66)	6,171.66	-	-	-	-	-	-
Total ID E.A. Preschool						(6,171.66)	6,171.66	(3,122.58)	-	-	-	(3,122.58)	-
Total Special Education Cluster:						(41,690.18)	41,687.66	(47,920.92)	-	2.52	-	(47,920.92)	-
Total U.S. Department of Education						(96,228.29)	96,225.67	(90,202.97)	-	2.42	-	(90,203.17)	-
Total Federal Financial Assistance						\$ (99,629.59)	\$ 146,156.91	\$ (148,478.15)	\$ -	\$ 2.42	\$ 3,263.10	\$ (105,211.51)	\$ -

OCEAN GATE SCHOOL DISTRICT  
SCHEDULE OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2015	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	UNEARNED REVENUE AT JUNE 30, 2016	(ACCOUNTS RECEIVABLE) JUNE 30, 2016	MEMO ONLY	
										BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
<b>State Department of Education:</b>											
<b>General Fund:</b>											
Equalization Aid	16-495-034-5120-078	825,262.00	7/1/15-6/30/16	\$ -	\$ -	\$ 825,262.00	\$ (825,262.00)	\$ -	\$ -	\$ 825,262.00	\$ 825,262.00
Categorical Special Education Aid	16-495-034-5120-089	84,886.00	7/1/15-6/30/16	-	-	84,886.00	(84,886.00)	-	-	84,886.00	84,886.00
Security Aid	16-495-034-5120-084	9,128.00	7/1/15-6/30/16	-	-	9,128.00	(9,128.00)	-	-	9,128.00	9,128.00
Adjustment Aid	16-495-034-5120-085	7,407.00	7/1/15-6/30/16	-	-	7,407.00	(7,407.00)	-	-	7,407.00	7,407.00
Transportation Aid	16-495-034-5120-014	103.00	7/1/15-6/30/16	-	-	103.00	(103.00)	-	-	103.00	103.00
Per Pupil Growth Aid	16-495-034-5120-097	1,220.00	7/1/15-6/30/16	-	-	1,220.00	(1,220.00)	-	-	1,220.00	1,220.00
PARCC Readiness Transportation Aid -	16-495-034-5120-098	1,220.00	7/1/15-6/30/16	-	-	1,220.00	(1,220.00)	-	-	1,220.00	1,220.00
Non-Public School Costs	15-495-034-5120-014	522.00	7/1/14-6/30/15	(522.00)	-	522.00	-	-	-	-	-
Non-Public School Costs	16-495-034-5120-014	696.00	7/1/15-6/30/16	-	-	-	(696.00)	-	(696.00)	-	696.00
On-Behalf TPAF Post-Retirement Medical (Nonbudgeted)	16-100-034-5095-001	112,926.00	7/1/15-6/30/16	-	-	112,926.00	(112,926.00)	-	-	-	112,926.00
On-Behalf TPAF Pension Contributions (Nonbudgeted)	16-100-034-5095-006	94,838.00	7/1/15-6/30/16	-	-	94,838.00	(94,838.00)	-	-	-	94,838.00
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	15-100-034-5094-003	87,585.45	7/1/14-6/30/15	(8,567.18)	-	8,567.18	-	-	-	-	-
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	16-100-034-5094-003	88,812.52	7/1/15-6/30/16	-	-	88,812.52	(88,812.52)	-	-	-	88,812.52
Total General Fund				(9,089.18)	-	1,234,891.70	(1,226,498.52)	-	(696.00)	92,923.99	1,226,498.52
<b>Special Revenue Fund:</b>											
Preschool Education Aid	16-495-034-5120-086	136,736.00	7/1/15-6/30/16	-	-	123,062.40	(109,473.82)	13,588.58	-	-	109,473.82
Preschool Education Aid	15-495-034-5120-086	109,152.00	7/1/14-6/30/15	26,337.75	-	10,915.00	(37,252.75)	-	-	-	37,252.75
Total Special Revenue Fund				26,337.75	-	133,977.40	(146,726.57)	13,588.58	-	-	146,726.57
<b>Debt Service Fund:</b>											
Debt Service Aid Type II	16-495-034-5120-075	79,312.00	7/1/15-6/30/16	-	-	79,312.00	(79,312.00)	-	-	-	79,312.00
Total Debt Service Fund				-	-	79,312.00	(79,312.00)	-	-	-	79,312.00
<b>Capital Projects Fund:</b>											
SDA Grant	3800-050-14-G2UF	160,753.00	7/1/15-6/30/16	(11,275.97)	-	-	(149,477.00)	-	(160,752.97)	-	149,477.00
Total Capital Projects Fund				(11,275.97)	-	-	(149,477.00)	-	(160,752.97)	-	149,477.00
<b>Enterprise Fund:</b>											
National School Lunch Program (State Share)	16-100-010-3350-023	774.55	7/1/15-6/30/16	-	-	542.75	(774.55)	-	(231.80)	-	774.55
National School Lunch Program (State Share)	15-100-010-3350-023	815.89	7/1/14-6/30/15	(57.33)	-	57.33	-	-	-	-	-
Total Enterprise Fund				(57.33)	-	600.08	(774.55)	-	(231.80)	-	774.55
Total State Financial Assistance				\$ 5,915.27	\$ -	\$ 1,448,781.18	\$ (1,602,788.64)	\$ 13,588.58	\$ (1,61,680.77)	\$ 92,923.99	\$ 1,602,788.64
<b>Less: Awards Not Subject to Major Program Determination:</b>											
On-Behalf TPAF Post-Retirement Medical (Nonbudgeted)	16-100-034-5095-001	112,926.00	7/1/15-6/30/16	-	-	-	112,926.00	-	-	-	112,926.00
On-Behalf TPAF Pension Contributions (Nonbudgeted)	16-100-034-5095-006	94,838.00	7/1/15-6/30/16	-	-	-	94,838.00	-	-	-	94,838.00
Total State Financial Assistance Subject to Major Program Determination							\$ (1,395,024.64)				

**OCEAN GATE SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS  
AND FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 1 General**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Ocean Gate School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**Note 2. Summary of Significant Accounting Policies**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Of the federal and state expenditures presented in the schedules of expenditures of federal awards and state financial assistance, the Ocean Gate Board of Education did not provide any federal or state awards to sub recipients.

Noncash assistance is reported in the schedule of expenditures of federal awards as the entitlement value, as determined by the United States Department of Agriculture, of the food commodities received and disbursed during the year ended June 30, 2016. Unearned revenue represents the value of commodities left in the ending inventory of the District as of June 30, 2016.

Ocean Gate Board of Education has not elected to use the 10% de minimis cost rate allowed by the Uniform Guidance.

**Note 3. Relationship to Basic Financial Statements**

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

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

**OCEAN GATE SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS  
AND FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 3. Relationship to Basic Financial Statements (continued):**

accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$3.00) for the general fund and (\$1,795.51) for the special revenue fund. See Exhibit C-3, notes to required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the board's basic financial statements on a GAAP basis as presented on the following page: assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<b>State</b>	<b>Federal</b>	<b>Total</b>
General Fund	\$ 1,226,495.52	\$ -	\$ 1,226,495.52
Special Revenue Fund	146,726.57	88,407.46	235,134.03
Capital Projects Fund	149,477.00	-	149,477.00
Debt Service Fund	79,312.00	-	79,312.00
Food Service Fund	774.55	58,275.18	59,049.73
Total State Financial Assistance	<u>\$ 1,602,785.64</u>	<u>\$ 146,682.64</u>	<u>\$ 1,749,468.28</u>

**Note 4. Relationship to State Financial Reports**

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

**Note 5. Other**

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, 2016. TPAF social security contributions represent the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

**Note 6. Federal and State Loans Outstanding**

Ocean Gate Board of Education has a Community Disaster Loan outstanding in the amount of \$31,200.

**OCEAN GATE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2016**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to basic financial Statements noted?	None Reported

**Federal Awards – NOT APPLICABLE**

Dollar threshold used to distinguish between type A and type B programs:

Auditee qualified as low-risk auditee?

Internal Control over major programs:

- 1) Material weakness(es) identified?
- 2) Significant deficiencies identified that are not considered To be material weaknesses?

Type of auditor’s report issued on compliance for major programs

Any audit findings disclosed that are required to be reported in accordance With 2 CFR 200 Section .516(a) of the Uniform Guidance?

**Identification of major programs:**

<b>CFDA Number(s)</b>	<b>FAIN Number(s)</b>	<b>Name of Federal Program or Cluster</b>
		NOT APPLICABLE

**OCEAN GATE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2016**

**Section I – Summary of Auditor’s Results**

**State Awards**

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes
Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered To be material weaknesses?	Yes
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance With 2 CFR 200 Section .516(a) of the Uniform Guidance or NJOMB Circular Letter 15-08 as applicable?	Yes

**Identification of major programs:**

<b>GMIS Number(s)</b>	<b>Name of State Program</b>
	<u>State Aid-Public Cluster:</u>
16-495-034-5120-078	Equalization Aid
16-495-034-5120-089	Special Education Categorical Aid
16-495-034-5120-085	Additional Adjustment Aid
16-495-034-5120-084	Security Aid
16-495-034-5120-097	Per Pupil Growth Aid
16-495-034-5120-098	PARCC Readiness Aid

**OCEAN GATE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2016**

**Section II – Financial Statement Findings**

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

**Finding 2016-001:**

**Criteria:**

*N.J.A.C. 6A:23A-16.10* requires that a Board of Education cannot exceed the amount appropriated in the applicable line item account.

**Condition:**

One budgetary line account was over-expended for the fiscal year ended June 30, 2016.

**Context:**

We noted that account 12-000-400-334 was over-expended by \$27,600.

**Cause:**

The District incurred higher than anticipated architectural and engineering costs.

**Effect:**

The budget appropriation was over-expended by \$27,600.

**Recommendation:**

That the District conservatively budget appropriations to cover architectural and engineering costs that may potentially cause over-expenditure of a line-item account.

**Management's Response:**

This finding will be corrected in the fiscal year ending June 30, 2017.

**OCEAN GATE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2016**

**Section III –State Financial Assistance Finding & Questioned Costs**

This section identifies audit findings required to be reported by New Jersey OMB Circular Letter 15-08, as applicable.

**STATE FINANCIAL ASSISTANCE**

**Information on the State Program:** GMIS #'s 16-495-034-5120-078; 16-495-034-5120-084; 16-495-034-5120-089; 16-495-034-5120-085; 16-495-034-5120-097; 16-495-034-5120-098

**Finding 2016-001:**

**Criteria:**

*N.J.A.C. 6A:23A-16.10* requires that a Board of Education cannot exceed the amount appropriated in the applicable line item account.

**Condition:**

One budgetary line account was over-expended for the fiscal year ended June 30, 2016.

**Questioned Costs:**

None noted.

**Context:**

We noted that account 12-000-400-334 was over-expended by \$27,600.

**Cause:**

The District incurred higher than anticipated architectural and engineering costs.

**Effect:**

The budget appropriation was over-expended by \$27,600.

**Recommendation:**

That the District conservatively budget appropriations to cover architectural and engineering costs that may potentially cause over-expenditure of a line-item account.

**Management's Response:**

This finding will be corrected in the fiscal year ending June 30, 2017.



**OCEAN GATE BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
For the Fiscal Year Ended June 30, 2016**

This section identifies the status of prior-year findings related to the basic financial statements and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (¶.511 (a)(b)) and NJOMB's Circular 04-04 and/or 15-08, as applicable.

No Prior Year Findings