

School District  
Of  
Ocean Township



*Ocean Township Board of Education*  
*Waretown, New Jersey*

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2016**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

**OCEAN TOWNSHIP BOARD OF EDUCATION**

**OCEAN TOWNSHIP, NEW JERSEY**

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

**PREPARED BY**

**OCEAN TOWNSHIP BOARD OF EDUCATION  
FINANCE DEPARTMENT**

**OCEAN TOWNSHIP SCHOOL DISTRICT**

**TABLE OF CONTENTS**

**Page**

**INTRODUCTORY SECTION**

Letter of Transmittal	1 to 4.
Roster of Officials	5.
Consultants & Advisors	6.

**FINANCIAL SECTION**

Independent Auditor's Report	7 to 9.
------------------------------	---------

**Required Supplementary Information – Part I**

Management's Discussion and Analysis	10 to 15.
--------------------------------------	-----------

**Basic Financial Statements**

A. District-wide Financial Statements:

A-1 Statement of Net Position	16.
A-2 Statement of Activities	17 & 18.

B. Fund Financial Statements:

Governmental Funds:

B-1 Balance Sheet	19.
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	20 & 21.
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22.

Proprietary Funds:

B-4 Statement of Net Position	23.
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	24.
B-6 Statement of Cash Flows	25.

Fiduciary Funds:

B-7 Statement of Fiduciary Net Position	26.
B-8 Statement of Changes in Fiduciary Net Position	27.

Notes to Financial Statements	28 to 51.
-------------------------------	-----------

# OCEAN TOWNSHIP SCHOOL DISTRICT

## TABLE OF CONTENTS

	<u>Page</u>
Required Supplementary Information – Part II	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule – General Fund	52 to 63.
C-1b Budgetary Comparison Schedule – Federal Jobs Education Fund	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	64.
Notes to the Required Supplementary Information	
C-3 Budget-To-GAAP Reconciliation	65.
Required Supplementary Information – Part III	
L. Schedules Related to Accounting and Reporting for Pensions (GABS 68)	
L-1 Schedule of District’s Proportionate Share of the Net Pension Liability – PERS	66.
L-2 Schedule of District Contribution – PERS	67.
L-3 Schedule of District’s Proportionate Share of the Net Pension Liability – TPAF	68.
Other Supplementary Information	
D. School Level Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues and Expenditures Special Revenue Fund – Budgetary Basis	69.
E-2 Demonstrably Effective Program Aid Schedule of Expenditures – Budgetary Basis	N/A
E-3 Early Childhood Program Aid Schedule of Expenditures – Budgetary Basis	N/A
E-4 Distance Learning Network Aid Schedule of Expenditures – Budgetary Basis	N/A

**OCEAN TOWNSHIP SCHOOL DISTRICT**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
F. Capital Projects Fund:	
F-1 Summary Schedule of Revenues, Expenditures, and Changes In Fund Balance – Budgetary Basis	70.
F-1a Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Waretown Elementary School HVAC Project	71.
F-1b Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Waretown Elementary School Emergency Generator Project	72.
F-1c Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Waretown Elementary Window Replacement Project	73.
F-1d Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Frederick A. Priff Elementary School Emergency Generator Replacement Project	74.
G. Proprietary Fund:	
Enterprise Fund:	
G-1 Combining Statement of Net Position	75.
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	76.
G-3 Combining Statement of Cash Flows	77.
Internal Service Fund:	
G-4 Combining Statement of Net Position	N/A
G-5 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-6 Combining Statement of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Statement of Fiduciary Net Position	78.
H-2 Statement of Changes in Fiduciary Net Position	79.
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	80.
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	81.
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	82.
I-2 Schedule of Obligations Under Capital Leases	83.
I-3 Debt Service Fund Budgetary Comparison Schedule	84.

# OCEAN TOWNSHIP SCHOOL DISTRICT

## TABLE OF CONTENTS

	<u>Page</u>
<b>STATISTICAL SECTION (Continued)</b>	
<b>STATISTICAL SECTION</b>	
Financial Trends:	
J-1 Net Position by Component	85.
J-2 Changes in Net Position	86.
J-3 Fund Balances – Governmental Funds	87.
J-4 Changes in Fund Balances – Governmental Funds	88.
J-5 General Fund Other Local Revenues by Source	89.
Revenue Capacity:	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	90.
J-7 Direct and Overlapping Property Tax Rates	91.
J-8 Principal Property Taxpayers	92.
J-9 Property Tax Levies and Collections	93.
Debt Capacity:	
J-10 Ratios of Outstanding Debt by Type	94.
J-11 Ratios of General Bonded Debt Outstanding	95.
J-12 Direct and Overlapping Governmental Activities Debt	96.
J-13 Legal Debt Margin Information	97.
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	98.
J-15 Principal Employers	99.
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	100.
J-17 Operating Statistics	101.
J-18 School Building Information	102.
J-19 Schedule of Required Maintenance Expenditures by School Facility	103.
J-20 Insurance Schedule	104 & 105.
<b>SINGLE AUDIT SECTION</b>	
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 <i>Government Auditing Standards</i> 106 & 107.
K-2	Independent Auditor’s Report on Compliance for Each Major Program and On Internal Control Over Compliance Required by the Uniform Guidance and Schedules of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08
	108 to 110.
K-3	Schedule of Expenditures of Federal Awards, Schedule A
	111.
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B
	112.
K-5	Notes to Schedules of Awards and Financial Assistance
	113 to 115.
K-6	Schedule of Findings and Questioned Costs
	116 to 119.
K-7	Summary Schedule of Prior Audit Findings
	120.

## **INTRODUCTORY SECTION**

# OCEAN TOWNSHIP SCHOOL DISTRICT

---

November 28, 2016

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

Dear Board Members:

The comprehensive annual financial report of the Ocean Township School District for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and Title 2 U.S. Code of Federal Regulations, Part 200 and the state Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels Pre-school, Kindergarten through 6. These include regular, as well as special education for handicapped youngsters. The District Residential Enrollment for 2015-2016 school year decreased slightly from the previous year's enrollment and is projected to remain stable for the coming years. The following details the changes in the student enrollment of the District over the last nine years. These figures are based upon average daily enrollment.



### *Average Daily Enrollment*

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2007-08	545	-1.1%
2008-09	543	-.37%
2009-10	535	-1.5%
2010-11	540	.94%
2011-12	537	-.56%
2012-13	537	0%
2013-14	519	-3.4%
2014-15	542	4.4%
2015-16	522	-3.7%

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

<u>Fiscal Year</u>	<u>Number Students Sent</u>	<u>Total Tuition Paid</u>
2010-11	453	\$6,938,915
2011-12	433	\$6,881,050
2012-13	455	\$6,977,345
2013-14	427	\$6,950,237
2014-15	418	\$7,079,551
2015-16	422	\$7,107,135

**2. ECONOMIC CONDITION AND OUTLOOK:** The District's average daily enrollment for grades K-6 has remained the same as the prior year. Special education programs requirements will continue to have a significant impact on the budget. Tuition costs represent approximately 40% of the school budget. In recent years the district has experienced a period of level or declining state aid within its budget. This decline in state funding has been partially offset by increasing federal aid and increases to the local tax levy as well as reductions within the appropriations budget. The District has established, and funded, various fund balance reserve accounts, identified within this audit, that will allow the district to experience stable operations through uncertain funding environments as well as provide for the continued maintenance and improvement of the school facilities.

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

The district was monitored by the State Department of Education during the 2014-2015 school year utilizing the NJ QSAC monitoring and evaluation system to determine the status of the district. As a result of this periodic monitoring program the school district was certified as a High Performing District, the highest rating in the system, for a period of three years for operational areas.

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

The district continues its transportation jointure contract with Southern Regional School District for the majority of

its transportation services since the 1998-1999 school year, which has developed into a continuation of contracted services for the district. We plan to continue this transportation jointure for the 2016-2017 school year.

**4. INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

**5) BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the District. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2016.

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

**7) FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2016 and the percent of total.

**8) DEBT ADMINISTRATION:** On February 15, 2007 the District sold \$8,100,000 in Bonds that will be paid off in the year 2027. In July, 2015 the district refinanced all outstanding debt that will be maturing from 2018 through 2027 totaling \$5,870,000 resulting in more than a 3% savings to the district. The district has a total outstanding debt as of June 30, 2016 in the amount of \$6,340,000.

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

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

**11) OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants the accounting firm of Robert A. Hulsart & Company has been retained by the Board of Education. In addition to meeting the requirements of the Single Audit Act of 1984 and the related Title 2 U.S. Code of Federal Regulations, Part 200 and state Treasury Circular Letter 15-08 OMB, the auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors reports related specifically to the single audit are included in the single audit section of this report.

**12) ACKNOWLEDGMENTS:**

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

Respectfully submitted,

*Christopher Lommerin*

---

Christopher Lommerin  
Superintendent

*Steven Terhune*

---

Steven Terhune  
Business Administrator/Board Secretary

**OCEAN TOWNSHIP BOARD OF EDUCATION**  
**Waretown, New Jersey**  
*ROSTER OF OFFICIALS*  
*JUNE 30, 2016*

**Members of the Board of Education**      **Term Expires**

S. Annette Stride, President    2018

Ben LoParo, Vice President    2018

Patricia Fuchs    2017

Robert Lange, Jr.    2016

Shawn Denning, Jr.    2017

**Other Officials**

Christopher Lommerin, Superintendent

Steven Terhune, Business Administrator

Andrew B. Brown, Attorney

**OCEAN TOWNSHIP BOARD OF EDUCATION**  
**Consultants and Advisors**

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

**Attorneys**

Andrew B. Brown  
Schwartz Simon Edelstein & Celso LLC  
100 S. Jefferson Road, Suite 200  
Whippany, NJ 07981

**Official Depository**

Ocean First

## **FINANCIAL SECTION**

# Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

7.

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

Telecopier:  
(732) 280-8888  
e-mail:  
rah@monmouth.com

2807 Hurley Pond Road • Suite 100  
P.O. Box 1409  
Wall, New Jersey 07719-1409  
(732) 681-4990

## INDEPENDENT AUDITOR'S REPORT

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

### **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 Board of Education of the Ocean Township School District, in the County of Ocean, State of New Jersey, as of and for the 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.

### **Auditors Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 entity'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 entity'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 Board of Education of the Ocean Township School District, in the 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 years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is the responsibility of management and was 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 and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion, the accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information has 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 it.



The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016 on our consideration of the Ocean Township's Board of Education internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ocean Township Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

---

**Robert A. Hulsart**  
**Licensed Public School Accountant**  
**No. 322**  
**Robert A. Hulsart and Company**  
**Wall Township, New Jersey**

November 28, 2016

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

**OCEAN TOWNSHIP SCHOOL DISTRICT**

**COUNTY OF OCEAN**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

The discussion and analysis of the Ocean Township 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; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

**Financial Highlights**

Key Financial highlights for the 2015-2016 fiscal year are as follows:

- General revenues accounted for \$19,027,642 in revenue or 95% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$930,379 or 5% percent to total revenues of \$19,958,021.
- Total assets of governmental activities were \$13,885,368 primarily made up of capital assets and Cash.
- The School District had \$19,586,387 in expenses; only \$930,379 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$19,027,642 were adequate to provide for these programs.
- The General Fund had \$18,548,631 in revenues and \$18,041,497 in expenditures. The General Fund's balance increased \$402,194 over 2015-2016. This increase was anticipated by the Board of Education due to insurance reimbursements and budget savings.

**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 Ocean Township 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 Ocean Township School District, the General Fund is the most significant fund, with the Special Revenue Fund also having significance.

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

The School Board's auditor has provided assurance in his Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

### **Reporting the School District as a Whole**

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

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2015-2016 fiscal year?" 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 similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net 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 kinds 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 – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

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

#### **Fund Financial Statements**

The analysis of the School District's major (all) funds begins on Exhibit B-1. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

## Governmental Funds

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

## Enterprise Fund

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

## The School District as a Whole

Table 1 provides a summary of the School District's net position.

**Table 1**  
**Net Position**

	<u>2016</u>	<u>2015</u>
<b><u>Assets</u></b>		
Current and Other Assets	\$ 5,696,981	5,425,584
Capital Assets, Net	<u>8,282,176</u>	<u>8,271,564</u>
Total Assets	<u>\$ 13,979,157</u>	<u>13,697,148</u>
<b><u>Deferred Outflow of Resources</u></b>		
Contribution to Pension Plan	<u>\$ 845,908</u>	<u>383,157</u>
<b><u>Deferred Inflow of Resources</u></b>		
Pension Deferrals	<u>\$ 65,519</u>	<u>199,312</u>
<b><u>Liabilities</u></b>		
Current Liabilities	\$ 742,119	136,013
Other Liabilities	<u>10,323,358</u>	<u>10,428,176</u>
Total Liabilities	<u>\$ 11,065,477</u>	<u>10,564,189</u>
<b><u>Net Position</u></b>		
Invested in Capital Assets, Net of Debt	\$ 1,817,176	1,921,985
Restricted	5,816,808	5,177,891
Unrestricted	<u>(3,939,915)</u>	<u>(3,783,072)</u>
Total Net Position	<u>\$ 3,694,069</u>	<u>3,316,804</u>

Table 2 shows the changes in net position for fiscal year 2016.

**Table 2**  
**Changes in Net Position**

	<u>2016</u>	<u>2015</u>
<b><u>Revenues</u></b>		
Program Revenues		
Operating Grants and Contributions	\$ 930,379	810,841
General Revenues		
Property Taxes	10,641,576	10,558,451
Grants and Entitlements	8,439,049	8,268,070
Other	<u>(52,983)</u>	<u>242,712</u>
Total Revenues	<u>19,958,021</u>	<u>19,880,074</u>
<b><u>Program Expenses</u></b>		
Instruction	4,647,866	4,497,282
Support Services		
Pupils and Instructional Staff	7,614,154	7,989,610
General Administration, School Administration, Business	697,631	716,897
Operations and Maintenance of Facilities	867,928	938,616
Pupil Transportation	1,052,621	1,042,749
Benefits	3,274,660	2,603,044
Debt Service	332,262	280,917
Depreciation	369,788	366,257
Capital Outlay	260,352	
Enterprise	<u>469,125</u>	<u>452,399</u>
Total Expenses	<u>19,586,387</u>	<u>18,887,771</u>
Restatement for Pension Fund Other	<u>5,631</u>	<u>(3,344,465)</u>
Increase/ (Decrease) in Net Position	<u>\$ 377,265</u>	<u>(2,352,162)</u>

### **Governmental Activities**

Property taxes made up 53% percent of revenues for governmental activities for the Ocean Township School District for fiscal year 2016. The District's total revenues were \$19,958,021 for the fiscal year ended June 30, 2016. Federal, state, local grants and other local revenues accounted for another 47%.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

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

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

### **Governmental Activities (Continued)**

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

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

Curriculum and staff development includes expenses related to planning, research, development and 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 Board' Funds**

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allows the School Board to demonstrate its stewardship over and accountability for resources received from the School District's taxpayer's and other entities, including the State of New Jersey and the Federal Government. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ended June 30, 2016, it reported a combined net position balance of \$3,694,069. The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net position.

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

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

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

## Capital Assets

At June 30, 2016, the School Board had approximately \$8,282,176 million invested in a broad range of capital assets, including land, buildings, furniture, computers, instructional equipment and other equipment. Table II below shows the net book value of capital assets at the end of the 2016 fiscal year.

	<b><u>Governmental Activities</u></b>
Table II	
Capital Assets at June 30, 2016	
Buildings	\$ 7,819,248
Site Improvements	1,184
Machinery and Equipment	363,849
Land	<u>97,895</u>
Total	<u>\$ 8,282,176</u>

## Debt Administration

At June 30, 2016, the School District had outstanding debt of \$10,825,411 consisting of serial bonds of \$6,465,000, which fully mature in 2027, compensated absences of \$275,798 and capital leases of \$9,579. The District also reported a deferred pension liability of \$4,075,034.

## Economic Factors and Next Year's Budget

The Ocean Township School District is in very good financial condition presently. Future finances are not without challenges as the community continues to grow and state funding is decreased.

The majority of revenues needed to operate the District is derived from homeowners through property tax assessments and collections.

At this time, the most important factor affecting the budget is the unsettled situation with State Aid. While State aid may be frozen, the District may experience growth in student population. The tax levy will most likely be the area that will need to absorb any increase in budget obligations.

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

## Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Mr. Steve Terhune, Business Administrator of the Ocean Township Board of Education, 64 Railroad Avenue, Waretown, N.J. 08758.



## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS – A**

STATEMENT OF NET POSITION

Exhibit A-1

JUNE 30, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ -	63,839	63,839
Accounts Receivables, Net	594,996	7,924	602,920
Inventory		3,750	3,750
Restricted Assets:			
Capital Reserve - Cash	1,378,369		1,378,369
Cash and Cash Equivalents	3,648,103		3,648,103
Capital Assets Not Being Depreciated	97,895		97,895
Capital Assets, Net	8,166,005	18,276	8,184,281
Total Assets	<u>13,885,368</u>	<u>93,789</u>	<u>13,979,157</u>
<b><u>Deferred Outflow of Resources</u></b>			
Contribution to Pension Plan	<u>845,908</u>		<u>845,908</u>
<b><u>Deferred Inflow of Resources</u></b>			
Pension Deferrals	<u>65,519</u>		<u>65,519</u>
<b><u>Liabilities</u></b>			
Accounts Payable	201,747	6,000	207,747
Deferred Revenue	32,319		32,319
Noncurrent Liabilities:			
Due Within One Year	502,053		502,053
Due Beyond One Year	10,323,358		10,323,358
Total Liabilities	<u>11,059,477</u>	<u>6,000</u>	<u>11,065,477</u>
<b><u>Net Position</u></b>			
Invested in Capital Assets, Net of Related Debt	1,798,900	18,276	1,817,176
Restricted For:			
Other Purposes	5,777,654	39,154	5,816,808
Unrestricted	<u>(3,970,274)</u>	<u>30,359</u>	<u>(3,939,915)</u>
Total Net Position	<u>\$ 3,606,280</u>	<u>87,789</u>	<u>3,694,069</u>

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**

Exhibit A-2

Sheet 1 of 2

**STATEMENT OF ACTIVITIES**

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

	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b><u>Functions/Programs</u></b>						
Governmental Activities:						
Instruction:						
Regular	\$ 2,552,204			(2,552,204)		(2,552,204)
Special Education	1,439,622			(1,439,622)		(1,439,622)
Other Instruction	656,040		317,779	(338,261)		(338,261)
Support Services and Undistributed Costs:						
Tuition	6,392,860	137,649		(6,255,211)		(6,255,211)
Student & Instruction Related Services	1,221,294		27,812	(1,193,482)		(1,193,482)
General Administrative Services	289,238			(289,238)		(289,238)
School Administrative Services	262,894			(262,894)		(262,894)
Plant Operations and Maintenance	867,928			(867,928)		(867,928)
Pupil Transportation	1,052,621			(1,052,621)		(1,052,621)
Business and Other Support Services	145,499			(145,499)		(145,499)
Unallocated Benefits	3,274,660			(3,274,660)		(3,274,660)
Capital Outlay	260,352			(260,352)		(260,352)
Interest on Long-Term Debt	332,262			(332,262)		(332,262)
Unallocated Depreciation	369,788			(369,788)		(369,788)
Total Government Activities	<u>19,117,262</u>	<u>137,649</u>	<u>345,591</u>	<u>(18,634,022)</u>	<u>-</u>	<u>(18,634,022)</u>
Business-Type Activities:						
Food Service and Latchkey	469,125	207,331	239,808		(21,986)	(21,986)
Total Business-Type Activities	<u>469,125</u>	<u>207,331</u>	<u>239,808</u>	<u>-</u>	<u>(21,986)</u>	<u>(21,986)</u>
Total Primary Government	<u>19,586,387</u>	<u>344,980</u>	<u>585,399</u>	<u>(18,634,022)</u>	<u>(21,986)</u>	<u>(18,656,008)</u>

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES

Sheet 2 of 2

FOR THE YEAR ENDED JUNE 30, 2016

	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purpose, Net			10,224,870		10,224,870
Taxes Levied for Debt Service			416,706		416,706
Federal and State Aid Not Restricted			8,439,049		8,439,049
Miscellaneous Income			51,957		51,957
Transfers and Adjustments			(104,940)		(104,940)
Total General Revenues, Special Items, Extraordinary Items and Transfers			19,027,642	-	19,027,642
Change in Net Position			393,620	(21,986)	371,634
Adjustment for Fixed Assets				5,631	5,631
Net Position - Beginning			3,212,660	104,144	3,316,804
Net Position - Ending			\$ 3,606,280	87,789	3,694,069

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

**FUND FINANCIAL STATEMENTS – B**

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>					
Cash and Cash Equivalents	\$ 4,977,369		33,132	15,971	5,026,472
Interfund Receivable	213,962				213,962
Accounts Receivable, Net	<u>175,713</u>	<u>104,585</u>	<u>314,000</u>	<u>698</u>	<u>594,996</u>
Total Assets	<u>\$ 5,367,044</u>	<u>104,585</u>	<u>347,132</u>	<u>16,669</u>	<u>5,835,430</u>
<b><u>Liabilities and Fund Balance</u></b>					
Liabilities:					
Deferred Revenue	\$ -	32,319			32,319
Interfund Payable		72,266	141,628	68	213,962
Total Liabilities	<u>-</u>	<u>104,585</u>	<u>141,628</u>	<u>68</u>	<u>246,281</u>
Fund Balance:					
Restricted For:					
Reserve for Capital Reserve	1,878,369				1,878,369
Reserve for Maintenance	2,161,431				2,161,431
Emergency Reserve	250,000				250,000
Tuition Reserve	250,000				250,000
Excess Surplus - Designated for Subsequent Year's Expenditures	840,019				840,019
Committed To:					
Other Purposes	90,081				90,081
Assigned To:					
Capital Projects			205,504		205,504
Designated for Subsequent Years Expenditures by the Board of Education	85,649				85,649
Unassigned:					
Debt Service				16,601	16,601
General Fund	<u>(188,505)</u>				<u>(188,505)</u>
Total Fund Balances	<u>5,367,044</u>	<u>-</u>	<u>205,504</u>	<u>16,601</u>	<u>5,589,149</u>
Total Liabilities and Fund Balance	<u>\$ 5,367,044</u>	<u>104,585</u>	<u>347,132</u>	<u>16,669</u>	

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 \$15,849,064 and the accumulated depreciation is \$7,585,164.

8,263,900

Deferred outflow of resources - contributions to the pension plan

845,908

Deferred inflow of resources - acquisition of assets applicable to future reporting periods

(65,519)

Accrued Interest

(201,747)

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

(10,825,411)

Net position of governmental activities

\$ 3,606,280

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**

**Exhibit B-2**

**Sheet 1 of 2**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

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

	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>	<b><u>Capital Projects Fund</u></b>	<b><u>Debt Service Fund</u></b>	<b><u>Total Governmental Funds</u></b>
<b><u>Revenues</u></b>					
Local Sources:					
Local Tax Levy	\$ 10,224,870			416,706	10,641,576
Tuition	137,649				137,649
Miscellaneous	51,957				51,957
Total Local Sources	<u>10,414,476</u>	<u>-</u>	<u>-</u>	<u>416,706</u>	<u>10,831,182</u>
State Sources	8,106,864			304,894	8,411,758
Federal Sources	27,291	345,591			372,882
Total Revenues	<u>18,548,631</u>	<u>345,591</u>	<u>-</u>	<u>721,600</u>	<u>19,615,822</u>
<b><u>Expenditures</u></b>					
Current:					
Regular Instruction	2,550,952				2,550,952
Special Education Instruction	1,439,622				1,439,622
Other Instruction	338,261	317,779			656,040
Support Services and Undistributed Costs:					
Tuition	6,392,860				6,392,860
Student and Instruction Related Services	1,193,482	27,812			1,221,294
General Administrative Services	289,238				289,238
School Administrative Services	262,894				262,894
Plant Operations and Maintenance	867,928				867,928
Pupil Transportation	1,052,621				1,052,621
Business and Other Support Services	145,499				145,499
Unallocated Benefits	3,140,635				3,140,635
Capital Outlay	367,505		28,758		396,263
Debt Service:					
Principal				450,000	450,000
Interest and Other Charges				254,999	254,999
Total Expenditures	<u>18,041,497</u>	<u>345,591</u>	<u>28,758</u>	<u>704,999</u>	<u>19,120,845</u>



OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit B-2

Sheet 2 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>507,134</u>	<u>-</u>	<u>(28,758)</u>	<u>16,601</u>	<u>494,977</u>
Other Financing Sources (Uses):					
Transfer to Food Service Fund	(120,000)				(120,000)
Cancel Accounts Payable	<u>15,060</u>				<u>15,060</u>
Total Other Financing Sources (Uses)	<u>(104,940)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(104,940)</u>
Net Change in Fund Balances	402,194	-	(28,758)	16,601	390,037
Fund Balance - July 1	<u>4,964,850</u>		<u>234,262</u>		<u>5,199,112</u>
Fund Balance - June 30	<u>\$ 5,367,044</u>	<u>-</u>	<u>205,504</u>	<u>16,601</u>	<u>5,589,149</u>

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

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

Exhibit B-3

TO THE STATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ 390,037
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	(369,788)
Capital Outlay	135,911
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	450,000
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental fund, interest is reported when due.	(77,263)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	462,751
Pension related deferrals	133,793
Change in net pension liability	(730,569)
In the statement of activities, certain operating expenses are measured by the amounts earned. In the governmental funds, however, expenditures are reported in the amount of financial resources used.	
Compensated Absences	<u>(1,252)</u>
Change in Net Position of Governmental Activities	<u>\$ 393,620</u>

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

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF NET POSITIONPROPRIETARY FUNDSJUNE 30, 2016

	<b>Business-Type Activities Enterprise Fund Totals</b>
	<u>                    </u>
<b><u>Assets</u></b>	
Current Assets:	
Cash and Cash Equivalents	\$          63,839
Accounts Receivable	7,924
Inventories	3,750
Total Current Assets	<u>                  75,513</u>
Noncurrent Assets:	
Furniture, Machinery & Equipment	173,663
Less: Accumulated Depreciation	<u>                 (155,387)</u>
Total Noncurrent Assets	<u>                  18,276</u>
Total Assets	<u><u>                  \$          93,789</u></u>
<b><u>Liabilities</u></b>	
Accounts Payable	<u>                  \$          6,000</u>
Total Liabilities	<u><u>                  \$          6,000</u></u>
<b><u>Net Position</u></b>	
Invested in Capital Assets Net of Related Debt	\$          18,276
Unrestricted	30,359
Reserve for Latch Key	<u>          39,154</u>
Total Net Position	<u><u>                  \$          87,789</u></u>

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2016**

Exhibit B-5

	<b>Business-Type Activities Enterprise Fund Totals</b>
	Totals
Operating Revenues:	
Charge for Services:	
Daily Sales	\$ 88,074
Community Service Functions	119,257
Total Operating Revenues	207,331
Operating Expenses:	
Cost of Sales	101,472
Salaries	226,000
Employee Benefits	110,356
General Supplies	12,081
Depreciation	1,040
Miscellaneous	16,100
Other Purchased Professional Services	2,076
Total Operating Expenses	469,125
Operating Income (Loss)	(261,794)
Nonoperating Revenues (Expenses):	
Interest Revenue	37
Board Subsidy	120,000
State Sources:	
State School Lunch Program	2,299
Federal Sources:	
National Breakfast Program	19,577
National School Lunch Program	82,379
National School PB Lunch Program	2,777
Food Distribution Program	12,739
Total Nonoperating Revenues (Expenses)	239,808
Change in Net Position	(21,986)
Adjustment for Fixed Assets	5,631
Total Net Position - Beginning	104,144
Total Net Position - Ending	\$ 87,789

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

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWSPROPRIETARY FUNDSJUNE 30, 2016

	<b>Business-Type Activities Enterprise Fund Totals</b>
	<hr/>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 207,331
Payments to Employees	(226,000)
Payments to Suppliers & Miscellaneous	(208,871)
Net Cash Provided (Used by) Operating Activities	<hr/> (227,540) <hr/>
Cash Flows from Noncapital Financing Activities:	
State Sources	2,299
Federal Sources	104,733
Operating Subsidies and Transfers from Other Funds	120,000
Net Cash Provided (Used by) Noncapital Financing Activities	<hr/> 227,032 <hr/>
Cash Flows from Investing Activities	
Interest	37
Net Increase (Decrease) in Cash & Cash Equivalents	(471)
Balances - Beginning of Year	<hr/> 64,310 <hr/>
Balances - End of Year	<hr/> \$ 63,839 <hr/>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (261,794)
Depreciation	1,040
Federal Commonidities	12,739
(Increase) Decrease in Accounts Receivable	14,341
(Increase) Decrease in Inventories	3,033
Increase (Decrease) in Accounts Payable	3,101
Net Cash Provided (Used by) Operating Activities	<hr/> \$ (227,540) <hr/>

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**

**STATEMENT OF FIDUCIARY NET POSITION**

Exhibit B-7

**FIDUCIARY FUNDS**

**JUNE 30, 2016**

	<b><u>Unemployment Compensation Expendable Trust Fund</u></b>
<b><u>Assets</u></b>	
Cash and Cash Equivalents	\$ 17,438
Total Assets	<u>\$ 17,438</u>
<b><u>Net Position</u></b>	
Reserved - Dedicated to Unemployment	<u>\$ 17,438</u>
Total Net Position	<u>\$ 17,438</u>

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

OCEAN TOWNSHIP SCHOOL DISTRICTSTATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Exhibit B-8

FIDUCIARY FUNDSJUNE 30, 2016

	<u>Unemployment Compensation Trust</u>
<b><u>Additions</u></b>	
Contributions:	
Other	\$ 16,039
Total Contributions	<u>16,039</u>
Investment Earnings:	
Interest	<u>23</u>
Net Investment Earnings	<u>23</u>
Total Additions	<u>16,062</u>
<b><u>Deductions</u></b>	
Unemployment Claims	<u>21,960</u>
Total Deductions	<u>21,960</u>
Change in Net Position	(5,898)
Net Position - Beginning of Year	<u>23,336</u>
Net Position - End of the Year	<u>\$ 17,438</u>

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

## **NOTES TO FINANCIAL STATEMENTS**



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

**JUNE 30, 2016**

**NOTE 1: Summary of Significant Accounting Policies**

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

**A. Reporting Entity:**

The Ocean Township School District is a Type II district located in the County of Ocean, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of five members elected to three-year terms. The purpose of the district is to educate students in grades K-6. The Ocean Township School District had an approximate enrollment at June 30, 2016 of 519 students.

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

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

**B. Government-Wide Financial Statements**

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

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**B. Government-Wide Financial Statements (Continued)**

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

**Fund Financial Statements**

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

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

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

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

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

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

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

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

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

**D. Fund Accounting:**

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

**Governmental Fund Types**

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

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

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

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

**Proprietary Fund Type**

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

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued):**

**Fiduciary Fund Types**

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

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

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

**E. Basis of Accounting:**

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

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

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

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

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2016 were insignificant.

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

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

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

**G. Encumbrances:**

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

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

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

**H. Short-Term Interfund Receivables/Payables:**

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

**NOTE 1: Summary of Significant Accounting Policies (Continued)****I. Inventories and Prepaid Expenses**

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

**J. Capital Assets and Depreciation**

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

The District contracted with an outside service company to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2015-2016 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2016, fiscal year 2016 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

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

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

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

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2016</u>
Governmental Activities:					
Land	\$ 97,895	_____	_____	_____	97,895
Total	<u>97,895</u>	_____	_____	_____	<u>97,895</u>
Depreciable Assets:					
Site Improvements	379,403				379,403
Buildings	13,619,573	251,960			13,871,533
Machinery & Equip.	<u>1,413,411</u>	<u>86,822</u>	_____	_____	<u>1,500,233</u>
Total	<u>15,412,387</u>	<u>338,782</u>	_____	_____	<u>15,751,169</u>
Less: Accumulated Depreciation:					
Site Improvements	(376,975)	(1,244)			(378,219)
Buildings	(5,717,348)	(334,937)			(6,052,285)
Machinery & Equip.	<u>(1,158,080)</u>	<u>(33,607)</u>	<u>37,027</u>	_____	<u>(1,154,660)</u>
Total Accumulated Depreciation	<u>(7,252,403)</u>	<u>(369,788)</u>	<u>37,027</u>	_____	<u>(7,585,164)</u>
Net Depreciable Assets	<u>8,159,984</u>	<u>(31,006)</u>	_____	_____	<u>8,166,005</u>
Governmental Activities:					
Capital Assets, Net	<u>\$ 8,257,879</u>	<u>(31,006)</u>	<u>37,027</u>	_____	<u>8,263,900</u>
Business-Type Activities:					
Equipment	\$ 175,041		(1,378)		173,663
Less: Accumulated Depreciation:					
Equipment	<u>(161,356)</u>	<u>(1,040)</u>	<u>7,009</u>	_____	<u>(155,387)</u>
Business-Type Activities					
Capital Assets (Net)	<u>\$ 13,685</u>	<u>(1,040)</u>	<u>5,631</u>	_____	<u>18,276</u>

Depreciation expense was charged to governmental functions as follows:

Unallocated	<u>\$ 369,788</u>
-------------	-------------------

K. Compensated Absences

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

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

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

**L. Deferred Revenue**

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

**M. Fund Equity**

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The general fund reserve for restricted purposes includes net assets relating to capital reserve (See Note 12).

**NOTE 2: Cash and Cash Equivalents and Investments**

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

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

**Deposits**

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

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

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

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

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



**NOTE 2: Cash and Cash Equivalents and Investments (Continued)****Investments**

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank for cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

As of June 30, 2016, the District's deposits and investments are summarized as follows:

FDIC	\$ 250,000
GUPDA	<u>5,019,621</u>
	<u>\$ 5,269,621</u>

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk.

The District had no uninsured deposits.

As of June 30, 2016, cash and cash equivalents and investments of the District consisted of the following:

**Cash and Cash  
Equivalents  
\$ 5,115,283**

During the period ended June 30, 2016 the District did not hold any investments. The carrying amount of the District's cash and cash equivalents at June 30, 2016 was \$5,115,283 and the bank balance was \$5,269,621. Of the bank balance, \$250,000 was covered by federal depository insurance and \$5,019,621 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

**NOTE 3: General Long-Term Debt**

During the fiscal year ended June 30, 2016, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Long-Term</u> <u>Portion</u>	<u>2016-17</u> <u>Payment</u>
Pension Liability	\$ 3,344,465	730,569		4,075,034	4,075,034	
Compensated Absences Payable	277,050		1,252	275,798	275,798	
Capital Leases Payable	16,661		7,082	9,579	7,526	2,053
Bonds Payable	<u>6,790,000</u>	<u>6,010,000</u>	<u>6,335,000</u>	<u>6,465,000</u>	<u>5,965,000</u>	<u>500,000</u>
	<u>\$ 10,428,176</u>	<u>6,740,569</u>	<u>6,343,334</u>	<u>10,825,411</u>	<u>10,323,358</u>	<u>502,053</u>

**A. Bonds Payable**

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are of general obligation bonds, and the interest rates vary from 3.45% to 4.50%.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30			
2016/2017	\$ 500,000	313,375	813,375
2017/2018	515,000	185,675	700,675
2018/2019	530,000	176,225	706,225
2019/2020	555,000	154,325	709,325
2020/2021	570,000	137,675	707,675
2021/22-2025/26	3,110,000	421,823	3,531,823
2025/26-2026/27	<u>685,000</u>	<u>23,975</u>	<u>708,975</u>
	<u>\$ 6,465,000</u>	<u>1,413,073</u>	<u>7,878,073</u>

**B. Bonds Authorized But Not Issued**

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

**NOTE 3: General Long-Term Debt (Continued)****C. Capital Leases****Copiers – Teachers Lounges**

5 Years @ 5.9% interest.

	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>
Remaining:			
2016/2017	<u>\$ 6,078</u>	<u>5,888</u>	<u>190</u>

5 Years @ 2.9% interest.

	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>
Remaining:			
2016/2017	\$ 1,833	1,638	195
2017/2018	1,833	1,750	83
2018/2019	<u>306</u>	<u>303</u>	<u>3</u>
	<u>\$ 3,972</u>	<u>3,691</u>	<u>281</u>

**NOTE 4: Pension Plans**

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

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

**NOTE 4: Pension Plans (Continued)**

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

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

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

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

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

**NOTE 4: Pension Plans (Continued)**

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

During the year ended June 30, 2016, the State of New Jersey contributed \$714,330 to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$300,542 during the year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 24.

**Three-Year Trend Information for PERS**

<b>Year Funding</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/16	\$ 158,519	100%	0
6/30/15	147,546	100%	0
6/30/14	128,507	100%	0

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

<b>Year Funding</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/16	\$ 714,330	100%	0
6/30/15	571,577	100%	0
6/30/14	458,084	100%	0

**NOTE 4: Pension Plans (Continued)**

For the year ended June 30, 2016, the District recognized pension expense of \$158,519. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 97,216	
Changes of Assumptions	437,626	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		65,519
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	152,547	
District Contributions Subsequent to the Measurement Date	<u>158,519</u>	<u>      </u>
Total	<u>\$ 845,908</u>	<u>65,519</u>

\$845,908 reported as deferred outflows of resources related to pensions resulting from school district, charter school, or renaissance school project contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Additional Information**

Collective balances at December 31, 2014 and 2015 are as follows:

	<b><u>Dec. 31, 2015</u></b>	<b><u>Dec. 31, 2014</u></b>
Collective Deferred Outflows of Resources	\$ 845,908	383,157
Collective Deferred Inflows of Resources	65,519	199,312
Collective Net Pension Liability	4,075,034	3,344,465
District's Proportion	.01815%	.01786%

**NOTE 4: Pension Plans (Continued)****Components of Net Pension Liability**

The components of the net pension liability of the participating employers for PERS as of June 30, 2015 and 2014 are as follows:

	<b>2015</b>		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 31,614,118,524	43,109,580,038	74,723,698,562
Plan Fiduciary Net Position	<u>7,891,982,987</u>	<u>20,661,583,919</u>	<u>28,553,566,906</u>
Net Pension Liability	<u>\$ 23,722,135,537</u>	<u>22,447,996,119</u>	<u>46,170,131,656</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.96%	47.93%	38.21%
	<b>2014</b>		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 28,777,950,141	39,071,470,586	67,849,420,727
Plan Fiduciary Net Position	<u>8,650,846,191</u>	<u>20,348,735,583</u>	<u>28,999,581,774</u>
Net Pension Liability	<u>\$ 20,127,103,950</u>	<u>18,722,735,003</u>	<u>38,849,838,953</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	30.06%	52.08%	42.74%

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2103, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15% - 4.40% Based on Age
Thereafter	3.15% – 5.40% Based on Age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

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.

**NOTE 4: Pension Plans (Continued)****Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real 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:

<b><u>Asset Class</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Intermediate 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%	5.12%

**Discount Rate**

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended 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.



**NOTE 4: Pension Plans (Continued)****Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate**

The following presents the collective net pension liability of the participating employers as of June 30, 2015 and 2014, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<b>2015</b>		
	<b>At 1%</b>	<b>At Current</b>	<b>At 1%</b>
	<b><u>Decrease (3.90%)</u></b>	<b><u>Rate (4.90%)</u></b>	<b><u>Increase (5.90%)</u></b>
State	\$ 27,802,122,942	23,722,135,537	20,314,768,782
Local	<u>27,900,112,533</u>	<u>22,447,996,119</u>	<u>17,876,981,108</u>
Total	<u>\$ 55,702,235,475</u>	<u>46,170,131,656</u>	<u>38,191,749,890</u>
	<b>2014</b>		
	<b>At 1%</b>	<b>At Current</b>	<b>At 1%</b>
	<b><u>Decrease (4.39%)</u></b>	<b><u>Rate (5.39%)</u></b>	<b><u>Increase (6.39%)</u></b>
State	\$ 23,772,450,916	20,127,103,950	17,069,920,644
Local	<u>23,553,838,159</u>	<u>18,722,735,003</u>	<u>14,665,837,859</u>
Total	<u>\$ 47,326,289,075</u>	<u>38,849,838,953</u>	<u>31,735,758,503</u>

**Teachers Pensions and Annuity Fund (TPAF)****Components of Net Pension Liability**

The components of the net pension liability of the State as of June 30, 2015 and 2014 are as follows:

	<b>2015</b>	<b>2014</b>
Total Pension Liability	\$ 89,182,662,000	81,095,320,000
Plan Fiduciary Net Position	<u>25,604,797,560</u>	<u>27,282,252,461</u>
Net Pension Liability	<u>\$ 63,577,864,440</u>	<u>53,813,067,539</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%

**NOTE 4: Pension Plans (Continued)****State Proportionate Share of Net Pension Liability Attributable to District**

	<u>2015</u>	<u>2014</u>
District's Liability	\$ <u>25,824,667</u>	<u>21,924,929</u>
District's Proportion	.04062%	.04074%

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies Based on Experience
Thereafter	Varies Based on Experience
Investment Rate of Return	7.90%

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 improvements. 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.

**NOTE 4: Pension Plans (Continued)****Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments 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. 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:

<b><u>Asset Class</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
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 Markets Equity	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	4.00%	4.30%

**Discount Rate**

The discount rate used to measure the total pension liability was 4.13% and 4.68% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. 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.

**NOTE 4: Pension Plans (Continued)****Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the State as of June 30, 2015 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>At 1% Decrease</u>	<u>At Current Discount Rate</u>	<u>At 1% Increase</u>
2015 (3.13%, 4.13%, 5.13%)	\$ 75,559,915,440	63,577,864,440	53,254,610,440
2014 (3.68%, 4.68%, 5.68%)	64,722,984,539	53,813,067,539	44,738,870,539

**NOTE 5: Post-Retirement Benefits**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 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 prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) 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 6: Interfund Receivables and Payables**

There were interfunds as of June 30, 2016 as follows:

	<u>From</u>	<u>To</u>
General Fund	\$	213,962
Special Revenue Fund	72,266	
Capital Projects Fund	141,628	
Debt Service Fund	<u>68</u>	<u>        </u>
	<u>\$ 213,962</u>	<u>213,962</u>

**NOTE 7: Compensated Absences**

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

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2016, no liability existed for compensated absences in the Food Service Fund.

**NOTE 8: Tuition Adjustments**

Regulations specify that tuition adjustments for any given school year shall be remitted/received in the two following years after the tuition rate is certified. These adjustments have not been reflected on the June 30, 2016 financial statements.

**NOTE 9: Capital Reserve Account**

A Capital Reserve account was established by the Township of Ocean Board of Education for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

**NOTE 9: Capital Reserve Account (Continued)**

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

Beginning Balance, July 1, 2015	\$ 1,378,369
Deposit by Board Resolution	<u>500,000</u>
Ending Balance, June 20, 2016	<u>\$ 1,878,369</u>

**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 the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current year and previous year:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Balance</u>
2015-2016	\$ 23	16,039	21,960	17,438
2014-2015	21	14,877	5,655	23,336
2013-2014	11	13,389	6,216	14,093

**NOTE 11: Economic Dependency**

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

**NOTE 12:     2% Calculation of Excess Surplus**

2015-16 Total General Fund Expenditures Per the CAFR	\$ 18,041,497
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(1,014,872)</u>
Adjusted 2015-16 General Fund Expenditures	<u>\$ 17,026,625</u>
2% of Adjusted 2015-16 General Fund Expenditures	<u>\$ 340,533</u>
Enter Greater of Above or \$250,000	\$ 340,533
Increased by Allowable Adjustment	<u>164,440</u>
Maximum Unassigned Fund Balance	<u>\$ 504,973</u>
 <b><u>Section 2</u></b>	
Total General Fund – Fund Balance @ 6-30-16	\$ 6,060,522
Decreased by:	
Year-End Encumbrances	(90,081)
Designated for Subsequent Years Expenditures – BOE	(85,649)
Designated for Subsequent Years Expenditures – Excess Surplus	(840,019)
Other Restricted Reserved Fund Balances	<u>(4,539,800)</u>
Total Unassigned Fund Balance	<u>\$ 504,973</u>
Reserved Fund Balance – Excess Surplus	<u>\$ 0</u>
 <b><u>Section 3</u></b>	
Reserved Fund Balance – Excess Surplus Designated for Subsequent Years Expenditures	\$ 840,019
Excess Surplus	<u>0</u>
	<u>\$ 840,019</u>
 <b><u>Detail of Allowable Adjustments</u></b>	
Extraordinary Aid	\$ 163,918
Non Public Transportation	<u>522</u>
	<u>\$ 164,440</u>
 <b><u>Detail of Other Reserved Fund Balance</u></b>	
Maintenance Reserve	\$ 2,161,431
Emergency Reserve	250,000
Capital Reserve	1,878,369
Tuition Reserve	<u>250,000</u>
Total	<u>\$ 4,539,800</u>

**NOTE 13: Contingent Liabilities**

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

**NOTE 14: Fund Balance Appropriated**

**General Fund** – Of the \$6,060,522 General Fund fund balance at June 30, 2016, \$90,081 is reserved for encumbrances; \$1,878,369 is reserved for capital reserve; \$2,161,431 is reserved for maintenance; \$250,000 is reserved for emergency \$85,649 is designated for subsequent years expenditures; \$250,000 is reserved for tuition reserve; \$840,019 is excess surplus – designated for subsequent years expenditures; and \$504,973 is unreserved and undesignated

**NOTE 15: Significant Accounting Pronouncements**

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2016. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2016 through November 28, 2016.



**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**BUDGETARY COMPARISON SCHEDULES – C**

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1  
Sheet 1 of 12

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 10,224,870		10,224,870	10,224,870	-
Tuition From Other LEA's			-	137,649	137,649
Interest Earned			-	8,360	8,360
Interest Earned - Capital Reserve			2,000		(2,000)
Miscellaneous	10,000		10,000	43,597	33,597
Total Local Sources	<u>10,234,870</u>	<u>-</u>	<u>10,236,870</u>	<u>10,414,476</u>	<u>177,606</u>
State Sources:					
Security Aid	135,390		135,390	135,390	-
Transportation Aid	325,929		325,929	325,929	-
Special Education Aid	507,177		507,177	507,177	-
Adjustment Aid	5,948,204		5,948,204	5,948,204	-
PARCC Readiness Aid	8,890		8,890	8,890	-
Per Pupil Growth Aid	8,890		8,890	8,890	-
Non Public Transportation			-	522	522
Extraordinary Aid				163,918	163,918
TPAF Pension (On-Behalf Non-Budgeted)			-	714,330	714,330
TPAF Social Security (Reimbursed Non-Budgeted)			-	300,542	300,542
Total State Sources	<u>6,934,480</u>	<u>-</u>	<u>6,934,480</u>	<u>8,113,792</u>	<u>1,179,312</u>
Federal Sources:					
Medical Assistance Program	16,469		16,469	27,291	(10,822)
Total Federal Sources	<u>16,469</u>	<u>-</u>	<u>16,469</u>	<u>27,291</u>	<u>(10,822)</u>
Total Revenues	<u>17,185,819</u>	<u>-</u>	<u>17,187,819</u>	<u>18,555,559</u>	<u>1,346,096</u>

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

Sheet 2 of 12

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Current Expenditures:					
Regular Programs - Instruction:					
Preschool-Salaries of Teachers	72,588	1,975	74,563	74,563	-
Kindergarten - Salaries of Teachers	337,669	(23,435)	314,234	314,200	34
Grades 4-5- Salaries of Teachers	563,188	(29,982)	533,206	528,573	4,633
Grades 1-3 - Salaries of Teachers	889,505	2,798	892,303	890,302	2,001
Grade 6-Salaries of Teachers	271,531	(12,265)	259,266	259,266	-
Regular Programs - Home Instruction:					
Salaries of Teachers	2,500	5,201	7,701	7,701	-
Regular Program - Undistributed Instruction:					
Purchased Professional Educational Services	11,728	57	11,785	6,045	5,740
Purchased Technical Services	33,000	8,061	41,061	17,897	23,164
Other Purchased Services (400-500 Series)	99,100	(1,776)	97,324	93,841	3,483
General Supplies	164,740	887	165,627	153,802	11,825
Textbooks	99,100	111,262	210,362	204,762	5,600
Other Objects	200	(34)	166		166
Total Regular Programs - Instruction	<u>2,544,849</u>	<u>62,749</u>	<u>2,607,598</u>	<u>2,550,952</u>	<u>56,646</u>
Special Education - Instruction:					
Multiple Disabilities					
Salaries of Teachers	195,437	4,909	200,346	199,295	1,051
Other Salaries for Instruction	212,897	1,495	214,392	182,741	31,651
Other Purchased Services		87,543	87,543	64,012	23,531
General Supplies	7,200		7,200	5,233	1,967
Total Learning and/or Language Disabilities	<u>415,534</u>	<u>93,947</u>	<u>509,481</u>	<u>451,281</u>	<u>58,200</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT**

**BUDGETARY COMPARISON SCHEDULE**

**Exhibit C-1  
Sheet 3 of 12**

**GENERAL FUND**

**JUNE 30, 2016**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Resource Room/Center:					
Salaries of Teachers	620,647	27,103	647,750	647,750	-
Other Salaries for Instruction	263,135	3,748	266,883	249,951	16,932
General Supplies	18,000	(8,175)	9,825	6,173	3,652
Total Resource Room/Center	<u>901,782</u>	<u>22,676</u>	<u>924,458</u>	<u>903,874</u>	<u>20,584</u>
Pre-School -Disabilities - Part-Time:					
Salaries of Teachers	71,060	325	71,385	65,933	5,452
Other Salaries for Instruction	25,714	(325)	25,389	16,788	8,601
General Supplies	800		800	522	278
Total Pre-School Disabilities - Part-Time	<u>97,574</u>	<u>-</u>	<u>97,574</u>	<u>83,243</u>	<u>14,331</u>
Home Instruction:					
Salaries of Teachers	10,000	(6,652)	3,348	1,224	2,124
Total Home Instruction	<u>10,000</u>	<u>(6,652)</u>	<u>3,348</u>	<u>1,224</u>	<u>2,124</u>
Total Special Education - Instruction	<u>1,424,890</u>	<u>109,971</u>	<u>1,534,861</u>	<u>1,439,622</u>	<u>95,239</u>

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1  
Sheet 4 of 12

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	454,134	(19,919)	434,215	295,848	138,367
General Supplies	600	375	975	515	460
Total Basic Skills/Remedial - Instruction	<u>454,734</u>	<u>(19,544)</u>	<u>435,190</u>	<u>296,363</u>	<u>138,827</u>
School-Sponsored Co-Curricular Activities - Instruction:					
Salaries	<u>40,000</u>	<u>1,898</u>	<u>41,898</u>	<u>41,898</u>	<u>-</u>
Total School-Sponsored Co-Curricular Activities - Inst.	<u>40,000</u>	<u>1,898</u>	<u>41,898</u>	<u>41,898</u>	<u>-</u>
Total Instruction	<u>4,464,473</u>	<u>155,074</u>	<u>4,619,547</u>	<u>4,328,835</u>	<u>290,712</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within the State - Regular	4,776,194	(76,721)	4,699,473	4,680,703	18,770
Tuition to Other LEA's Within the State - Special	1,405,935	366,627	1,772,562	1,712,157	60,405
Tuition Private Schools Within the State - Disabilities	225,000	(225,000)	-	-	-
Total Undistributed Expenditures - Instruction	<u>6,407,129</u>	<u>64,906</u>	<u>6,472,035</u>	<u>6,392,860</u>	<u>79,175</u>
Undistributed Expenditures - Attendance and Social Work:					
Attendance - Salaries	<u>36,843</u>	<u>(18,300)</u>	<u>18,543</u>	<u>18,485</u>	<u>58</u>
Total Undistributed Expenditures - Attendance and Social Work	<u>36,843</u>	<u>(18,300)</u>	<u>18,543</u>	<u>18,485</u>	<u>58</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT**

**Exhibit C-1**

**Sheet 5 of 12**

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2016**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Undistributed Expenditures - Health Services:					
Salaries	153,065	(18,742)	134,323	133,994	329
Purchased Professional and Technical Services	1,060	(325)	735	384	351
Supplies and Materials	5,620	218	5,838	5,622	216
Total Undistributed Expenditures - Health Services	<u>159,745</u>	<u>(18,849)</u>	<u>140,896</u>	<u>140,000</u>	<u>896</u>
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries	149,553	2,616	152,169	151,707	462
Purchased Professional - Educational Services	123,300	(23,212)	100,088	97,916	2,172
Supplies and Materials	9,000	(5,644)	3,356	3,356	-
Total Undistributed Expenditures - Other Support Services - Students - Related Services	<u>281,853</u>	<u>(26,240)</u>	<u>255,613</u>	<u>252,979</u>	<u>2,634</u>
Undistributed Expenditures - Other Support Services - Students - Extra Services:					
Salaries	85,000	7,830	92,830	90,908	1,922
Purchased Professional Educational Services		42,100	42,100	42,100	-
Supplies and Materials		1,390	1,390	1,383	7
Total Undistributed Expenditures - Other Support Services - Students - Extra Services	<u>85,000</u>	<u>51,320</u>	<u>136,320</u>	<u>134,391</u>	<u>1,929</u>
Undistributed Expenditures - Other Support Services - Students - Regular:					
Salaries of Other Professional Staff	<u>124,373</u>	<u>3,700</u>	<u>128,073</u>	<u>127,990</u>	<u>83</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT**

**Exhibit C-1**

**Sheet 6 of 12**

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2016**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Undistributed Expenditures - Other Support Services - Students - Special:					
Salaries of Other Professional Staff	229,132	15,920	245,052	243,780	1,272
Salaries of Secretarial and Clerical Assistants	37,545		37,545	37,100	445
Purchased Professional Educational Services		650	650	650	-
Other Purchased Services	3,520	(260)	3,260	1,833	1,427
Supplies and Materials	12,500	(7,615)	4,885	4,435	450
Other Objects	2,200	1,485	3,685	3,685	-
Total Undistributed Expenditures - Other Support Services - Students - Special	<u>284,897</u>	<u>10,180</u>	<u>295,077</u>	<u>291,483</u>	<u>3,594</u>
Undistributed Expenditures - Improvement of Instructional Services:					
Salaries -Supervisor of Instruction	26,300	(6,753)	19,547	19,547	-
Salaries- Other Professional Staff	9,000		9,000	5,597	3,403
Purchased Professional Educational Services	5,000	(3,000)	2,000	420	1,580
Supplies and Materials	2,500		2,500	1,429	1,071
Other Objects		18,905	18,905		18,905
Total Undistributed Expenditures - Imp. of Instructional Svcs.	<u>42,800</u>	<u>9,152</u>	<u>51,952</u>	<u>26,993</u>	<u>24,959</u>
Undistributed Expenditures - Educational Media Services/ School Library:					
Salaries	53,381	542	53,923	52,170	1,753
Salaries - Technology Coordinators	71,893	(71,893)	-		-
Purchased Professional and Technical Services	40,000	87,001	127,001	108,119	18,882
Other Purchased Services (400-500 Series)	19,910	(5,359)	14,551	1,838	12,713
Supplies and Materials	31,790	2,477	34,267	32,216	2,051
Total Undistributed Expenditures - Educational Media Services/School Library	<u>216,974</u>	<u>12,768</u>	<u>229,742</u>	<u>194,343</u>	<u>35,399</u>



**OCEAN TOWNSHIP SCHOOL DISTRICT**

**Exhibit C-1**

**Sheet 7 of 12**

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2016**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Undistributed Expenditures - Instructional Staff Training Services:					
Salaries	15,000	(11,669)	3,331	1,000	2,331
Purchased Professional Educational Services	16,375	(5,000)	11,375	5,818	5,557
General Supplies	1,000		1,000		1,000
Total Undistributed Expenditures - Instructional Staff Training Service	<u>32,375</u>	<u>(16,669)</u>	<u>15,706</u>	<u>6,818</u>	<u>8,888</u>
Undistributed Expenditures - Support Services - General Admin.:					
Salaries	200,548		200,548	200,082	466
Legal Services	20,000	27,818	47,818	47,818	-
Audit Fees	9,000		9,000	9,000	-
Architect Fees		1,940	1,940	1,940	-
Purchased Technical Services	4,000	40	4,040	4,040	-
Communications/Telephone	5,500	(1,598)	3,902	41	3,861
BOE Other Purchased Services (400-500 Series)	8,650		8,650	2,825	5,825
Miscellaneous Purchase Services	8,800	(2,121)	6,679	6,225	454
General Supplies	2,000	1,607	3,607	3,393	214
Board of Education-Membership Fees & Dues	9,550	(1,008)	8,542	8,541	1
Miscellaneous Expenditures	4,050	1,283	5,333	5,333	-
Total Undistributed Expenditures - Support Services - General Administration	<u>272,098</u>	<u>27,961</u>	<u>300,059</u>	<u>289,238</u>	<u>10,821</u>
Undistributed Expenditures - Support Services - School Admin.:					
Salaries of Principals/Assistant Principals	126,218	24,677	150,895	150,895	-
Salaries of Secretarial and Clerical Assistants	90,965	5,309	96,274	96,271	3
Salaries-Other	4,500		4,500	4,500	-
Purchased Professional and Technical Services	1,000	250	1,250	1,249	1
Other Purchased Services (400-500 Series)	3,300	(2,411)	889	888	1
Supplies and Materials	5,005	1,768	6,773	6,773	-
Other Objects	3,695	(1,377)	2,318	2,318	-
Total Undistributed Expenditures - Support Services - School Administration	<u>234,683</u>	<u>28,216</u>	<u>262,899</u>	<u>262,894</u>	<u>5</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT**

Exhibit C-1

Sheet 8 of 12

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2016**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	108,582	(31,149)	77,433	77,432	1
Cleaning, Repair and Maintenance Services	122,935	(11,291)	111,644	81,302	30,342
General Supplies	3,000	180	3,180	3,180	-
Total Undistributed Expenditures - Required Maintenance - School Facilities	<u>234,517</u>	<u>(42,260)</u>	<u>192,257</u>	<u>161,914</u>	<u>30,343</u>
Undistributed Expenditures - Other Operations and Maintenance of Plant:					
Salaries	313,409	5,513	318,922	315,983	2,939
Purchased Professional and Technical Services	9,000	(620)	8,380	4,850	3,530
Cleaning, Repair and Maintenance Services	6,450	11,758	18,208	16,027	2,181
Other Purchased Property Services	12,000		12,000	9,592	2,408
Insurance	95,000	(16,000)	79,000	78,249	751
General Supplies	70,000	(13,168)	56,832	56,832	-
Energy/Electricity	195,000	(15,602)	179,398	122,940	56,458
Energy- Gasoline	3,000	118	3,118	1,192	1,926
Energy-Natural Gas	68,000	(28,000)	40,000	38,808	1,192
Other Objects	13,000	5,013	18,013	16,394	1,619
Total Undistributed Expenditures - Other Operations and Maintenance of Plant	<u>784,859</u>	<u>(50,988)</u>	<u>733,871</u>	<u>660,867</u>	<u>73,004</u>
Total Undistributed Expenditures - Operations and Maintenance of Plant	<u>1,019,376</u>	<u>(93,248)</u>	<u>926,128</u>	<u>822,781</u>	<u>103,347</u>
Undistributed Expenditures-Care & Upkeep of Grounds:					
Salaries		30,065	30,065	30,065	-

**OCEAN TOWNSHIP SCHOOL DISTRICT**

**Exhibit C-1**

**Sheet 9 of 12**

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Security					
Salaries	15,084		15,084	15,082	2
Total Undistributed Expenditures - Security	<u>15,084</u>	<u>-</u>	<u>15,084</u>	<u>15,082</u>	<u>2</u>
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	21,000	6,201	27,201	27,201	-
Salaries for Pupil Transportation (Between Home & School) Reg.	15,000	(10,999)	4,001	4,000	1
Contracted Services (Between Home & School) Jointures	630,000	69,197	699,197	699,197	-
Contracted Services (Spec. Ed.) - Vendors	90,000	49,779	139,779	129,482	10,297
Contracted Services (Between Home & School) Special Education - Jointures	260,000	(70,027)	189,973	189,973	-
Contracted Services - Aid in Lieu	7,072	(5,001)	2,071	1,768	303
Other Purchased Services		1,000	1,000	1,000	-
Total Undistributed Expenditures - Student Transportation Services	<u>1,023,072</u>	<u>40,150</u>	<u>1,063,222</u>	<u>1,052,621</u>	<u>10,601</u>
Undistributed Expenditures - Central Services:					
Salaries	141,000	295	141,295	141,295	-
Purchased Professional Services	19,500	12,890	32,390	820	31,570
Miscellaneous Purchased Services	500		500		500
Supplies and Materials	6,000	530	6,530	3,159	3,371
Miscellaneous Expenditures	550		550	225	325
Total Undistributed Expenditures - Central Services	<u>167,550</u>	<u>13,715</u>	<u>181,265</u>	<u>145,499</u>	<u>35,766</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT**

**Exhibit C-1**

**Sheet 10 of 12**

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2016**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Final to Actual</u></b>
Undistributed Expenditures - Employee Benefits:					
Social Security Benefits	145,000	(16,044)	128,956	128,574	382
Other Retirement Benefits-PERS	190,000	(30,000)	160,000	158,519	1,481
Workman's Compensation	70,000	(8,519)	61,481	61,480	1
Health Benefits	2,007,650	(141,705)	1,865,945	1,707,880	158,065
Other Employee Benefits	35,000	28,552	63,552	63,550	2
Tuition Reimbursement	6,000		6,000	5,760	240
Total Undistributed Expenditures Unallocated Benefits	<u>2,453,650</u>	<u>(167,716)</u>	<u>2,285,934</u>	<u>2,125,763</u>	<u>160,171</u>
On-Behalf TPAF Pension Contributions - Non-Budgeted				714,330	(714,330)
Reimbursed TPAF Social Security Contributions Non-Budgeted				<u>300,542</u>	<u>(300,542)</u>
Total Non-Budgeted Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,014,872</u>	<u>(1,014,872)</u>
Total Undistributed Expenditures	<u>12,841,502</u>	<u>(37,220)</u>	<u>12,808,613</u>	<u>13,345,157</u>	<u>(536,544)</u>
Total Current Expense	<u>17,305,975</u>	<u>117,854</u>	<u>17,428,160</u>	<u>17,673,992</u>	<u>(245,832)</u>
Capital Outlay:					
Regular Programs - Instruction:					
Plant Operations	63,000	(14,600)	48,400	47,616	784
Equipment-WES	10,000		10,000		10,000
Information Technology	<u>115,000</u>	<u>(75,794)</u>	<u>39,206</u>	<u>39,206</u>	<u>-</u>
Total Equipment	<u>188,000</u>	<u>(90,394)</u>	<u>97,606</u>	<u>86,822</u>	<u>10,784</u>
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services		11,650	11,650	980	10,670
Construction Services		275,788	275,788	250,556	25,232
Equipment-WES	27,000	(12,836)	14,164	13,975	189
Equipment-FAP	27,000	(12,565)	14,435	13,975	460
Debt Service Assessment	<u>1,197</u>		<u>1,197</u>	<u>1,197</u>	<u>-</u>
Total Facilities Acquisition and Construction Services	<u>55,197</u>	<u>262,037</u>	<u>317,234</u>	<u>280,683</u>	<u>36,551</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT**

**Exhibit C-1**

**Sheet 11 of 12**

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2016**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Total Capital Outlay	<u>243,197</u>	<u>171,643</u>	<u>414,840</u>	<u>367,505</u>	<u>47,335</u>
Total Expenditures	<u>17,549,172</u>	<u>289,497</u>	<u>17,843,000</u>	<u>18,041,497</u>	<u>(198,497)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(363,353)</u>	<u>(289,497)</u>	<u>(655,181)</u>	<u>514,062</u>	<u>1,147,599</u>
Other Financing Sources (Uses):					
Transfer to Food Service Fund	<u>100,000</u>	<u>20,000</u>	<u>120,000</u>	<u>(120,000)</u>	
Cancel Accounts Payable				<u>15,060</u>	
Total Other Financing Sources	<u>100,000</u>	<u>20,000</u>	<u>120,000</u>	<u>(104,940)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	<u>(263,353)</u>	<u>(269,497)</u>	<u>(535,181)</u>	<u>409,122</u>	<u>1,147,599</u>
Fund Balance July 1	<u>5,651,400</u>	<u>                    </u>	<u>5,651,400</u>	<u>5,651,400</u>	<u>                    </u>
Fund Balance June 30	<u>\$ 5,388,047</u>	<u>(269,497)</u>	<u>5,116,219</u>	<u>6,060,522</u>	<u>1,147,599</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT**

Exhibit C-1

Sheet 12 of 12

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**JUNE 30, 2016**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Recapitulation:					
Restricted Fund Balance:					
Maintenance Reserve				\$ 2,161,431	
Emergency Reserve				250,000	
Capital Reserve				1,878,369	
Tuition Reserve				250,000	
Excess Surplus Designated for Subsequent Years Expenditures				840,019	
Committed Fund Balance:					
Year End Encumbrances				90,081	
Assigned Fund Balances:					
Designed For Subsequent Year's Expenditures				85,649	
Unassigned Fund Balance				<u>504,973</u>	
				6,060,522	
Reconciliation to Governmental Funds Statement (GAAP):					
Final State Audit Payments not Recognized on GAAP Basis				<u>(693,478)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 5,367,044</u>	

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Federal Sources	\$ -	385,378	385,378	377,386	7,992
Total Revenues	<u>\$ -</u>	<u>385,378</u>	<u>385,378</u>	<u>377,386</u>	<u>7,992</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ -	118,800	118,800	118,800	
Other Salaries for Instruction		5,000	5,000	5,000	
Tuition		207,978	207,978	207,978	
General Supplies		15,419	15,419	13,558	1,861
Total Instruction	<u>-</u>	<u>347,197</u>	<u>347,197</u>	<u>345,336</u>	<u>1,861</u>
Support Services:					
Personal Services - Benefits		30,316	30,316	30,011	305
Other Purchased Services		7,865	7,865	2,039	5,826
Total Support Services	<u>-</u>	<u>38,181</u>	<u>38,181</u>	<u>32,050</u>	<u>6,131</u>
Total Expenditures	<u>\$ -</u>	<u>385,378</u>	<u>385,378</u>	<u>377,386</u>	<u>7,992</u>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**



**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGET-TO-GAAP RECONCILIATION**

**NOTE TO RSI**

**JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b><u>Sources/Inflows of Resources</u></b>		
Actual Amounts (budgetary) "revenues" from the budgetary comparison schedule	\$ 18,555,559	377,386
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(31,795)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	(693,478)	
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).	<u>686,550</u>	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.	<u>\$ 18,548,631</u>	<u>345,591</u>
<b><u>Uses/Outflows of Resources</u></b>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 18,041,497	377,386
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(31,795)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 18,041,497</u>	<u>345,591</u>

**REQUIRED SUPPLEMENTARY INFORMATION – PART III**

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

**OCEAN TOWNSHIP SCHOOL DISTRICT****SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE****NET PENSION LIABILITY - PERS****Exhibit L-1****LAST THREE FISCAL YEARS**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	100.000%	100.000%	100.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 4,075,034	3,344,465	3,259,576
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,075,034</u>	<u>3,344,465</u>	<u>3,259,576</u>
District's Covered-Employee Payroll	\$ 1,272,368	914,319	956,085
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	31.22%	27.34%	29.33%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	38.21%	42.74%	40.71%

**OCEAN TOWNSHIP SCHOOL DISTRICT**

**SCHEDULE OF DISTRICT CONTRIBUTIONS - PERS**

**Exhibit L-2**

**LAST THREE FISCAL YEARS**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 147,546	128,507	147,395
Contributions in Relation to the Contractually Required Contribution	<u>147,546</u>	<u>128,507</u>	<u>147,395</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
District's Covered-Employee Payroll	\$ 1,272,368	914,319	956,085
Contributions as a Percentage of Covered-Employee Payroll	11.60%	14.05%	15.42%

**OCEAN TOWNSHIP SCHOOL DISTRICT****SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE****NET PENSION LIABILITY - TPAF**

Exhibit L-3

**LAST THREE FISCAL YEARS**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.000%	0.000%	0.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>25,824,667</u>	<u>21,924,949</u>	<u>20,709,570</u>
Total	<u>\$25,824,667</u>	<u>21,924,949</u>	<u>20,709,570</u>
District's Covered-Employee Payroll	\$ 4,210,789	3,246,108	4,054,311
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	16.31%	14.81%	19.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

**OTHER SUPPLEMENTARY INFORMATION**

**SCHOOL LEVEL SCHEDULES – D**

N/A



**SPECIAL REVENUE FUND – E**

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit E-1

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

JUNE 30, 2016

	<u>Title I</u>	<u>IDEA Basic</u>	<u>IDEA Preschool</u>	<u>Title II A</u>	<u>Total</u>
Revenues:					
Federal Sources	\$ 125,026	207,978	7,437	36,945	377,386
Total Revenues	<u>\$ 125,026</u>	<u>207,978</u>	<u>7,437</u>	<u>36,945</u>	<u>377,386</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 90,000			28,800	118,800
Other Salaries for Instruction			5,000		5,000
General Supplies	11,503		2,055		13,558
Tuition		207,978			207,978
Total Instruction	<u>101,503</u>	<u>207,978</u>	<u>7,055</u>	<u>28,800</u>	<u>345,336</u>
Support Services:					
Employee Benefits	22,446		382	7,183	30,011
Other Purchased Services	1,077			962	2,039
Total Support Services	<u>23,523</u>	<u>-</u>	<u>382</u>	<u>8,145</u>	<u>32,050</u>
Total Expenditures	<u>\$ 125,026</u>	<u>207,978</u>	<u>7,437</u>	<u>36,945</u>	<u>377,386</u>

**CAPITAL PROJECTS FUND – F**

**OCEAN TOWNSHIP SCHOOL DISTRICT**

**CAPITAL PROJECTS FUND**

Exhibit F-1

**SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGETARY BASIS**

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

**Expenditures and Other Financing Uses**

Construction Services	\$ 28,758
Total Other Financing Sources (Uses)	<u>28,758</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing (Uses)	(28,758)
Fund Balance - Beginning	<u>234,262</u>
Fund Balance - Ending	<u><u>\$ 205,504</u></u>

**OCEAN TOWNSHIP SCHOOL DISTRICT**

Exhibit F-1a

**CAPITAL PROJECTS FUND**

**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,**

**AND PROJECT STATUS - BUDGETARY BASIS**

**WARETOWN ELEMENTARY SCHOOL HAVC PROJECT**

**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>
<b><u>Revenues and Other Financing Sources</u></b>				
Transfer from General - Capital Reserve	\$ 243,600		243,600	243,600
SDA Grants	162,400		162,400	162,400
Total Revenues	<u>406,000</u>	<u>-</u>	<u>406,000</u>	<u>406,000</u>
<b><u>Expenditures and Other Financing Uses</u></b>				
Purchased Professional and Technical Services	32,752		32,752	32,752
Construction Services	307,949	24,937	332,886	373,248
Total Expenditures	<u>340,701</u>	<u>24,937</u>	<u>365,638</u>	<u>406,000</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>\$ 65,299</u>	<u>(24,937)</u>	<u>40,362</u>	<u>-</u>

**Additional Project Information**

Project Number	3820-050-14-1002
Grant Date	4/7/2014
Original Authorized Cost	\$ 406,000
Additional Authorized Cost	-
Revised Authorized Cost	406,000
Percentage Increase Over Original Authorized Cost	
Percentage Completion	90%
Original Target Completion Date	2014
Revised Target Completion Date	2015

**OCEAN TOWNSHIP SCHOOL DISTRICT**

Exhibit F-1b

**CAPITAL PROJECTS FUND****SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,****AND PROJECT STATUS - BUDGETARY BASIS****WARETOWN ELEMENTARY SCHOOL EMERGENCY GENERATOR PROJECT****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>
<b><u>Revenues and Other Financing Sources</u></b>				
Transfer from General - Capital Reserve	\$ 105,000		105,000	105,000
SDA Grants	70,000		70,000	70,000
Total Revenues	<u>175,000</u>	<u>-</u>	<u>175,000</u>	<u>175,000</u>
<b><u>Expenditures and Other Financing Uses</u></b>				
Purchased Professional and Technical Services	13,500		13,500	13,500
Construction Services	26,144		26,144	161,500
Total Expenditures	<u>39,644</u>	<u>-</u>	<u>39,644</u>	<u>175,000</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>\$ 135,356</u>	<u>-</u>	<u>135,356</u>	<u>-</u>

**Additional Project Information**

Project Number	3820-050-14-1003
Grant Date	4/7/2014
Original Authorized Cost	\$ 175,000
Additional Authorized Cost	-
Revised Authorized Cost	175,000
Percentage Increase Over Original Authorized Cost	
Percentage Completion	23%
Original Target Completion Date	2014
Revised Target Completion Date	2015

**OCEAN TOWNSHIP SCHOOL DISTRICT**

Exhibit F-1c

**CAPITAL PROJECTS FUND****SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,****AND PROJECT STATUS - BUDGETARY BASIS****WARETOWN ELEMENTARY SCHOOL WINDOW REPLACEMENT PROJECT****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>
<b><u>Revenues and Other Financing Sources</u></b>				
Transfer from General - Capital Reserve	\$ 74,400		74,400	74,400
SDA Grants	49,600		49,600	49,600
Total Revenues	<u>124,000</u>	<u>-</u>	<u>124,000</u>	<u>124,000</u>
<b><u>Expenditures and Other Financing Uses</u></b>				
Purchased Professional and Technical Services	7,943		7,943	8,000
Construction Services	112,870	921	113,791	116,000
Total Expenditures	<u>120,813</u>	<u>921</u>	<u>121,734</u>	<u>124,000</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>\$ 3,187</u>	<u>(921)</u>	<u>2,266</u>	<u>-</u>

**Additional Project Information**

Project Number	3820-050-14-1004
Grant Date	4/7/2014
Original Authorized Cost	\$ 124,000
Additional Authorized Cost	-
Revised Authorized Cost	124,000
Percentage Increase Over Original Authorized Cost	
Percentage Completion	98%
Original Target Completion Date	2014
Revised Target Completion Date	2015

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit F-1d

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,AND PROJECT STATUS - BUDGETARY BASISFREDERICK A. PRIFF ELEMENTARY SCHOOLEMERGENCY GENERATOR REPLACEMENT PROJECTFROM 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>
<b><u>Revenues and Other Financing Sources</u></b>				
Transfer from General - Capital Reserve	\$ 48,000		48,000	48,000
SDA Grants	32,000		32,000	32,000
Total Revenues	<u>80,000</u>	<u>-</u>	<u>80,000</u>	<u>80,000</u>
<b><u>Expenditures and Other Financing Uses</u></b>				
Purchased Professional and Technical Services	6,200		6,200	6,200
Construction Services	63,389	2,900	66,289	73,800
Total Expenditures	<u>69,589</u>	<u>2,900</u>	<u>72,489</u>	<u>80,000</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>\$ 10,411</u>	<u>(2,900)</u>	<u>7,511</u>	<u>-</u>
<b><u>Additional Project Information</u></b>				
Project Number	3820-030-14-1001			
Grant Date	4/7/2014			
Original Authorized Cost	\$ 80,000			
Additional Authorized Cost	-			
Revised Authorized Cost	80,000			
Percentage Increase Over Original Authorized Cost				
Percentage Completion	91%			
Original Target Completion Date	2014			
Revised Target Completion Date	2015			



**PROPRIETARY FUNDS – G**

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit G-1

COMBINING STATEMENT OF NET POSITIONPROPRIETARY FUNDSJUNE 30, 2016

	<b>Business-Type Activities - Enterprise Funds</b>		<b>Totals</b>
	<b>Food Service</b>	<b>Latch Key Program</b>	
<b><u>Assets</u></b>			
Current Assets:			
Cash and Cash Equivalents	\$ 24,685	39,154	63,839
Accounts Receivable	7,924		7,924
Inventories	3,750		3,750
Total Current Assets	<u>36,359</u>	<u>39,154</u>	<u>75,513</u>
Noncurrent Assets:			
Furniture, Machinery & Equipment	173,663		173,663
Less: Accumulated Depreciation	<u>(155,387)</u>		<u>(155,387)</u>
Total Noncurrent Assets	<u>18,276</u>	<u>-</u>	<u>18,276</u>
Total Assets	<u>\$ 54,635</u>	<u>39,154</u>	<u>93,789</u>
<b><u>Liabilities</u></b>			
Accounts Payable	<u>\$ 6,000</u>		<u>6,000</u>
Total Liabilities	<u>\$ 6,000</u>	<u>-</u>	<u>6,000</u>
<b><u>Net Position</u></b>			
Invested in Capital Assets Net of Related Debt	\$ 18,276		18,276
Unrestricted	30,359		30,359
Reserve for Latch Key		<u>39,154</u>	<u>39,154</u>
Total Net Position	<u>\$ 48,635</u>	<u>39,154</u>	<u>87,789</u>

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit G-2

COMBINING STATEMENT OF REVENUES, EXPENSES ANDCHANGES IN FUND NET POSITIONPROPRIETARY FUNDSJUNE 30, 2016

	<u>Business-Type Activities - Enterprise Funds</u>		<u>Totals</u>
	<u>Food Service</u>	<u>Latch Key Program</u>	
Operating Revenues:			
Charge for Services:			
Daily Sales	\$ 88,074		88,074
Community Service Functions		119,257	119,257
Total Operating Revenues	<u>88,074</u>	<u>119,257</u>	<u>207,331</u>
Operating Expenses:			
Cost of Sales	101,472		101,472
Salaries	117,738	108,262	226,000
Employee Benefits	110,356		110,356
General Supplies	4,508	7,573	12,081
Depreciation	1,040		1,040
Miscellaneous	15,680	420	16,100
Other Purchased Professional Services		2,076	2,076
Total Operating Expenses	<u>350,794</u>	<u>118,331</u>	<u>469,125</u>
Operating Income (Loss)	(262,720)	926	(261,794)
Nonoperating Revenues (Expenses):			
Interest Revenue	37		37
Board Subsidy	120,000		120,000
State Sources:			
State School Lunch Program	2,299		2,299
Federal Sources:			
National Breakfast Program	19,577		19,577
National School Lunch Program	82,379		82,379
National School PB Lunch Program	2,777		2,777
Food Distribution Program	12,739		12,739
Total Nonoperating Revenues (Expenses)	<u>239,808</u>	<u>-</u>	<u>239,808</u>
Change in Net Position	(22,912)	926	(21,986)
Adjustment for Fixed Assets	5,631		5,631
Total Net Position - Beginning	<u>65,916</u>	<u>38,228</u>	<u>104,144</u>
Total Net Position - Ending	<u>\$ 48,635</u>	<u>39,154</u>	<u>87,789</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CASH FLOWS**

Exhibit G-3

**PROPRIETARY FUNDS**

**JUNE 30, 2016**

	<b>Business-Type Activities - Enterprise Funds</b>		<b>Totals</b>
	<b>Food Service</b>	<b>Latch Key Program</b>	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 88,074	119,257	207,331
Payments to Employees	(117,738)	(108,262)	(226,000)
Payments to Suppliers	(198,802)	(10,069)	(208,871)
Net Cash Provided (Used by) Operating Activities	<u>(228,466)</u>	<u>926</u>	<u>(227,540)</u>
Cash Flows from Noncapital Financing Activities:			
State Sources	2,299		2,299
Federal Sources	104,733		104,733
Operating Subsidies and Transfers from Other Funds	120,000		120,000
Net Cash Provided (Used by) Noncapital Financing Activities	<u>227,032</u>	<u>-</u>	<u>227,032</u>
Cash Flows from Investing Activities			
Interest	37	-	37
Net Increase (Decrease) in Cash & Cash Equivalents	(1,397)	926	(471)
Balances - Beginning of Year	<u>26,082</u>	<u>38,228</u>	<u>64,310</u>
Balances - End of Year	<u>\$ 24,685</u>	<u>39,154</u>	<u>63,839</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (262,720)	926	(261,794)
Depreciation	1,040		1,040
Federal Commodities	12,739		12,739
(Increase) Decrease in Accounts Receivable	14,341		14,341
(Increase) Decrease in Inventories	3,033		3,033
Increase (Decrease) in Accounts Payable	3,101		3,101
Net Cash Provided (Used by) Operating Activities	<u>\$ (228,466)</u>	<u>926</u>	<u>(227,540)</u>

**FIDUCIARY FUND – H**

OCEAN TOWNSHIP SCHOOL DISTRICT

TRUST AND AGENCY FUND

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2016

	<u>Student Activity</u>	<u>Payroll Agency</u>	<u>Payroll Salary</u>	<u>Unemployment Compensation Expendable Trust Fund</u>	<u>Total 2016</u>
<b><u>Assets</u></b>					
Cash and Cash Equivalents	\$ 4,561	1,839	953	17,438	24,791
Total Assets	<u>\$ 4,561</u>	<u>1,839</u>	<u>953</u>	<u>17,438</u>	<u>24,791</u>
<b><u>Liabilities</u></b>					
Due to Student Groups	\$ 4,561				4,561
Payroll Withholdings		1,839	953		2,792
Total Liabilities	<u>\$ 4,561</u>	<u>1,839</u>	<u>953</u>	<u>-</u>	<u>7,353</u>
<b><u>Net Position</u></b>					
Reserved - Dedicated to Unemployment				17,438	17,438
Total Net Position				<u>17,438</u>	<u>17,438</u>

OCEAN TOWNSHIP SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Exhibit H-2

FIDUCIARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Unemployment Compensation Trust</u>
<b><u>Additions</u></b>	
Contributions:	
Other	\$ 16,039
Total Contributions	<u>16,039</u>
Investment Earnings:	
Interest	<u>23</u>
Net Investment Earnings	<u>23</u>
Total Additions	16,062
<b><u>Deductions</u></b>	
Unemployment Claims	<u>21,960</u>
Total Deductions	<u>21,960</u>
Change in Net Position	(5,898)
Net Position - Beginning of Year	<u>23,336</u>
Net Position - End of the Year	<u><u>\$ 17,438</u></u>

**OCEAN TOWNSHIP SCHOOL DISTRICT**

**STUDENT ACTIVITY AGENCY FUND**

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**

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

	<b><u>Balance</u></b> <b><u>July 1, 2015</u></b>	<b><u>Cash</u></b> <b><u>Receipts</u></b>	<b><u>Cash</u></b> <b><u>Disbursements</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2016</u></b>
Elementary School	<u>\$ 4,412</u>	<u>6,528</u>	<u>6,379</u>	<u>4,561</u>



OCEAN TOWNSHIP SCHOOL DISTRICTPAYROLL AGENCY

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTSFOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 48,710	3,079,473	3,126,344	1,839
<b><u>Liabilities</u></b>				
Payroll Deductions, Withholdings and Amount Due Employees	\$ 48,710	3,079,473	3,126,344	1,839

**LONG-TERM DEBT – I**

**OCEAN TOWNSHIP SCHOOL DISTRICT**

Exhibit I-1

**LONG-TERM DEBT**

**SCHEDULE OF SERIAL BONDS**

**JUNE 30, 2016**

<b><u>Issue</u></b>	<b><u>Date of Issue</u></b>	<b><u>Amount of Issue</u></b>	<b><u>Maturities</u></b>		<b><u>Interest Rate</u></b>	<b><u>Balance July 1, 2015</u></b>	<b><u>Issued</u></b>	<b><u>Retired</u></b>	<b><u>Refinanced</u></b>	<b><u>Balance June 30, 2016</u></b>
			<b><u>Date</u></b>	<b><u>Amount</u></b>						
Renovations to Elementary Schools	2/15/07	\$ 8,100,000	1/15/17	\$ 470,000	4.000%	\$ 6,790,000		450,000	5,870,000	470,000
Refunding -2015	7/15/15	6,010,000	1/15/17	30,000	3.000%					
			1/15/18	515,000						
			1/15/19	530,000						
			1/15/20	555,000						
			1/15/21	570,000						
			1/15/22	585,000						
			1/15/23	605,000						
			1/15/24	620,000						
			1/15/25	640,000						
			1/15/26	660,000						
1/15/27	685,000	3.500%								
						<u>6,010,000</u>	<u>15,000</u>		<u>5,995,000</u>	
						<u>\$ 6,790,000</u>	<u>6,010,000</u>	<u>465,000</u>	<u>5,870,000</u>	<u>6,465,000</u>

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit I-2

LONG-TERM LIABILITIES

SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

JUNE 30, 2016

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Balance July 1, 2015</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2016</u>
Copiers	7/1/12	\$ 26,243	5.90%	\$ 11,437	5,549	5,888
Copiers	9/1/13	7,794	2.90%	5,224	1,533	3,691
				<u>\$ 16,661</u>	<u>7,082</u>	<u>9,579</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT**

**Exhibit I-3**

**BUDGETARY COMPARISON SCHEDULE**

**DEBT SERVICE FUND**

**JUNE 30, 2016**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Positive (Negative) Final to Actual</u></b>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 416,706		416,706	416,706	
State Aid:					
Debt Service Aid	304,894		304,894	304,894	
Total Revenues	<u>721,600</u>	<u>-</u>	<u>721,600</u>	<u>721,600</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	271,600		271,600	254,999	16,601
Redemption of Principal	450,000		450,000	450,000	
Total Expenditures	<u>721,600</u>	<u>-</u>	<u>721,600</u>	<u>704,999</u>	<u>16,601</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	16,601	16,601
Fund Balance July 1					-
Fund Balance June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>16,601</u>	<u>16,601</u>

**STATISTICAL SECTION**

**(Unaudited)**

Ocean Township Board of Education  
 Net Position by Component,  
 Last Ten Fiscal Years

Exhibit J-1

(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	(6,152,095)	1,476,349	1,738,834	1,092,288	1,092,228	1,172,628	1,211,985	993,174	1,908,300	1,798,900
Restricted	9,450,167	4,136,847	3,088,898	2,882,876	2,882,876	4,314,134	4,714,541	5,206,294	5,139,663	5,777,654
Unrestricted	384,524	535,861	(945,759)	(888,504)	(888,194)	(897,561)	(586,672)	(51,716)	(3,835,303)	(3,970,274)
<b>Total governmental activities net position</b>	<b>3,682,596</b>	<b>6,149,057</b>	<b>3,881,973</b>	<b>3,086,660</b>	<b>3,086,910</b>	<b>4,589,201</b>	<b>5,339,854</b>	<b>6,147,752</b>	<b>3,212,660</b>	<b>3,606,280</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	25,261	21,356	17,448	36,707	36,707	-	23,277	17,316	13,685	18,276
Restricted	6,509	17,734	13,083	7,774	7,774	-	29,432	42,645	38,228	39,154
Unrestricted	6,848	7,884	11,803	9,396	9,396	26,738	32,727	44,737	52,231	30,359
<b>Total business-type activities net position</b>	<b>38,618</b>	<b>46,974</b>	<b>42,334</b>	<b>53,877</b>	<b>53,877</b>	<b>26,738</b>	<b>85,436</b>	<b>104,698</b>	<b>104,144</b>	<b>87,789</b>
<b>District-wide</b>										
Invested in capital assets, net of related debt	(6,126,834)	1,497,705	1,756,282	3,140,537	1,128,935	1,172,628	1,235,262	1,010,490	1,921,985	1,817,176
Restricted	9,456,676	4,154,581	3,101,981	2,890,650	2,890,650	4,314,134	4,743,973	5,248,939	5,177,891	5,816,808
Unrestricted	391,372	543,745	(933,956)	(879,108)	(878,798)	(870,823)	(553,945)	(6,979)	(3,783,072)	(3,939,915)
<b>Total district net position</b>	<b>3,721,214</b>	<b>6,196,031</b>	<b>3,924,307</b>	<b>5,152,079</b>	<b>3,140,787</b>	<b>4,615,939</b>	<b>5,425,290</b>	<b>6,252,450</b>	<b>3,316,804</b>	<b>3,694,069</b>

Source: CAFR Schedule A-1

**Ocean Township Board of Education**  
**Changes in Net Position, Last Nine Fiscal Years**  
*(accrual basis of accounting)*

Exhibit J-2

	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>									
Governmental Activities									
Instruction									
Regular	2,545,442	2,313,777	2,487,430	2,240,260	1,977,645	2,294,668	2,367,728	2,318,149	2,552,204
Special Education	1,520,084	1,222,990	1,160,249	1,537,257	1,045,592	1,115,048	1,584,781	1,357,740	1,439,622
Other Instruction		172,495	196,809	265,444	414,160	386,663	373,842	415,414	338,261
Support Services:									
Tuition	7,431,302	8,348,299	7,509,277	6,940,320	6,881,050	7,043,773	7,151,221	6,789,614	6,255,211
Student & Instruction Related Services	1,024,397	1,160,073	1,148,441	1,032,633	1,012,223	1,026,022	1,080,447	1,126,939	1,193,482
General Administrative Services	231,045				255,393	199,391	263,869	276,858	289,238
School Administrative Services	268,845	265,456	292,420	258,279	197,979	-	225,980	295,614	262,894
Other Administrative Services		287,485	209,233	205,246	-	247,988			
Plant Operations and Maintenance	181,537	922,087	1,008,615	958,822	815,682	867,298	989,683	938,616	867,928
Pupil Transportation	817,983	751,370	728,349	757,663	930,851	970,596	943,013	1,042,749	1,052,621
Business and Other Support Services	675,934	205,138	219,401	198,628	172,935	166,241	144,392	144,425	145,499
Unallocated Benefits	2,136,307	2,039,684	2,263,797	2,318,543	2,237,067	2,291,864	2,484,976	2,603,044	3,274,660
Capital Outlay					258,023	103,521	38,771		260,352
Interest on Long-term Debt	382,011	370,517	256,230	341,219	325,307	308,986	297,510	280,917	332,262
Unallocated Depreciation	273,587	239,854	105,998	392,036	403,480	365,643	321,819	366,257	369,788
<b>Total Governmental Activities Expenses</b>	<b>17,488,474</b>	<b>18,299,225</b>	<b>317,493</b>	<b>17,446,350</b>	<b>16,927,387</b>	<b>17,387,702</b>	<b>18,268,032</b>	<b>17,956,336</b>	<b>18,634,022</b>
Business-type Activities:									
Food Service	427,314	106,622	76,624	308,367	337,675	-	312,258	-	-
Latch Key	81,089	4,651	8,117	85,800	74,223	106,388	112,863	120,594	(21,986)
<b>Total Business-type Activities Expense</b>	<b>508,403</b>	<b>111,273</b>	<b>84,741</b>	<b>394,167</b>	<b>411,898</b>	<b>106,388</b>	<b>425,121</b>	<b>120,594</b>	<b>(21,986)</b>
<b>Total District Expenses</b>	<b>17,996,877</b>	<b>18,410,498</b>	<b>18,088,483</b>	<b>17,840,517</b>	<b>17,339,285</b>	<b>17,494,090</b>	<b>18,693,153</b>	<b>18,076,930</b>	<b>18,612,036</b>
<b>Program Revenues</b>									
Governmental activities:									
Charges for services:									
Taxes	8,654,519	9,000,700	9,331,450	9,418,649	9,592,649	9,771,626	9,944,546	10,143,430	10,224,870
Taxes on Debt Service	371,062	258,094	205,598	409,101	425,902	430,977	414,056	415,021	416,706
Federal & State Aid Not Restricted	8,386,715	8,058,744	522,032	8,369,238	8,734,904	8,007,268	8,749,931	8,268,070	8,439,049
Miscellaneous Income	396,467	191,270		343,281	510,733	151,826	138,459	242,712	51,957
Sale of Bonds									
Account Receivable Cancelled		8,951	(33)	(5,159)	-	-	-	-	-
Transfers		(106,552)			(50,000)	(29,215)	(125,000)		(104,940)
<b>Total Governmental Activities Program Revenues</b>	<b>17,808,763</b>	<b>17,411,207</b>	<b>17,894,903</b>	<b>18,535,110</b>	<b>19,214,188</b>	<b>18,332,482</b>	<b>19,121,992</b>	<b>19,069,233</b>	<b>19,027,642</b>
<b>Change in Net Position</b>									
Governmental Activities	6,149,057	6,149,057	(177,720)	700,833	1,502,231	779,694	853,960	992,857	393,620
Business -type Activities	47,810	46,974	(15,860)	(6,240)	(27,139)	58,698	19,262	(554)	(21,986)
<b>Total District</b>	<b>6,196,867</b>	<b>6,196,031</b>	<b>(193,580)</b>	<b>694,593</b>	<b>1,475,092</b>	<b>838,392</b>	<b>873,222</b>	<b>992,303</b>	<b>371,634</b>

Source: CAFR Schedule A-2



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

**Exhibit J-3**

	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund									
Reserved	\$ 5,161,793	1,650,284	252,099	442,388	3,844,675	4,464,541	4,247,052	4,374,838	5,305,549
Unreserved	177,101	352,752	(400,927)	(258,312)	(334,011)	(293,662)	(282,182)	(250,007)	(188,505)
Emergency Reserve				400,000	400,000	250,000	450,000	840,019	250,000
Total general fund	<u>5,338,894</u>	<u>2,003,036</u>	<u>1,851,172</u>	<u>584,076</u>	<u>3,910,664</u>	<u>4,420,879</u>	<u>4,414,870</u>	<u>4,964,850</u>	<u>5,367,044</u>
All Other Governmental Funds									
Reserved	4,902,311								
Capital Projects		530,473	510,973	67,802	67,802	-	739,640	234,262	205,504
Debt Service		177,101	23,038	6,509		-	68		16,601
Unreserved, reported in:									
Special revenue fund									
Capital Reserve fund	181,083			992,282		-	-	-	-
Maintenance Reserve	255,500			805,500		-	-	-	-
Debt Service		23,036	1,990	6,509	1,657	1,725			
Total all other governmental funds	<u>\$ 5,338,894</u>	<u>730,610</u>	<u>536,001</u>	<u>1,878,602</u>	<u>69,459</u>	<u>1,725</u>	<u>739,708</u>	<u>234,262</u>	<u>222,105</u>

Source: CAFR Schedule B-1

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

Exhibit J-4

	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>									
Tax levy	9,025,581	9,258,794	9,537,048	9,827,750	10,018,551	10,202,603	10,358,602	10,358,602	10,641,576
Tuition charges	52,368	70,220							137,649
Interest earnings	146,334	52,136							
Miscellaneous	209,557	59,914	522,947	111,276	175,994	151,740	138,459	138,459	51,957
State sources	8,452,213	8,050,410	7,713,381	7,807,297	8,008,226	7,984,682	8,390,515	8,390,515	8,411,758
Federal sources	350,954	371,300	728,089	457,860	726,678	387,926	359,416	359,416	372,882
<b>Total revenue</b>	<b>18,237,007</b>	<b>17,862,774</b>	<b>18,501,465</b>	<b>18,204,183</b>	<b>18,929,449</b>	<b>18,726,951</b>	<b>19,246,992</b>	<b>19,246,992</b>	<b>19,615,822</b>
<b>Expenditures</b>									
<b>Instruction</b>									
Regular Instruction	2,526,506	2,389,456	2,455,758	231,048	2,045,486	2,294,668	2,367,728	2,367,728	2,550,952
Special education instruction	1,520,084	1,570,657	1,715,426	1,537,257	1,440,178	1,449,117	1,584,781	1,584,781	1,439,622
Other instruction	131,940	172,495	196,809	265,444	414,160	386,663	373,842	373,842	656,040
Nonpublic school programs									
Adult/continuing education programs									
<b>Support Services:</b>									
Tuition	7,431,302	8,348,299	7,509,277	6,940,320	6,881,050	7,043,773	7,151,221	7,151,221	6,392,860
Student & instruction related services	1,024,397	1,176,372	1,148,441	1,032,633	1,067,468	1,057,293	1,080,447	1,080,447	1,221,294
General administrative services	231,045	265,456	292,420	258,279	255,393	247,988	263,869	263,869	289,238
School Administrative services	268,845	287,485	209,233	205,246	197,979	199,391	225,980	225,980	262,894
Business administrative services									
Plant operations and maintenance	817,983	922,087	1,008,615	958,822	906,965	867,298	989,683	989,683	867,928
Pupil transportation	675,934	751,370	728,349	757,663	930,851	970,596	943,013	943,013	1,052,621
Business and Other Support Services	181,537	205,138	219,401	198,628	172,935	166,241	144,392	144,392	145,499
Unallocated employee benefits	2,136,307	2,039,684	2,315,230	2,318,543	2,495,090	2,582,275	2,469,855	2,469,855	3,140,635
Capital outlay	203,533	163,068	3,950	489,625	566	103,521	75,326	75,326	396,263
<b>Debt service:</b>									
Principal	340,000	340,000	355,000	370,000	385,000	405,000	415,000	415,000	450,000
Interest and other charges	363,050	376,352	362,458	347,775	332,278	316,431	304,881	304,881	254,999
<b>Total expenditures</b>	<b>17,852,463</b>	<b>19,007,919</b>	<b>18,776,105</b>	<b>17,911,283</b>	<b>17,525,399</b>	<b>18,090,255</b>	<b>18,390,018</b>	<b>18,390,018</b>	<b>19,120,845</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>384,544</b>	<b>(1,135,145)</b>	<b>(274,640)</b>	<b>292,900</b>	<b>1,404,050</b>	<b>636,696</b>	<b>856,974</b>	<b>856,974</b>	<b>494,977</b>
<b>Other Financing sources (uses)</b>									
Accounts Payable Cancelled		9,237							15,060
Additional Accounts Payable			(33)	(5,310)		-	-	-	-
Adjustments						(29,215)			
Accounts Receivable Cancelled		(286)							
Sale of Bonds									
Transfers - Food Service	(119,000)	(106,552)	(68,800)	(52,000)	(50,000)	(165,000)	(125,000)	(125,000)	(120,000)
<b>Total other financing sources (uses)</b>	<b>(119,000)</b>	<b>(97,601)</b>	<b>(68,833)</b>	<b>(57,310)</b>	<b>(50,000)</b>	<b>(194,215)</b>	<b>(125,000)</b>	<b>(125,000)</b>	<b>(104,940)</b>
<b>Net change in fund balances</b>	<b>265,544</b>	<b>(1,232,746)</b>	<b>(343,473)</b>	<b>235,590</b>	<b>1,354,050</b>	<b>442,481</b>	<b>731,974</b>	<b>731,974</b>	<b>390,037</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>4.0%</b>	<b>3.8%</b>	<b>3.8%</b>	<b>4.1%</b>	<b>4.1%</b>	<b>4.0%</b>	<b>3.9%</b>	<b>3.9%</b>	<b>3.8%</b>

Source: CAFR Schedule B-2

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

J-5

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Tuition Revenue</u>	<u>Rentals</u>	<u>Misc.</u>	<u>Total</u>
2007	\$ 123,774	64,797	2,400	14,512	205,483
2008	146,334	52,368	2,400	163,585	364,687
2009	80,961	70,220	2,200	30,509	183,890
2010	18,501	453,547	400	16,442	488,890
2011	26,363	23,059	-	19,103	68,525
2012	2,097	153,160		20,598	175,855
2013	9,856			141,816	151,672
2014	7,149			131,310	138,459
2015		37,647		37,844	75,491
2016		137,649		51,957	189,606

Source: District Records

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

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2007	\$ 79,818,100	1,077,178,900	1,943,900	381,600	60,019,100	574,600	1,219,916,200		1,351,217	1,221,267,417	0.739	0.337
2008	68,887,700	1,127,016,900	2,902,500	389,500	59,969,800	574,600	1,259,741,000		1,350,724	1,261,091,724	0.734	0.352
2009	67,564,300	1,163,308,000	2,902,500	376,600	62,682,500	574,600	1,297,408,500		1,420,876	1,298,829,376	0.734	0.351
2010	71,455,800	1,199,130,600	3,301,000	264,300	62,240,200	574,600	1,336,966,500		1,602,840	1,338,569,340	0.734	0.328
2011	68,645,800	1,233,141,900	3,301,000	264,300	62,384,700	574,600	1,368,312,300		1,437,244	1,369,749,544	0.731	0.331
2012	58,150,100	1,115,942,500	2,311,400	264,000	66,333,100	925,800	1,243,926,900		1,437,244	1,245,364,144	0.819	0.343
2013	55,358,200	1,119,796,100	2,320,200	258,300	64,303,200	925,800	1,242,961,800		1,333,171	1,244,294,971	0.832	0.357
2014	50,824,100	1,142,069,800	2,320,200	264,100	63,064,600	925,800	1,259,468,600		1,193,220	1,260,622,320	0.838	0.387
2015	44,663,000	1,165,958,200	3,453,700	271,000	63,060,900	925,800	1,380,678,186	101,148,200	1,227,386	1,279,529,986	0.832	0.432
2016	44,663,000	1,165,958,200	3,453,700	271,000	63,060,900	925,800	1,380,678,186	101,148,200	1,227,386	1,279,529,986	0.833	0.432

Source: Municipal Tax Assessor

**N** Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

**a** Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies (2012 Data Unavailable)

**b** Tax rates are per \$100

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

**Exhibit J-7**

*(rate per \$100 of assessed value)*

Fiscal Year Ended June 30,	Ocean Township Board of Education General Obligation			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	Debt Service <sup>b</sup>	Total Direct	School District	Ocean Township	Library/Oth er	Ocean County	
	2007	0.708	0.031	0.739	0.739	0.361	0.012	
2008	0.714	0.020	0.734	0.734	0.396	0.012	0.352	1.494
2009	0.718	0.160	0.734	0.734	0.423	0.300	0.351	1.538 * Plus Municipal Open Space .030
2010	0.718	0.160	0.734	0.734	0.421	0.035	0.328	1.548 *Plus Municipal Open Space .030
2011	0.700	0.031	0.731	0.731	0.421	0.036	0.331	1.549 Inc. Mun. Open Space .03
2012	0.786	0.033	0.819	0.819	0.463	0.039	0.343	1.722 Inc. Mun. Open Space .029
2013	0.800	0.032	0.832	0.832	0.523	0.041	0.357	1.753
2014	0.805	0.033	0.838	0.838	0.575	0.040	0.387	1.840
2015	0.799	0.033	0.832	0.832	0.587	0.040	0.423	1.855
2016	0.800	0.033	0.833	0.833	0.629	0.040	0.403	1.905

Source: Municipal Tax Collector

**Note:** NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calcu

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

Ocean Township Board of Education  
Principal Property Tax Payers,  
Latest Available

Exhibit J-8

Taxpayer	As of December 31, 2015	
	Taxable Assessed Value	Rank [Optional]

Information not available at this time

Total	<u>\$ -</u>
-------	-------------

Source: Municipal Tax Assessor

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

**Exhibit J-9**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
2007	\$ 8,435,914	8,435,914	100.00%
2008	9,025,581	9,025,581	100.00%
2009	9,258,794	9,258,794	100.00%
2010	9,537,048	9,537,048	100.00%
2011	9,827,750	9,827,750	100.00%
2012	10,018,551	10,018,551	100.00%
2013	10,202,603	10,202,603	100.00%
2014	10,358,602	10,358,602	100.00%
2015	10,558,457	10,558,457	100.00%
2016	10,641,576	10,641,576	100.00%

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

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

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

**Exhibit J-10**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	
2007	\$ 9,830,000	-	-	-	-	9,830,000	33,910
2008	9,490,000	-	-	-	-	9,490,000	35,856
2009	9,150,000	-	-	-	-	9,150,000	37,228
2010	9,795,000	-	-	-	-	9,795,000	39,521
2011	8,425,000	-	-	-	-	8,425,000	39,677
2012	8,040,000	-	-	-	-	8,040,000	41,986
2013	7,635,000	-	-	-	-	7,635,000	43,200
2014	7,220,000	-	23,327	-	-	7,243,327	43,214
2015	6,790,000	-	16,662	-	-	6,806,662	44,381
2016	6,465,000	-	9,579	-	-	6,474,579	N/A

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

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

<sup>a</sup> See Exhibit NJ J-13 for population data.



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

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita Income <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2007	10,140,000	310,000	9,830,000	0.34%	36,037
2008	9,830,000	340,000	9,490,000	0.33%	35,856
2009	9,490,000	340,000	9,150,000	0.71%	37,228
2010	9,150,000	355,000	8,795,000	0.66%	39,521
2011	8,795,000	370,000	8,425,000	0.62%	39,677
2012	8,425,000	385,000	8,040,000	0.65%	41,986
2013	8,040,000	405,000	7,635,000	0.61%	43,200
2014	7,635,000	415,000	7,220,000	0.57%	43,214
2015	7,220,000	430,000	6,790,000	0.53%	44,381
2016	6,790,000	325,000	6,465,000	N/A	N/A

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

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

**b** Population data can be found in Exhibit NJ J-14.

Ocean Township Board of Education  
 Ratios of Overlapping Governmental Activities Debt  
 As of June 30, 2016

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Ocean Township	19,575,603	100%	\$ 19,575,603
<b>Other debt</b>			0.00%
Ocean County	369,435,111	1.47%	<u>5,430,696</u>
Subtotal, overlapping debt			25,006,299
<b>Ocean Township School District Direct Debt</b>			<u>6,465,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 31,471,299</u></u>

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

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

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

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

Exhibit J-13

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt limit								33,014,695	31,537,060	31,537,060
Total net debt applicable to limit	<u>1,730,000</u>	<u>9,490,000</u>	<u>9,150,000</u>	<u>8,795,000</u>	<u>8,425,000</u>	<u>8,040,000</u>	<u>7,635,000</u>	<u>7,220,000</u>	<u>6,790,000</u>	<u>6,465,000</u>
Legal debt margin	<u>\$ (1,730,000)</u>	<u>\$ 9,490,000</u>	<u>\$ 9,150,000</u>	<u>\$ 8,795,000</u>	<u>\$ 8,425,000</u>	<u>\$ 8,040,000</u>	<u>\$ 7,635,000</u>	<u>\$ 25,794,695</u>	<u>\$ 24,747,060</u>	<u>\$ 25,072,060</u>
Total net debt applicable to the limit as a percentage of debt limit										

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

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

**Ocean Township Board of Education  
Demographic and Economic Statistics  
Last Ten Years**

**Exhibit J-14**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2006	8,241	N/A	6.4%
2007	8,643	36,037	5.6%
2008	8,993	37,228	7.3%
2009	9,121	39,521	12.0%
2010	8,346	39,677	12.6%
2011	8,372	41,986	13.1%
2012	8,518	43,200	13.4%
2013	8,653	43,214	11.6%
2014	8,658	44,381	8.4%
2015	8,850	N/A	6.8%

**Source:**

a Population information provided by the NJ Dept of Labor and Workforce Development

b Personal income NJ Department of Education

c Per Capita NJ Department of Education

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

Ocean Township Board of Education  
Principal Employers,  
Latest Available

Exhibit J-15

2016			
Employer	Employees	Rank (Optional)	Percentage of Total Employment
INFORMATION IS NOT AVAILABLE AT THIS TIME			
	-		0.00%

Source:

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

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

Exhibit J-16

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Administration	5	5	4	3	4	4	4	4	4	4
Certified Educational Support Staff	4	4	4	4	3	3	3	3	3	3
Instruction								38	38	38
Regular	37	38	38	38	38	38	38	15	15	15
Special education	15	15	15	15	15	15	15			
Support Services:										
Student & instruction related services	19	20	20	20	20	20	20	20	20	20
General administrative services	1	1	1	1	1	1	1	1	1	1
School administrative services	5	5	5	5	5	5	5	5	5	5
Business administrative services	2	2	2	2	2	2	2	2	2	2
Plant operations and maintenance	16	16	16	16	16	16	16	16	16	16
Food Service										
Total	<u>104</u>	<u>106</u>	<u>105</u>	<u>104</u>	<u>104</u>	<u>104</u>	<u>104</u>	<u>104</u>	<u>104</u>	<u>104</u>

Source: District Personnel Records

Ocean Township Board of Education  
 Operating Statistics  
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment
						Elementary				
2007	551	16,536,995	30,013	7.94%	52			551	523	7.83%
2008	543	16,056,172	29,569	-1.48%	53			545	517	-1.09%
2009	543	17,298,998	31,858	7.74%	53			543	513	-0.37%
2010	535	16,721,104	31,254	-0.02%	53			535	504	-0.01%
2011	540	15,755,164	29,176	0.06%	52			540	511	0.06%
2012	532	16,904,003	31,774	8.90%	53			537	499	-1.80%
2013	541	16,935,682	31,304	-0.02%	53			537	504	0.00%
2014	514	0	0	0.00%	53			519	489	-3.35%
2015	546	0	0	0.00%	53			542	512	4.44%
2016	519	18,401,497	35,456	0.00%	53			522	494	-3.70%

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

Note: Enrollment based on annual October district count.

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

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

Exhibit J-18

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Frederic A. Priff School										
Square Feet	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
Capacity (students)	318	318	318	318	318	318	318	318	318	318
Enrollment	215	216	216	216	216	216	218	209	209	210
Waretown Elementary School										
Square Feet	40,000	40,000	40,002	40,002	40,002	40,002	40,002	40,002	40,002	40,002
Capacity (students)	349	349	349	349	349	349	349	349	349	349
Enrollment	321	327	327	327	327	327	319	305	305	312
Total Enrollment	551	543	543	535	535	535	537	514	514	522
<b><u>Other</u></b>										
Superintendent's Office										
Square Feet	840	840	840	840	840	840	840	840	840	840
Business Office										
Square Fee	840	840	840	840	840	840	840	840	840	840
Maintenance Offices										
Square Feet	840	840	840	840	840	840	840	840	840	840
Latchkey Trailer										
Square Feet	840	840	840	0	0	0	0	0	0	0
Municipal Alliance										
Square Fee	216	216	216	0	0	0	0	0	0	0
Number of Schools at June 30, 2015	2	2	2	2	2	2	2	2	2	2

Elementary = 2

Other = 5

Source: District records, ASSA

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



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

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

School Facilities	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Frederic Priff School	\$ 74,690	86,539	73,421	60,836	63,464	64,172	69,767	99,247	132,044	61,322
Waretown Elementary School	87,223	101,093	93,446	76,243	79,846	69,204	69,644	135,448	153,461	74,144
<hr/>										
Total School Facilities	161,913	187,632	166,867	137,079	143,310	133,376	139,411	234,695	285,505	135,466
<hr/>										
Grand Total	<u>\$161,913</u>	<u>187,632</u>	<u>166,867</u>	<u>137,079</u>	<u>143,310</u>	<u>133,376</u>	<u>139,141</u>	<u>234,695</u>	<u>285,505</u>	<u>135,466</u>

Source: District Records

OCEAN TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

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

-

OCEAN TOWNSHIP SCHOOL DISTRICT  
 INSURANCE SCHEDULE (CONTINUED)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
 UNAUDITED

Company	Type of Coverage	Coverage	Deductible
	Board of Education		
	-Liability Wrongful Acts Coverage	10,000,000	5,000
	Each Loss	\$ 10,000,000	\$ 5,000
	Aggregate		
	Fellow Employee/Volunteer Workers	25,000	N/A
	Student Accident - Voluntary Program	5,000,000	
	-Benefit Period 2 years	1,000,000	
Selective Insurance Co.	Fidelity Bonds		
	-School Business Administrator/ Board Secretary	250,000	
	Worker's Compensation	2,000,000	N/A

**SINGLE AUDIT SECTION**

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

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

Telecopier:  
(732) 280-8888

e-mail:  
rah@monmouth.com

2807 Hurley Pond Road • Suite 100  
P.O. Box 1409  
Wall, New Jersey 07719-1409  
(732) 681-4990

**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 Township School District  
County of Ocean  
Ocean Township, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ocean Township Board of Education, County of Ocean, State of New Jersey as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Ocean Township Board of Education, County of Ocean, State of New Jersey's basic financial statements, and have issued our report thereon dated November 28, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Ocean Township Board of Education, County of Ocean, State of New Jersey'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 of the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ocean Township Board of Education, County of Ocean, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Ocean Township Board of Education, County of Ocean, State of New Jersey'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

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

### **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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

*Robert A. Hulsart*

**Licensed Public School Accountant  
No. 322  
Robert A. Hulsart and Company  
Wall Township, New Jersey**

November 28, 2016

*Robert A. Hulsart and Company*  
 CERTIFIED PUBLIC ACCOUNTANTS

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

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

Telecopier:  
 (732) 280-8888

e-mail:  
 rah@monmouth.com

2807 Hurley Pond Road • Suite 100  
 P.O. Box 1409  
 Wall, New Jersey 07719-1409  
 (732) 681-4990

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

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

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

We have audited the Board of Education of the Ocean Township School District, County of Ocean, State of New Jersey's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Board of Education of the Ocean Township School District, County of Ocean, State of New Jersey's major state programs for the year ended June 30, 2016. The Board of Education of the Ocean Township School District, County of Ocean, State of New Jersey'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 the Board of Education of the Ocean Township School District, County of Ocean, State of New Jersey'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; and prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and U.S. 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 the Board of Education of the Ocean Township School District, County of Ocean, State of New Jersey'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 the Board of Education of the Ocean Township School District, County of Ocean, State of New Jersey's compliance.

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

In our opinion, the Board of Education of the Ocean Township School District, County of Ocean, State of New Jersey's, 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 Board of Education of the Ocean Township School District, County of Ocean, State of New Jersey's is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board of Education of the Ocean Township School District, County of Ocean, State of New Jersey'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 federal and state program and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education of the Ocean Township School District, County of Ocean, State of New Jersey'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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a 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 was for the limited purposes 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 that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

*Robert A. Hulsart*

**Licensed Public School Accountant  
No. 322  
Robert A. Hulsart and Company  
Wall Township, New Jersey**

November 28, 2016

OCEAN TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2016

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2015	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2016			
					From	To						(Accounts Receivable)	Deferred Revenue	Due to Grantor	
U.S. Department of Education:															
General Fund:															
Medical Assistance Program	93.778	1605NJ5MAP	N/A	\$ 27,291	9/1/2015	8/31/2016	\$ -		27,291	(27,291)					
Small Rural School Achievement	84.358A	S358A150030	N/A	\$ 16,960	9/1/2014	8/31/2015									
Small Rural School Achievement	84.358A	S358A150030	N/A	\$ 16,683	9/1/2015	8/31/2016									
Total General Fund							-	-	27,291	(27,291)	-	-	-	-	-
Special Revenue:															
NCLB:															
Title I	84.010A	S010A150030	NCLB-14	117,171	9/1/2013	8/31/2014	(914)				914				
Title I	84.010A	S010A150030	NCLB-15	113,380	9/1/2014	8/31/2015	(37,612)		37,612						
Title I	84.010A	S010A150030	NCLB-16	126,887	9/1/2015	8/31/2016			60,247	(125,026)			(64,779)		
Title II Part A	84.367	S367A150029	NCLB-15	43,317	9/1/2014	8/31/2015	(11,520)		11,520						
Title II Part A	84.367	S367A150029	NCLB-16	43,076	9/1/2015	8/31/2016			21,122	(36,945)			(15,823)		
IDEA:															
Preschool	84.173	H173A150114	IDEA-15	8,660	9/1/2014	8/31/2015	(2,441)		2,441						
Preschool	84.173	H173A150114	IDEA-16	7,437	9/1/2015	8/31/2016			4,679	(7,437)			(2,758)		
Basic	84.027	H025A150100	IDEA-15	198,109	9/1/2014	8/31/2015	4,660				(4,660)				
Basic	84.027	H025A150100	IDEA-16	207,978	9/1/2015	8/31/2016			186,753	(207,978)			(21,225)		
Total Special Revenue							(47,827)	-	324,374	(377,386)	(3,746)	(104,585)	-	-	-
U.S. Department of Agriculture:															
Passed Through State Department of Education:															
Enterprise Fund:															
National School Breakfast Program	10.553	1616NJ304N1099		19,577	7/1/2015	6/30/2016			18,101	(19,577)			(1,476)		
National School Breakfast Program	10.553	1616NJ304N1099		17,511	7/1/2014	6/30/2015	(3,740)		3,740						
National School Lunch Program	10.555	1616NJ304N1099		82,379	7/1/2015	6/30/2016			76,320	(82,379)			(6,059)		
National School Lunch Program	10.555	1616NJ304N1099		78,287	7/1/2014	6/30/2015	(17,437)		17,437						
National School PB Lunch Program	10.555	1616NJ304N1099		2,843	7/1/2014	6/30/2015	(578)		578						
National School PB Lunch Program	10.555	1616NJ304N1099		2,777	7/1/2015	6/30/2016			2,560	(2,777)			(217)		
U.S. Food Distribution Program	10.550	1616NJ304N1099		12,739	7/1/2015	6/30/2016			12,739	(12,739)					
Total Enterprise Fund							(21,755)	-	131,475	(117,472)	-	(7,752)	-	-	-
Total Federal Assistance							\$ (69,582)	-	483,140	(522,149)	(3,746)	(112,337)	-	-	-

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

OCEAN TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

Schedule B  
K-4

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program State Department of Education:	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2015	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2016			MEMO	
			From	To						(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
General Fund:														
Extraordinary Aid	16-495-034-5120-044	\$ 163,918	7/1/2015	6/30/2016	\$ -		(163,918)			(163,918)				163,918
Extraordinary Aid	15-495-034-5120-044	98,689	7/1/2014	6/30/2015	(98,689)	98,689								
Security Aid	16-495-034-5120-084	135,390	7/1/2015	6/30/2016		135,390	(135,390)				(13,540)		135,390	
Transportation Aid	16-495-034-5120-014	325,929	7/1/2015	6/30/2016		325,929	(325,929)				(32,594)		325,929	
Special Education Aid	16-495-034-5120-089	507,177	7/1/2015	6/30/2016		507,177	(507,177)				(50,720)		507,177	
Adjustment Aid	16-495-034-5120-085	5,948,204	7/1/2015	6/30/2016		5,948,204	(5,948,204)				(594,846)		5,948,204	
PARCC Readiness Aid	16-495-034-5120-098	8,890	7/1/2015	6/30/2016		8,890	(8,890)				(889)		8,890	
Per Pupil Growth Aid	16-495-034-5120-097	8,890	7/1/2015	6/30/2016		8,890	(8,890)				(889)		8,890	
Non Public Transportation	16-495-034-5120-014	522	7/1/2015	6/30/2016			(522)			(522)			522	
Non Public Transportation	15-495-034-5120-014	1,392	7/1/2014	6/30/2015	(1,392)	1,392								
TPAF Social Security (Reimbursed Non-Budgeted)	16-495-034-5095-002	300,542	7/1/2015	6/30/2016		300,542	(300,542)							300,542
TPAF Social Security (Reimbursed Non-Budgeted)	15-495-034-5095-002	303,467	7/1/2014	6/30/2015	(15,060)	15,060								
Total General Fund					(115,141)	7,350,163	(7,399,462)	-	-	(164,440)	-	-	(693,478)	7,399,462
Capital Projects:														
State Grant - Waretown Elementary HVAC	3820-050-14-1002	162,400	4/7/2014	6/30/2015	(162,400)					(162,400)				
State Grant - Waretown Elementary Generator	3820-050-14-1003	70,000	4/7/2014	6/30/2015	(70,000)					(70,000)				
State Grant - Waretown Elementary Windows	3820-050-14-1004	49,600	4/7/2014	6/30/2015	(49,600)					(49,600)				
State Grant - Priff Elementary Generator	3820-030-14-1001	32,000	4/7/2014	6/30/2015	(32,000)					(32,000)				
Total Capital Projects					(314,000)	-	-	-	-	(314,000)	-	-	-	-
State Department of Agriculture Enterprise Fund:														
National School Lunch Program (State Share)	15-100-010-3350-023	2,306	7/1/2014	6/30/2015	(509)	509								
National School Lunch Program (State Share)	16-100-010-3350-023	2,231	7/1/2015	6/30/2016		2,059	(2,231)			(172)			2,231	
Total Enterprise Fund					(509)	2,568	(2,231)	-	-	(172)	-	-	-	2,231
Debt Service Fund:														
Debt Service Aid	16-495-034-5120-017	304,894	7/1/2015	6/30/2016		304,894	(304,894)							304,894
Total State Financial Assistance					\$ (429,650)	7,657,625	(7,706,587)	-	-	(478,612)	-	-	(693,478)	7,706,587

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

**BOARD OF EDUCATION**

K-5

**OCEAN TOWNSHIP SCHOOL DISTRICT**

**NOTES TO SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE**

**JUNE 30, 2016**

**NOTE 1: General**

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

**NOTE 2: Basis of Accounting**

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

**NOTE 3: Relationship to General Purpose Financial Statements**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Food Service</u>	<u>Total</u>
<b><u>State Assistance</u></b>					
Actual Amounts (Budgetary)					
“Revenues” from the Schedule					
of Expenditures of State					
Financial Assistance	\$ 7,399,462		304,894	2,231	7,706,587
Difference – Budget to “GAAP”					
Grant Accounting Budgetary					
Basis Differs from GAAP					
in that Encumbrances are					
Recognized as Expenditures					
and the Related Revenue					
is Recognized					

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Food Service</u>	<u>Total</u>
On Behalf Payments Recognized for GAAP Statements but Not Included in the Schedule of Expenditures of State Financial Assistance	714,330				714,330
The Last State Aid Payment Is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33)	(6,928)				(6,928)
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 8,106,864</u>		<u>304,894</u>	<u>2,231</u>	<u>8,413,989</u>
<b><u>Federal Assistance</u></b>					
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of Federal Awards	\$ 27,291	377,386		117,472	522,149
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized		(31,795)			(31,795)
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances	<u>\$ 27,291</u>	<u>345,591</u>		<u>117,472</u>	<u>490,354</u>

**NOTE 4:      Relationship to Federal and State Financial Reports**

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

**NOTE 5:      Other**

TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016. 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. Revenues and expenditures reported under the food distribution program represent current year value received and current year distributions respectively.

OCEAN TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

*Part 1 - Summary of Auditor's Results*

**Financial Statement Section**

Unmodified

(A) Type of auditor's report issued:

(B) Internal control over financial reporting:

1) Material weakness(es) identified?

\_\_\_\_\_ Yes      x   No

2) Were reportable conditions(s) identified that were not considered to be material weaknesses?

\_\_\_\_\_ Yes      x   No

(C) Noncompliance material to general purpose financial statements noted?

\_\_\_\_\_ Yes      x   No

**Federal Awards Section**

Not Applicable

OCEAN TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

*Part I - Summary of Auditor's Results (Continued)*

State Awards

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

Auditee qualified as low-risk auditee?  x  Yes   No

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

Internal Control over major programs:

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

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

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

Identification of major programs:

GMIS Number(s)

- 16-495-034-5120-089
- 16-495-034-5120-085
- 16-495-034-5120-084
- 16-495-034-5120-014
- 16-495-034-5120-098
- 16-495-034-5120-097

Name of State Program

- Special Education Aid (State Aid - Public Cluster)
- Adjustment Aid (State Aid - Public Cluster)
- Security Aid (State Aid - Public Cluster)
- Transportation Aid (Transportation Aid Cluster)
- PARCC Readiness Aid
- Per Pupil Growth Aid



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

*Part 2 - Financial Statement Findings*

This section identifies audit findings required to be reported by section 200.515 paragraph c of Circular 2 CFR 200 and OMB 15-08.

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's Response: N/A

**OCEAN TOWNSHIP SCHOOL DISTRICT****SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016***Part 3 - Schedule of Federal and State Award Findings and Questioned Costs*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. Code of Federal Regulations Part 200 and New Jersey OMB's Circular 15-08, as amended.

**FEDERAL AWARDS**

Not Applicable

**STATE AWARDS**

Finding: None

State program information: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

Management's response: N/A

**OCEAN TOWNSHIP SCHOOL DISTRICT**

120.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

K-7

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

This section identifies the status of prior year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, Title 2 U.S. Code of Federal Regulations Part 200 and New Jersey OMB's Circular 15-08.

**Prior Audit Findings:**

There were no prior year audit findings.