

SCHOOL DISTRICT

Oceanport School District

OF MONMOUTH COUNTY

Oceanport, NEW JERSEY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2016

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Of the

Oceanport Board of Education
of Monmouth County

Oceanport, New Jersey

For the Fiscal Year Ended June 30, 2016

Prepared by

Oceanport Board of Education
of Monmouth County Board of Education
Finance Department

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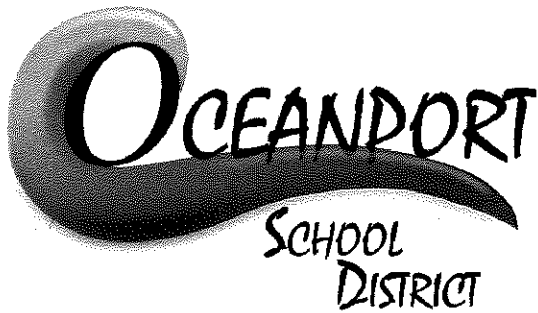
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INTRODUCTORY SECTION



Oceanport Board of Education

ADMINISTRATIVE OFFICES • 29 Wolf Hill Avenue • Oceanport, New Jersey 07757

DR. JOAN NESENKAR SAYLOR
SCHOOL BUSINESS ADMINISTRATOR

TEL: (732) 542-0683
EXT. 2124

November 28, 2016

Honorable President and
Members of the Board of Education
Oceanport School District
County of Monmouth, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Oceanport School District (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 disclosure, 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 as follows:

The Introductory Section includes the Letter of Transmittal, the District's Organizational Chart, and a list of Principal Officials.

The Financial Section includes the General Purpose Financial Statements and Schedules, the Independent Auditor's and Management Discussion and Analysis.

The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.

The Single Audit Section: Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oceanport Board of Education's basic financial statements. The introductory section, combining fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is 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 Requirement for Federal Awards, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

REPORTING ENTITY AND ITS SERVICES:

The Oceanport School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Oceanport Board of Education and its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-School through Eighth Grade. These services include regular as well as special education programs. The District completed the 2015-2016 fiscal year with an enrollment of 604 students.

ECONOMIC CONDITION AND OUTLOOK:

As a result of the District's efforts over the past several years, the financial status of the Oceanport School District continues to remain stable and many accomplishments have occurred as a result. Funds have been set aside in both Maintenance Reserve and Emergency Reserve for future projects and unforeseen circumstances.

The District was eligible for and received federal funds from FEMA in the form of a Community Disaster Loan as a result of Superstorm Sandy in the amount of \$434,153. Another \$442,836 was also available to the District as a loan; however, the District did not request these funds. The repayment of this loan is scheduled to begin in 2018. The District is working closely with FEMA officials applying for cancellation of this loan. It is not known at this time whether any or the entire loan will be cancelled by the federal government. Repayment of this loan would be made through the regular annual budget.

MAJOR INITIATIVES:

Throughout the 2015-2016 school year, the District continued to refine, expand and re-evaluate programs to provide opportunities for both students and staff. We are most pleased that several initiatives were supported through local funding for fiscal year 2016. More specifically, instructional materials and resources, curricula writing stipends, and professional development services encompassed the relative purchases.

At the preschool level, the My Math and Voices programs were implemented, which included consumables and online accounts. Additionally, a grade K-8 textbook series for health was introduced in both hard copy and online format. With respect to grades 5-8, two English language arts textbook series were incorporated into daily reading and writing instruction. Equally as essential, among our assessment purchases was SAGES, designed to be administered for gifted and talented course placement, and dyslexia screening materials.

In conjunction with the purchase of instruction materials and resources, curricula writing was completed for these courses: grades K-8 health, grades K-8 gifted and talented, grades K-8 technology, grades K-4 library/media, and grades 5-8 English language arts. Curricula writing included alignment to content standards and additional New Jersey Department of Education requirement (e.g., differentiation).

Our professional development emphasis was placed on instructional coaching days and out-of-district presenters for sessions regarding differentiation, instructional technologies, and the Danielson staff

evaluation model. Differentiation and instructional technologies were among two of our district goals for fiscal year 2016. Also noteworthy was the district's participation in two professional development consortia, Brookdale Education Networks and the Regional Professional Development Academy.

Wolf Hill School: Students and staff demonstrated success in meeting their academic goals through a whole school model of problem-solving to meet the needs of each individual student. This model incorporates the efficient provision of prevention, intervention, and support services with targeted goals for student success. The Tier 1 Wilson Foundations program was introduced for all grade 2 students. This program helped students become more fluent readers and writers. Wolf Hill students also benefited from the use of RAZ-Kids and Learning A-Z in grades PK through 1 for added reaching practice in school and at home. Building-based subscriptions to Brainpop and Enchanted Learning enhanced lessons for student engagement and differentiated instruction. Teachers of grades 3 and 4 collaborated to utilize Google Classroom as the main forum for student assignments and task completion which permits students to work collaboratively with their peers and communicate with their teacher for more immediate feedback.

Maple Place School: Students endeavored to explore the curriculum through engaging methods with greater and more targeted use of technology. This included the implementation of Google Classroom as well as other cloud based learning tools and assessments. The learners had access to Chromebooks in a 1:1 fashion which has supported this progression. Over the course of the year, the school had numerous educational assembly programs, and also took high value learning trips with their classes to a wide array of locations. Our tradition of providing excellent extracurricular activities and clubs allowed us to widen the learner's scope of understanding through positive peer socialization.

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 the federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

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 Board of Education. 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 cancelled or 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.

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 Statements, Note 1."

CASH MANAGEMENT:

The investment policy of the District is guided in large part by State statute as detailed in "Notes to the Financial Statement, Note 2. The District has adopted a cash management plan which requires it to deposit public funds in the 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.

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.

OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Jump, Perry and Company, LLP, Certified Public Accountants, was selected by the Board's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related Uniform Guidance and State Treasury Circular Letter 15-08. The

auditor's report on the general purpose financial statements and combined and individual fund statements and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit section are included in the single audit section of this report.

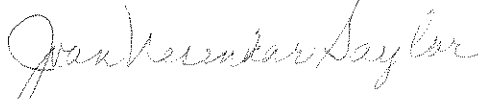
ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Oceanport 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.

Respectfully submitted,

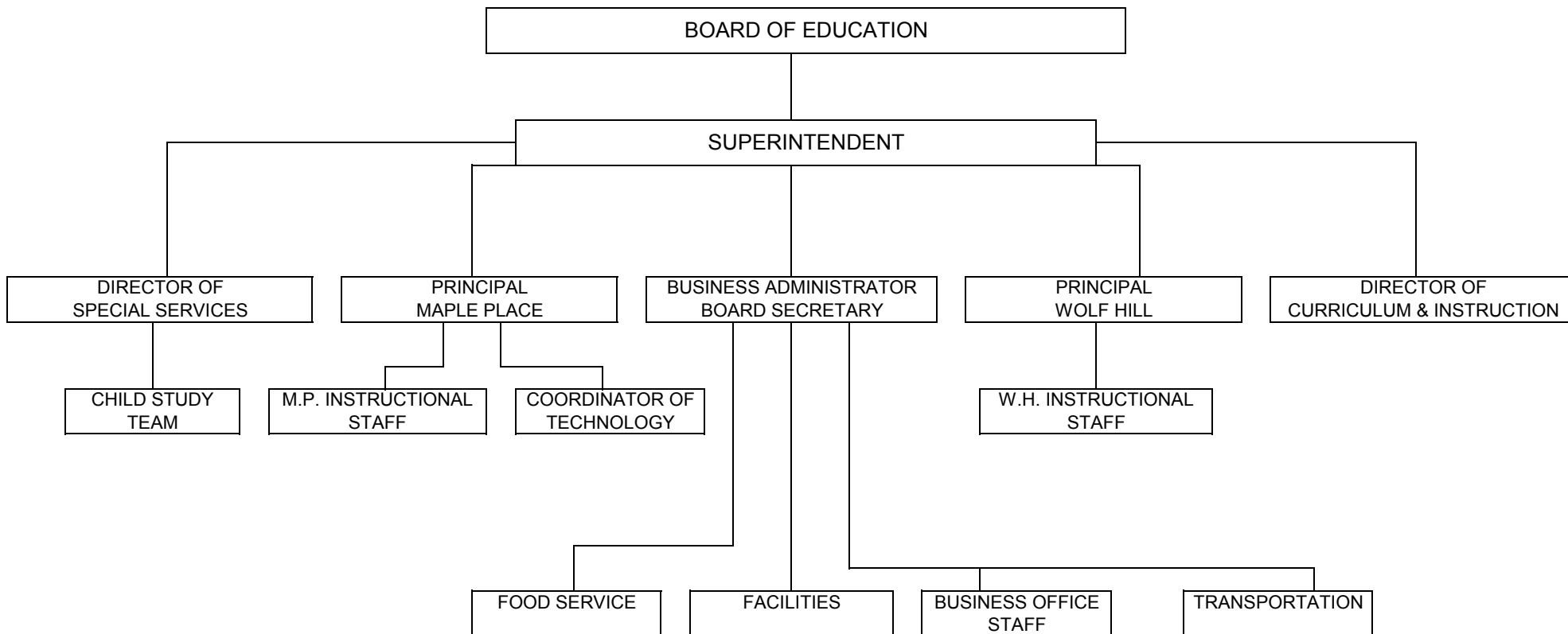


Thomas Farrell
Superintendent



Joan Nesenkar Saylor, Ed.D.
Interim Business Administrator/Board Secretary

OCEANPORT BOARD OF EDUCATION
ORGANIZATIONAL CHART



Oceanport Board of Education
Oceanport, New Jersey

Roster of Officials
June 30, 2016

<u>Members of the Board of Education</u>	<u>Term Expires</u>
William McVitty, President	2016
Spencer Carpenter, Vice President	2016
Sandra Firrito	2017
Michael Kogut	2016
Michelle McMullin	2016
Michael Murphy	2018
Natalie Papailiou	2018
Meghan Walker	2016
Marion Wilhalme	2016

Other Officials

Thomas Farrell, Superintendent of Schools

Dennis W. Kotch, Business Administrator/Board Secretary (July 1, 2015 – May 13, 2016)

Richard McOmber, Esq., Solicitor

Oceanport School District
Consultants and Advisors

Audit Firm

Jump, Perry and Company, L.L.P.
12 Lexington Avenue
Toms River, New Jersey 08753

Attorney

McOmber & McOmber
54 Shrewsbury Avenue
Red Bank, New Jersey 07701

Official Depositories

Investors Savings Bank
169 Broadway
Long Branch, New Jersey 07740

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Oceanport School District:
County of Monmouth
Oceanport, New Jersey

Report of 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 Oceanport School District in the County of Monmouth, 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 School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 judgement, 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 School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Other Matters*Required Supplementary Information*

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oceanport School District's basic financial statements. The introductory section, combining fund financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is 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*, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

Other Information (Cont'd)

The combining fund financial statements and schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate 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 standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2016 on our consideration of the Oceanport School District in the County of Monmouth, State of New Jersey internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oceanport School District in the County of Monmouth, State of New Jersey internal control over financial reporting and compliance.

Respectfully Submitted

Jump, Perry and Company L.L.P.
Toms River, New Jersey



Kathryn Perry, Partner
Licensed Public School Accountant
No. CS 20CS00226400

November 22, 2016
Toms River, NJ

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Oceanport School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2016

Unaudited

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

The Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information Section specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34- Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued in June 1999. Certain comparative information between the current year (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2016 are as follows:

In total, net position totaled \$2,239,223, which represents a (21.13) percent decrease from 2015.

General revenues accounted for \$9,461,643 in revenue or 95.56 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 \$439,652 or 4.44 percent of total revenues of \$9,901,295.

Total assets decreased by \$921,176 as cash and cash equivalents increased by \$195,595, receivables decreased by \$(1,116,466) and capital assets decreased by \$(70,803).

The School District had \$10,501,038 in expenses; only \$439,652 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily transportation) of \$9,461,643 were adequate to provide for these programs.

Among major funds, the General Fund had \$10,868,638 in revenues and \$11,896,511 in expenditures and transfers. The General Fund's balance decreased \$(1,027,873) over 2015. The General Fund's balance is \$1,394,448.

Using this Comprehensive Annual Financial Report (CAFR)

The annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Oceanport 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 School District, presenting both an aggregate view of the School District's finances and longer-term view of those finances. Fund financial statements provide the next level of detail. For government funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Oceanport School District, the General Fund is by far the most significant.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

This document contains all funds used by the School District to provide programs and activities viewing the School District as a whole and reports the culmination of all financial transactions. The report answers the question "How We Did Financially During Fiscal Year 2016." The Statement of Net Position and the Statement of Activities provides the summary. The 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 reports whether the School District's financial position 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 participating districts, current laws in 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 kinds of activities:

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

Business-Type Activities - This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service and Summer Enrichment Enterprise Funds are reported as business activities.

Reporting the School District's Most Significant Funds

Fund Financial Statement

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General Fund, Service 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 the funds and balances left at year-end available for spending in the future years. These funds are reported using a modified accrual accounting method 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 determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship 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.

The School District as a Whole

The Statement of Net Position provides the financial perspective of the School District as a whole. Table 1 provides a summary comparison of the School District's net position for 2016 and 2015.

Table 1

Net Position as of June 30, 2016 and 2015

	2016	2015
Assets:		
Cash and Cash Equivalents	\$ 1,180,409	\$ 985,797
Receivables, Net	307,839	1,424,305
Interfund Receivable	70,498	-
Other Assets	5,404	4,421
Capital Assets, Net	<u>5,128,034</u>	<u>5,198,837</u>
Total Assets	<u>6,692,184</u>	<u>7,613,360</u>
Deferred Outflows of Res.	<u>419,261</u>	<u>263,083</u>
Liabilities:		
Accounts Payable	29,486	83,671
Other Liabilities	30,805	40,206
Interfund Payable	70,498	-
Unearned Revenue	10,400	-
Noncurrent Liabilities:		
Due Within One Year	231,949	122,438
Due Beyond One Year	<u>4,398,090</u>	<u>4,658,840</u>
Total Liabilities	<u>4,771,228</u>	<u>4,905,155</u>
Deferred Inflows of Res.	<u>100,994</u>	<u>132,322</u>
Net Position:		
Invested in Capital Assets, Net of Related Debt	3,763,034	3,711,399
Restricted	1,138,072	1,177,872
Unrestricted	<u>(2,661,883)</u>	<u>(2,050,305)</u>
Total Net Position	<u>\$ 2,239,223</u>	<u>\$ 2,838,966</u>

The School District as a Whole (Continued)

The School District's combined net position were \$2,239,223 on June 30, 2016. This is a change of (21.13)% from the previous year.

Table 2 provides a comparison analysis of School District-wide changes in net position from fiscal years 2015 and 2016.

Table 2

Changes in Net Position

	<u>2016</u>	<u>2015</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 383,744	\$ 192,839
Operating Grants and Contributions	55,908	54,170
Capital Grants and Contributions	-	-
General Revenues:		
Tuition	-	-
Grants and Entitlements	767,150	1,913,272
Other	<u>8,694,493</u>	<u>8,667,435</u>
 Total Revenues	 <u>9,901,295</u>	 <u>10,827,716</u>
<u>Program Expenses</u>		
Instruction	4,360,858	3,551,608
Support Services:		
Pupils and Instructional Staff	1,251,373	1,254,222
General Administration, School Administration		
Business Operations and Maintenance of		
Facilities	4,183,231	4,431,845
Pupil Transportation	361,602	340,301
 Enterprise funds	 281,212	 160,774
Interest on Long-Term Debt	<u>62,762</u>	<u>62,309</u>
 Total Expenses	 <u>10,501,038</u>	 <u>9,801,059</u>
 Adjustment*	 <u>-</u>	 <u>(2,270,377)</u>
Increase in Net Position	<u>\$ (599,743)</u>	<u>\$ (1,243,720)</u>

* Due to Pension Restatement

Government Activities

The School District's total revenues were \$9,901,295 for the year ended June 30, 2016. Federal, state and local grants accounted for another 0.56%.

The total cost of all programs and services was \$10,501,038. Instruction comprises 41.53% of the School District's expenses.

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.

Governmental Activities (Continued)

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

General administration, school administration and business include expenses associated with administrative and financial supervision of the School 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, reseawrch, 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, to school curricular and athletic activities and field trips 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.

Other includes unallocated depreciaiton and amortization.

Business-Type Activities

Revenues for the School District's business-type activities were comprised of charges for services. Revenues exceeded expenses by \$158,473. Charges for services represent \$383,744 of revenue. This represents the amount paid by member districts for charged services.

The School District's Funds

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allow the School Board to demonstrate its stewardship over and accountability for resources received from the Borough of Oceanport'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 \$2,239,223. The Reconciliation of the Statement of Revenues, 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 budget 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.

The School District's Funds (Continued)

A schedule showing the School Board's original and final budget compared with actual operating results is provided in the section of the CAFR, titled 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.

The General Fund finished the fiscal year at \$1,394,448, a decrease of \$(1,027,873) from 2014-2015.

Capital Assets

At the end of the fiscal year 2016, the School School District had \$5,119,589 invested in land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table 3 below shows the net book value of capital assets at the end of the 2016 fiscal year.

Table 3

Capital Assets (Net of Depreciation) at June 30, 2016

	<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>
Land	\$ 1,315,100	\$ -
Buildings	3,597,627	-
Machinery and Equipment	<u>206,862</u>	<u>8,445</u>
Total	<u>\$ 5,119,589</u>	<u>\$ 8,445</u>

Debt Administration

At June 30, 2016, the School District had \$4,630,039 as outstanding debt. Of this amount \$140,920 is for compensated absences, \$434,153 is capital leases; and the balance of \$1,365,000 is for bonds for school construction. The District also had \$2,689,966 in deferred pension liability.

Economic Factors and Next Year's Budget

The Oceanport School District is in good financial condition presently. Future finances are not without challenges as state funding is decreased.

The Borough of Oceanport is primarily a residential community, with the Monmouth Park racetrack as the major ratable in the Borough. The majority of revenues needed to operate the District are derived from homeowners through property tax assessments and collections.

For the 2015-2016 school year, the School Board was able to sustain its general fund budget through the local tax levy, state education aid, federal aid, tuition and local revenue sources. Approximately 14.07% of the School Board's general fund revenue is from State Aid, 82.32% of total revenue is from local tax levy, and 0.51% is from miscellaneous revenue, which among other things includes interest on deposits.

Economic Factors and Next Year's Budget (Continued)

The \$(2,661,883) is unrestricted net position for all governmental activities represent the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's noncurrent liabilities such as compensated absences, the School Board would have a deficit of \$(2,661,883).

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 be the area that will need to absorb any increase in budget obligations.

In conclusion, the Oceanport 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 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 any questions about this report or need additional information, contact the Business Administrator/Board Secretary at Oceanport Board of Education, 2 Maple Place, Oceanport, New Jersey 07757.

BASIC FINANCIAL STATEMENTS

OCEANPORT SCHOOL DISTRICT
Statement of Net Positions
June 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 975,047	\$ 205,322	\$ 1,180,369
Capital reserve cash	40	-	40
Interfund receivable	70,498	-	70,498
Receivables - state	99,211	93	99,304
Receivables - federal	206,622	1,913	208,535
Inventory	-	5,404	5,404
Capital assets, non-depreciable	1,315,100	-	1,315,100
Capital assets, depreciable, net	3,804,489	8,445	3,812,934
Total assets	<u>6,471,007</u>	<u>221,177</u>	<u>6,692,184</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - PERS	419,261	-	419,261
	<u>419,261</u>	<u>-</u>	<u>419,261</u>
LIABILITIES			
Accounts payable	-	29,486	29,486
Interfund payable	-	70,498	70,498
Other liabilities	30,805	-	30,805
Unearned revenue	-	10,400	10,400
Noncurrent liabilities:			
Due within one year	231,949	-	231,949
Due beyond one year	4,398,090	-	4,398,090
Total liabilities	<u>4,660,844</u>	<u>110,384</u>	<u>4,771,228</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - PERS	100,994	-	100,994
	<u>100,994</u>	<u>-</u>	<u>100,994</u>
NET POSITION			
Net investment in capital assets	3,754,589	8,445	3,763,034
Restricted for:			
Capital projects	40	-	40
Debt service	811	-	811
Other purposes	1,137,221	-	1,137,221
Unrestricted	(2,764,231)	102,348	(2,661,883)
Total net positions	<u>\$ 2,128,430</u>	<u>\$ 110,793</u>	<u>\$ 2,239,223</u>

OCEANPORT SCHOOL DISTRICT
 Statement of Activities
 For the Fiscal Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Positions		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Current:							
Regular instruction	\$ 3,428,786	\$ -	\$ -	\$ -	\$ (3,428,786)	\$ -	\$ (3,428,786)
Special education instruction	802,143	-	-	-	(802,143)	-	(802,143)
Other special instruction	105,614	-	-	-	(105,614)	-	(105,614)
Support services and undistributed costs:							
Instruction	103,972	-	-	-	(103,972)	-	(103,972)
Attendance and social work	1,825	-	-	-	(1,825)	-	(1,825)
Health services	137,654	-	-	-	(137,654)	-	(137,654)
Other support services	1,007,922	-	-	-	(1,007,922)	-	(1,007,922)
Educational media services	132,442	-	-	-	(132,442)	-	(132,442)
Instruction staff training	20,853	-	-	-	(20,853)	-	(20,853)
General administrative services	198,406	-	-	-	(198,406)	-	(198,406)
School administrative services	359,397	-	-	-	(359,397)	-	(359,397)
Central services	137,619	-	-	-	(137,619)	-	(137,619)
Admin. information technology	37,708	-	-	-	(37,708)	-	(37,708)
Allowed maintenance for school facilities	224,385	-	-	-	(224,385)	-	(224,385)
Other operation & maintenance of plant	752,242	-	-	-	(752,242)	-	(752,242)
Security	48,622	-	-	-	(48,622)	-	(48,622)
Student transportation services	361,602	-	-	-	(361,602)	-	(361,602)
Unallocated employee benefits	2,271,557	-	-	-	(2,271,557)	-	(2,271,557)
Non-budgeted expenditures	735,161	-	735,161	-	-	-	-
Interest expense	62,762	-	-	-	(62,762)	-	(62,762)
Total governmental activities	10,930,672	-	735,161	-	(10,195,511)	-	(10,195,511)
Business-type activities:							
Enterprise fund	281,212	359,429	55,908	-	-	134,125	134,125
Total business-type activities	281,212	359,429	55,908	-	-	134,125	134,125
Total primary government	\$ 11,211,884	\$ 359,429	\$ 791,069	\$ -	\$ (10,195,511)	\$ 134,125	\$ (10,061,386)
General revenues:							
Taxes:							
Property taxes levied for general purpose				\$ 8,946,992	\$ -	\$ 8,946,992	
Taxes levied for debt service				115,686	-	115,686	
Federal and state aid not restricted				504,855	-	504,855	
Federal aid restricted				262,295	-	262,295	
Miscellaneous income				387,729	-	387,729	
Investment earnings				5,221	33	5,254	
Other Financing Sources/Uses				(785,483)	24,315	(761,168)	
Total general revenues, special items, extraordinary items and transfers				\$ 9,437,295	\$ 24,348	\$ 9,461,643	
Change in net positions				(758,216)	158,473	(599,743)	
Net position—beginning				2,886,646	(47,680)	2,838,966	
Net position—ending				\$ 2,128,430	\$ 110,793	\$ 2,239,223	

OCEANPORT SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 989,415	\$ (15,572)	\$ -	\$ 1,204	\$ 975,047
Capital reserve	40	-	-	-	40
Interfund receivables	353,965	-	-	-	353,965
Receivables from federal	-	206,622	-	-	206,622
Receivables from State	7,187	-	92,024	-	99,211
Total assets	<u>1,350,607</u>	<u>191,050</u>	<u>92,024</u>	<u>1,204</u>	<u>1,634,885</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund payable	-	191,050	92,024	393	283,467
Total liabilities	<u>-</u>	<u>191,050</u>	<u>92,024</u>	<u>393</u>	<u>283,467</u>
Fund Balances:					
Restricted for:					
Legally restricted -- designated for subsequent year's expenditures		-	-	-	-
Excess surplus - current year	216,611	-	-	-	216,611
Excess surplus - prior year- designated for Subsequent year's expenditures	164,191	-	-	-	164,191
Capital reserve account	40	-	-	-	40
Maintenance reserve account	500,000	-	-	-	500,000
Emergency reserve account	250,000	-	-	-	250,000
Debt services	-	-	-	-	-
Committed to:					
Other purposes	-	-	-	-	-
Assigned to:					
Designated by the BOE for subsequent year's expenditures	6,419	-	-	-	6,419
Unassigned:					
General fund	213,346	-	-	-	213,346
Debt service fund	-	-	-	811	811
Capital projects fund	-	-	-	-	-
Total fund balances	<u>1,350,607</u>	<u>-</u>	<u>-</u>	<u>811</u>	<u>1,351,418</u>
Total liabilities and fund balances	<u>\$ 1,350,607</u>	<u>\$ 191,050</u>	<u>\$ 92,024</u>	<u>\$ 1,204</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 \$9,302,198 and the accumulated depreciation is \$4,182,609.	5,119,589
Deferred outflows related to the PERS pension plan	419,261
Deferred inflows related to the PERS pension plan	(100,994)
Accrued interest	(30,805)
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.	(4,630,039)
Net position of governmental activities	<u>\$ 2,128,430</u>

OCEANPORT SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Debt Service Fund	GAAP Total Governmental Funds
REVENUES				
Local sources:				
Local tax levy	\$ 8,946,992	\$ -	\$ 115,686	\$ 9,062,678
Tuition charges	331,893	-	-	331,893
Interest on investments	5,221	-	-	5,221
Miscellaneous	55,836	-	-	55,836
Total - local sources	9,339,942	-	115,686	9,455,628
State sources	1,181,041	-	58,975	1,240,016
Federal sources	-	262,295	-	262,295
Total revenues	\$ 10,520,983	\$ 262,295	\$ 174,661	\$ 10,957,939
EXPENDITURES				
Current:				
Regular instruction	\$ 3,234,821	\$ 193,965	\$ -	\$ 3,428,786
Special education instruction	802,143	-	-	802,143
Other special instruction	23,772	-	-	23,772
School sponsored/other instructional	81,842	-	-	81,842
Support services and undistributed costs:				
Instruction	103,972	-	-	103,972
Attendance and social work services	1,825	-	-	1,825
Health services	137,654	-	-	137,654
Other support services	939,592	68,330	-	1,007,922
Educational media services	132,442	-	-	132,442
Instruction staff training	20,853	-	-	20,853
General administrative services	198,406	-	-	198,406
School administrative services	359,397	-	-	359,397
Central services	137,619	-	-	137,619
Admin. info. technology	37,708	-	-	37,708
Allowed maintenance for school facilities	128,993	-	-	128,993
Other operation & maintenance of plant	566,595	-	-	566,595
Security	48,622	-	-	48,622
Student transportation services	361,602	-	-	361,602
Unallocated employee benefits	2,045,028	-	-	2,045,028
Non-budgeted expenditures	735,161	-	-	735,161
Debt service:				
Principal	-	-	115,000	115,000
Interest and other charges	-	-	58,457	58,457
Capital outlay	223,392	-	-	223,392
Total expenditures	10,321,439	262,295	173,457	10,757,191
Excess (deficiency) of revenues over expenditures	199,544	-	1,204	200,748
OTHER FINANCING SOURCES (USES)				
Adjustment for Payroll Agency Disbursements	(327,015)	-	-	(327,015)
Community Development Loan never drawn down	(442,836)	-	-	(442,836)
Community Development Loan cash drawdown not recorded	(434,153)	-	-	(434,153)
Transfers out	(24,315)	-	-	(24,315)
Total other financing sources and uses	(1,228,319)	-	-	(1,228,319)
Net change in fund balances	(1,028,775)	-	1,204	(1,027,571)
Fund balance-July 1	2,379,382	-	(393)	2,378,989
Fund balance-June 30	\$ 1,350,607	\$ -	\$ 811	\$ 1,351,418

See accompanying notes to financial statements.

OCEANPORT SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2016

Total net change in fund balances - governmental funds (from B-2) **\$ (1,027,571)**

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

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

	Depreciation expense	(185,647)	
	Capital outlays	<u>120,562</u>	(65,085)

In the Statement of Activities, the PERS pension expense is the amount paid plus net change in the Deferred Outflows, Deferred Inflows and pension liability as reported by the State of New Jersey (232,083)

In the statement of activities, interest expense is recorded when paid.
 In the governmental funds, the interest is expensed when due and shown as payable at year end. (4,305)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 115,000

Payment of a long-term liability is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 442,836

In the Statement of Activities, the principal payments on capital leases are recorded as a reduction in the long-term liability .
 In the governmental funds, the payments is an expenditure. (Amount is net of payments included in capital outlay) 7,438

In the statement of activities, certain operating expenses, e.g., compensated absences (sick leave) and special termination benefits (early retirement incentive) are measured earned during the year. In the governmental funds, however, expenditures for these items are reported by the amounts in the amount of financial resources used, essentially, the amounts actually paid. This year, sick leave was decreased. 5,554

Change in net position of governmental activities **\$ (758,216)**

OCEANPORT SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2016

		<u>Business-type Activities - Enterprise Fund</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$	205,322
Receivable from state		93
Receivable from other governments		1,913
Inventory		5,404
Total current assets		<u>212,732</u>
Noncurrent assets:		
Furniture, machinery and equipment		228,723
Less accumulated depreciation		<u>(220,278)</u>
Total noncurrent assets		8,445
Total assets		<u><u>221,177</u></u>
LIABILITIES		
Current liabilities:		
Accounts payable		29,486
Unearned revenue		10,400
Interfund payable		70,498
Total current liabilities		<u>110,384</u>
NET POSITION		
Net investment in capital assets		8,445
Unrestricted		<u>102,348</u>
Total net position		<u>110,793</u>
Total liabilities and net position	\$	<u><u>221,177</u></u>

OCEANPORT SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Business-type Activities - Enterprise Fund
Operating revenues:	
Daily Sales Reimbursable Programs	\$ 56,664
Tuition	197,150
School Lunch	51,563
Miscellaneous	54,052
Total operating revenues	359,429
 Operating expenses:	
Salaries	152,103
Employee Benefits	13,353
Purchased Property	22,498
Supplies and materials	15,048
Depreciation	5,718
Cost of sales	72,492
Total operating expenses	281,212
Operating income	78,217
 Non-operating revenues (expenses):	
State sources:	
State school lunch program	1,067
Federal sources:	
National school lunch program	22,315
National school lunch program-PB	1,480
Food distribution program	31,046
Interest and investment revenue	33
Total non-operating revenues (expenses)	55,941
Change in net position	134,158
Transfer from General Fund	24,315
 Total net position—beginning	(47,680)
Total net position—ending	\$ 110,793

OCEANPORT SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

		<u>Business-type Activities - Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$	356,123
Payments to employees		(73,239)
Payments for employee benefits		(13,353)
Payments to suppliers		(128,856)
Net cash provided by operating activities		<u>140,675</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State sources		1,032
Federal sources		14,605
Interest income		33
Net cash provided by non-capital financing activities		<u>15,670</u>
Net increase in cash and cash equivalents		156,345
Balances—beginning of year		<u>24,662</u>
Balances—end of year	\$	<u><u>181,007</u></u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating income	\$	78,217
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation		5,718
Federal commodities		31,046
Increase in inventories		(983)
(Increase) decrease in accounts payable		(48,881)
Increase in interfund payable		78,864
Decrease in unearned revenue		(3,306)
Total adjustments		<u>62,458</u>
Net cash provided by operating activities	\$	<u><u>140,675</u></u>

See accompanying notes to financial statements.

OCEANPORT SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2016

	Unemployment Compensation Trust	Student Activity	Agency Fund	Total
ASSETS				
Cash and cash equivalents	\$ 145,512	\$ 53,721	\$ 266,829	\$ 466,062
Interfund receivable	-	-	-	-
Total assets	<u>145,512</u>	<u>53,721</u>	<u>266,829</u>	<u>466,062</u>
LIABILITIES				
Payroll deductions and withholdings	-	-	266,829	266,829
Payable to student groups	-	53,721	-	53,721
Total liabilities	<u>-</u>	<u>53,721</u>	<u>266,829</u>	<u>320,550</u>
NET POSITION				
Held in trust for unemployment claims and other purposes	145,512	-	-	145,512
Total net position	<u>145,512</u>	<u>-</u>	<u>-</u>	<u>145,512</u>
Total liabilities and net position	<u>\$ 145,512</u>	<u>\$ 53,721</u>	<u>\$ 266,829</u>	<u>\$ 466,062</u>

See accompanying notes to financial statements.

OCEANPORT SCHOOL DISTRICT
 Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 For the Fiscal Year Ended June 30, 2016

	Unemployment Compensation Trust
ADDITIONS	
Contributions:	
Plan member	\$ -
Other	-
Total contributions	-
Investment earnings:	
Net increase (decrease) in fair value of investments	-
Interest	370
Dividends	-
Less investment expense	-
Net investment earnings	370
Total additions	370
DEDUCTIONS	
Quarterly contribution reports	-
Unemployment claims	583
Scholarships awarded	-
Refunds of contributions	-
Administrative expenses	-
Total deductions	583
Change in net position	(213)
Net position—beginning of the year	145,725
Net position—end of the year	\$ 145,512

See accompanying notes to financial statements.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. Summary of Significant Accounting Policies

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

A. Reporting Entity:

The Oceanport School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K - 8.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The district-wide financial statements include all funds and account groups of the District over which the Board exercises operating control. The operations of the District include elementary schools and middle schools located in Oceanport. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation

The School District's basic financial statements consist of District-wide statements, including a Statement of Net Position and a Statement of Activities, and Fund Financial Statements which provide a more detailed level of financial information. The Statement of Net Position includes the reporting of assets, deferred outflows, liabilities and deferred inflows. Items not meeting that definition of assets and liabilities have been classified as deferred outflows or deferred inflows. The deferred outflows are reported under assets and deferred inflows are reported under liabilities on the Statement of Net Position.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Cont'd)

B. Basis of Presentation, Basis of Accounting (cont'd):

Basis of Presentation

The School District has employees that are enrolled in a defined benefit plan operated by the State of New Jersey which creates deferred outflows and inflows as described in Note 11.

In June 2015, GASB issued Statement No. 74, Financial Reporting For Postemployment Benefits Other Than Pension Plans (Replaces GASB No. 43 and No. 57) and Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (Replaces GASB No. 45 and No. 57). The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for postemployment benefits. It also improves information provided by state and local governmental employers about financial support for postemployment benefits that is provided by other entities. These Statements result from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of these Statements will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net postemployment benefit liability and a more comprehensive measure of benefits expense. The requirements of these Statements are effective for financial statements for periods beginning after June 15, 2016 (GASB No. 74) and June 15, 2017 (GASB No. 75). The effect of these new standards on the School District has not been measured.

District-Wide Statements: The district-wide financial statements (A-1 and A-2) include the statement of net position and the statement of activities. These Statements include the financial activities of the overall District, except for fiduciary activities. All interfund activity, excluding the fiduciary funds, has been eliminated in the statement of activities. Individual funds are not displayed but the statements distinguish governmental activities, generally financed in whole or in part with fees charged to external customers.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. **Summary of Significant Accounting Policies (Cont'd)**

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation (Cont'd):

The statement of net position presents the financial condition of the governmental and business-type activity of the District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in Governmental Accounting Standards. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

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

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

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

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Cont'd)

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation (Cont'd):

Special Revenue Fund: The special revenue fund is used to account for the proceeds of specific revenue from state and federal Government, (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund: The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

The District reports the following proprietary fund:

Enterprise Funds: The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund, the Summer Enrichment Program and School Age Childcare.

Depreciation of all fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	5-20 Years
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Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Payroll Agency Fund, Student Activities Fund and Unemployment Compensation Insurance Trust Fund.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. **Summary of Significant Accounting Policies (Cont'd)**

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Accounting:

Basis of Accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-Wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the Enterprise Fund and Fiduciary Funds use the accrual basis of accounting. Differences in the accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. The tax revenues are recognized in the year for which they are levied (see Note 1.d.). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when 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 pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital releases are reported as other financing sources.

The financial statements of the 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.

C. Property Taxes

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".

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Cont'd)

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are not voted upon in the annual school election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6a:23-1.2.

All budget amendments/transfers must be approved by School Board resolution. Budget amendments during the year ended June 30, 2016 were insignificant.

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

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

E. 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.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Cont'd)

F. Cash, Cash Equivalents and Investments

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

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:2037 provides a list of permissible investments that may be purchased by New Jersey school districts

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

G. Tuition Receivable

Tuition charges were established by the District based on estimated costs. The charges are subject to adjustment when the final costs are determined.

H. Tuition Payable

Tuition charges for the fiscal years 2015-2016 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

I. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods are recorded as an expenditure during the year of purchase.

Inventories in the enterprise funds 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. Short-Term Interfund Receivables/Payables

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

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Cont'd)

K. Capital Assets

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office & computer equipment	5-10
Instructional equipment	10
Grounds equipment	15

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

L. Compensated Absences

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

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

M. Unearned/Deferred Revenue

Unearned/Deferred revenue in the general and special revenue funds represent cash which has been received but not yet earned.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Cont'd)

N. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Bonds are recognized as a liability on the fund financial statements when due.

O. Deferred Outflows/Inflows of Resources

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

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

P. Net Position

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

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2016

Q. Fund Balance Resources

Governmental Accounting Standards established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

1. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
2. Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed – includes amounts that can be spent only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.
4. Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned – includes all spendable amounts not contained in the other classifications

R. Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Cont'd)

R. Revenues – Exchange and Non-exchange Transactions (Cont'd)

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, and tuition.

S. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service, summer enrichment and childcare. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

T. Management Estimates

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

2. Cash and Cash Equivalents and Investments

Operating cash, in the form of Negotiable Order of Withdrawal ("NOW") accounts, is held in the District's name by a commercial banking institution. At June 30, 2016, the carrying amount of the District's deposits was \$1,646,471 and the bank balance was \$1,854,146. Of the bank balance, \$250,000 was insured with Federal Deposit Insurance.

Pursuant to Government Accounting Standards, the District's NOW accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2016, all of the District's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The District does not have a policy for custodial credit risk.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2016

2. Cash and Cash Equivalents and Investments (Cont'd)

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

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

3. Investments

Pursuant to the Enabling Act, the funds of the District may be invested in any direct obligations of, or obligations as to which the principal and interest thereof is guaranteed by, the United States of America or other obligations as the District may approve.

Credit Risk: Government Accounting Standards, require that disclosure be made as to the credit rating of all debt security investments except for obligations of U.S. government or investments guaranteed by the U.S. government. The District has no uninsured deposits.

Interest Rate Risk: The District does not have a policy to limit interest rate risk. The average maturity of the District's sole investment, the NJCMF, is less than one year. The District has no deposits invested.

4. Capital Reserve Account

A capital reserve account was established by the District 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.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2016

4. Capital Reserve Account (Cont'd)

Funds placed in the capital reserve account are restricted to capital projects in the District's Long Range Facilities Plan, ("LRFP"). Upon submission of the LRFP to the department, a district may deposit funds by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate 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:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the Capital Reserve for the July 01, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance	\$	40
Board Contribution		-
Withdrawals		<u>-</u>
Ending Balance	\$	<u><u>40</u></u>

There were withdrawals from the capital reserve in the amount of \$- for DOE approved facilities projects.

5. Maintenance Reserve Account

A Maintenance Reserve Account was established by the Oceanport School District for the accumulation of funds for use as maintenance of Capital Projects in subsequent fiscal years. The Maintenance Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the Maintenance Reserve Account are restricted to maintenance projects in the District's approved Comprehensive Maintenance Plan (CMP). Upon submission of the CMP to the New Jersey Department of Education, the District may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. The District may also appropriate additional amounts by board resolution during the year pursuant to N.J.A.C. 6A:23-14.2(d). Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2016

5. Maintenance Reserve Account (Cont'd)

The balance in the maintenance reserve does not exceed four percent of the replacement cost of the school district's school facilities for the current year at June 30, 2016.

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

Balance, June,30 2015	\$ 500,000
Board Contribution	-
Withdrawals	<u>-</u>
Balance, at June 30, 2016	<u>\$ 500,000</u>

6. Emergency Reserve Account

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

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

Balance June 30, 2015	\$ 250,000
Board Contribution	-
Withdrawals	<u>-</u>
Balance, June 30, 2016	<u>\$ 250,000</u>

7. Receivables

Receivables at June 30, 2016, consisted of accounts (rent and tuition), accrued interest, interfund, intergovernmental, and property taxes. All receivables are considered collectible in full. A summary of the principal items of governmental receivables follow on the next page.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2016

7. Receivables (Cont'd)

	Governmental Fund Financial Statements	District-Wide Financial Statements
State Aid	\$ 99,211	\$ 99,304
Federal Aid	206,622	208,535
Interfunds	<u>353,965</u>	<u>70,498</u>
Gross Receivables	659,798	378,337
Allowance for Uncollectible	<u>-</u>	<u>-</u>
Total Receivables, Net	<u>\$ 659,798</u>	<u>\$ 378,337</u>

8. Capital Assets

Capital Assets consisted of the following at June 30, 2016.

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 1,315,100	-	-	\$ 1,315,100
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>1,315,100</u>	<u>-</u>	<u>-</u>	<u>1,315,100</u>
Capital Assets Being Depreciated				
Building and Building Improvements	7,039,479	8,429	-	7,047,908
Machinery and Equipment	<u>827,057</u>	<u>112,133</u>	<u>-</u>	<u>939,190</u>
Totals at Historical Cost	<u>7,866,536</u>	<u>120,562</u>	<u>-</u>	<u>7,987,098</u>
Less Accumulated Depreciation for:				
Site Improvements	-	-	-	-
Building and Building Improvements	(3,308,929)	(141,352)	-	(3,450,281)
Machinery and Equipment	<u>(688,033)</u>	<u>(44,295)</u>	<u>-</u>	<u>(732,328)</u>
Total Accumulated Depreciation	<u>(3,996,962)</u>	<u>(185,647)</u>	<u>-</u>	<u>(4,182,609)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>3,869,574</u>	<u>(65,085)</u>	<u>-</u>	<u>3,804,489</u>
Government Activity Capital Assets, Net	<u>\$ 5,184,674</u>	<u>(65,085)</u>	<u>-</u>	<u>\$ 5,119,589</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Equipment	228,723	-	-	228,723
Less: Accumulated Depreciation	<u>(214,560)</u>	<u>(5,718)</u>	<u>-</u>	<u>(220,278)</u>
Enterprise Fund Capital Assets, Net	<u>\$ 14,163</u>	<u>\$ (5,718)</u>	<u>-</u>	<u>\$ 8,445</u>

Depreciation expense was charged to governmental functions as follows:

Operations and maintenance	\$ <u>185,647</u>
Total depreciation expense	\$ <u>185,647</u>

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2016

9. Non-current Liabilities

During the fiscal year ended June 30, 2016 the following changes occurred in the non-current liabilities:

	Balance June 30, 2015	Increase/ (Decrease)	Balance June 30, 2016	Due within one year
Bonds payable	\$ 1,480,000	(115,000)	1,365,000	\$ 120,000
Community Development Loan	876,989	(442,836)	434,153	-
Capital leases	7,438	(7,438)	-	-
Compensated absences payable	146,474	(5,554)	140,920	-
Pension liability - PERS	<u>2,270,377</u>	<u>419,589</u>	<u>2,689,966</u>	<u>111,949</u>
	<u>\$ 4,781,278</u>	<u>(151,239)</u>	<u>4,630,039</u>	<u>\$ 231,949</u>

a. Bonds Payable

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

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

Year ended June 30	Principal	Interest	Total
2017	\$ 120,000	\$ 53,756	\$ 173,756
2018	125,000	48,778	173,778
2019	130,000	43,519	173,519
2020	135,000	38,053	173,053
2021	135,000	32,484	167,484
2022-2026	<u>720,000</u>	<u>75,282</u>	<u>795,282</u>
	<u>\$ 1,365,000</u>	<u>\$ 291,872</u>	<u>\$ 1,656,872</u>

b. Bonds Authorized But Not Issued

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

10. FEMA Community Disaster Loan (CDL)

The school district applied for and received a CDL in response to the devastating effects on the property tax ratable base of the municipality due to Superstorm Sandy in October 2012. The district was approved for \$876,989 total loan and chose to withdraw \$434,153 as a reduction of the tax levy assessed for the 2013-2014 school year. The amount of principal and interest accrued through June 30, 2016 is \$434,153 and \$7,405, respectively. This loan is subject to FEMA review in 2016 and may be fully or partially cancelled based upon FEMA's calculation of the revenue loss that the district experienced over a specified period. The loan matures in 2018.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2016

11. Pension Plans

Description of Plans

All required employees of the District are covered by either the Public Employees' Retirement System ("PERS"), the Teachers' Pension and Annuity Fund ("TPAF") or the Defined Contribution Retirement Program (DCRP) which have been established by State statute and are administered by the New Jersey Division of Pension and Benefits ("Division"). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. 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 provision of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The TPAF 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 classified, professional, and certified.

For the year ended June 30, 2016, the District recognized pension expense of \$346,743 and revenue of \$346,743 for support provided by the State on the fund financials. These amounts are not included in the district-wide financials as required by GASB 68.

At June 30, 2016, the District has no deferred outflow, deferred inflows or pension liability for the TPAF plan as all future costs are to be incurred by the State of New Jersey. As detailed in GASB 68 the District's proportionate share of the deferred outflows of resources and deferred inflows of resources and pension liability is required to be disclosed. These items are not included on the district-wide financials. The District's proportionate share is 0.0452083709% of the total plan. The information on the following page was provided from the State of New Jersey June 30, 2015 audit of the TPAF fund and has been adjusted to the District's proportionate share.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2016

11. Pension Plans (Cont'd)

Teachers' Pension and Annuity Fund ("TPAF") (Cont'd)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 144,367	\$ 8,557
Changes of assumptions	3,235,945	-
Net difference between projected and actual earnings on pension plan investments	-	240,605
Changes in proportion and differences between District contributions and proportionate share of contributions	20,665	32,651
District contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 3,400,977</u>	<u>\$ 281,813</u>

The District's proportionate share of the pension liability at June 30, 2015 as it relates to the District is \$28,573,621.

The District's proportionate share of other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense by the State of New Jersey as follows:

Year ended June 30:	
2016	\$ 370,000
2017	370,000
2018	370,000
2019	566,797
2020	479,706
Thereafter	<u>993,153</u>
Total	<u>\$ 3,149,656</u>

Public Employees' Retirement System ("PERS")

The Public Employees' Retirement System was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS 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.

For the year ended June 30, 2016, the District recognized pension expense of \$111,949. As detailed in GASB 68 the District's proportionate share of the deferred outflows of resources and deferred inflows of resources and pension liability is required to be disclosed and recorded. These items are included on the district-wide financials. The District's proportionate share is 0.0114843954% of the total plan. The information on the following page was provided from the State of New Jersey June 30, 2015 audit of the PERS fund and has been adjusted to the District's proportionate share. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2016

11. Pension Plans (Cont'd)

Public Employees' Retirement System ("PERS") (Cont'd)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 61,502	\$ -
Changes of assumptions	276,858	-
Net difference between projected and actual earnings on pension plan investments	-	41,450
Changes in proportion and differences between District contributions and proportionate share of contributions	80,901	59,544
District contributions subsequent to the measurement date	-	-
Total	<u>\$ 419,261</u>	<u>\$ 100,994</u>

The District's proportionate share of the pension liability at June 30, 2015 as it relates to the District is \$2,578,017 and has been recorded on the district-wide financials. The current portion due in April 2017 for the June 30, 2016 liability is \$111,949 and has been included on the district-wide financials. The total PERS pension liability at June 30, 2016 is \$2,689,966.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 54,053
2017	54,053
2018	54,053
2019	86,088
2020	48,665
Thereafter	-
Total	<u>\$ 296,912</u>

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2016

11. Pension Plans (Cont'd)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00 %	1.04 %
U.S. Treasuries	1.75 %	1.64 %
Investment Grade Credit	10.00 %	1.79 %
Mortgages	2.10 %	1.62 %
High Yield Bonds	2.00 %	4.03 %
Inflation-Indexed Bonds	1.50 %	3.25 %
Broad US Equities	27.25 %	8.52 %
Developed Foreign Equities	12.00 %	6.88 %
Emerging Market Equities	6.40 %	10.00 %
Private Equity	9.25 %	12.41 %
Hedge Funds/Absolute Return	12.00 %	4.72 %
Real Estate (Property)	2.00 %	6.83 %
Commodities	1.00 %	5.32 %
Global Debt ex US	3.50 %	(0.40)%
REIT	4.25 %	5.12 %

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. 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% as of June 30, 2015, based on 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.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2016

11. Pension Plans (Cont'd)

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, 2016 and 2015 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:

	1% Decrease (3.90 %)	Current Discount Rate (4.90 %)	1% Increase (5.90 %)
District's proportionate share of the net pension liability	3,204,159	2,578,017	2,053,063

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

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by the N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 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 or 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 provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions 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 contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2016

11. Pension Plans (Cont'd)

Contribution Requirements

Three-Year Trend Information for PERS

Year	Annual	Percentage	Net
Funding	Pension Cost (ACP)	of ACP	Pension
		Contributed	Obligation
6/30/16	\$ 96,950	100	0
6/30/15	94,142	100	0
6/30/14	144,209	100	0

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

Year	Annual	Percentage	Net
Funding	Pension Cost (ACP)	of ACP	Pension
		Contributed	Obligation
06/30/16	\$ 346,753	100	0
06/30/15	632,419	100	0
06/30/14	496,054	100	0

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of legislation. TPAF and PERS provide for employee contributions of 5.5% 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 both 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.

There was a current year contribution to the TPAF post-retirement medical benefits made by the State of New Jersey on behalf of the Board in the amount of \$412,887. The State did not make any normal contributions on behalf of the Board. Also, in accordance with N.J.S.A. 18A:6666 the State of New Jersey reimbursed the District \$322,274 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. This amount has been included in the general purpose financial statements, and the combining and individual fund and account group statements and schedules as a revenues and expenditures in accordance with Governmental Accounting Standards.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2016

11. Pension Plans (Cont'd)

Defined Contribution Retirement Plan (DCRP)

The Defined Contribution Retirement Plan is a cost-sharing multiple-employer defined contribution pension plan which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Divisions of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A.43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential not later than the fifth business day after the date on which the employee is paid for that pay period.

The District's contributions to the DCRP for June 30, 2016 were \$7,487. There was no liability for unpaid contributions at June 30, 2016.

Related Party Investments – The Division of Pensions and Benefits does not invest in securities issued by the School District.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2016

12. Post-Retirement Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits of 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 eligible for post-retirement medical benefits, and the State contributed \$1.24 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with, P.L. 1994 Chapter 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 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.

13. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards.

District employees are granted varying amounts of sick leave in accordance with the districts personnel policy. District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. Upon separation the District shall pay the employee for unused sick leave in accordance with the Districts' agreements with the various employees. Vacation days not used during the year may only be carried forward with approval from the Superintendent.

The liability for vested compensated absences of the governmental fund types is recorded on the District-wide financials. The current portion of the compensated absences balance is shown separately from the long-term liability balance of compensated absences. The liability for vested compensated absences of the proprietary fund type is recorded within those funds as the benefits accrue to employees.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2016

14. Deferred Compensation

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

Prudential

15. 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.

Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of 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 and prior year:

District Financial Year	Employee Contributions	Interest	Amount Reimbursed	Ending Balance
2015-2016	\$ -	370	(583)	\$ 145,512
2014-2015	-	370	(617)	145,725
2013-2014	\$ -	353	(12,597)	\$ 145,972

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2016

16. Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at June 30, 2016:

	Interfund Receivable	Interfund Payable
General Fund	\$ 353,965	\$ -
Special Revenue Fund	-	191,050
Capital Projects Fund	-	92,024
Debt Service Fund	-	393
Enterprise Fund	-	70,498
Trust and Agency Fund	-	-
	<u>\$ 353,965</u>	<u>\$ 353,965</u>

17. Inventory

Inventory in the Food Service Fund at June 30, 2016 consisted of the following:

Food	\$ 5,404
Supplies	-
	<u>\$ 5,404</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

18. Contingent Liabilities

Grant Programs

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

The District is also 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 on the financial position of the Board.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2016

19. Fund Balances

General Fund – Of the \$1,350,607 General Fund balance at June 30, 2016, \$- of encumbrances is committed to other purposes, \$40 is restricted for capital reserve, \$500,000 is restricted for maintenance reserve, \$250,000 is restricted for the emergency reserve, \$164,191 is restricted for excess surplus for subsequent year expenditures, \$6,419 has been classified as assigned fund balance designated for subsequent year expenditures, \$216,611 is restricted for excess surplus and \$213,346 is unassigned.

20. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$216,611. The excess fund balance at June 30, 2015 was \$164,191.

21. Uncertain Tax Positions

The school district had no unrecognized tax benefits at June 30, 2016. The school district files tax returns in the U.S. federal jurisdiction and various states. The school district has no open year prior to June 30, 2013.

22. Subsequent Events

Management has evaluated subsequent events through November 22, 2016, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

OCEANPORT SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 8,946,992	\$ -	\$ 8,946,992	\$ 8,946,992	\$ -
Tuition - non-residents	130,000	-	130,000	25,060	(104,940)
Tuition -LEAS	-	-	-	109,772	109,772
Tuition - Pre-K	-	-	-	197,061	197,061
Interest	-	-	-	5,221	5,221
Miscellaneous	16,000	-	16,000	55,836	39,836
Total - local sources	9,092,992	-	9,092,992	9,339,942	246,950
State sources:					
Transportation aid	29,665	-	29,665	29,665	-
Special education aid	350,285	-	350,285	350,285	-
Extraordinary aid	-	-	-	2,457	2,457
Non-public Transportation	-	-	-	4,730	4,730
Categorical Security	19,085	-	19,085	19,085	-
Adjustment Aid	26,714	-	26,714	26,714	-
Additional Adjustment Aid	2,126	-	2,126	2,126	-
PARCC Readiness Aid	5,860	-	5,860	5,860	-
Per Pupil Growth Aid	5,860	-	5,860	5,860	-
TPAF pension (on-behalf - Non-budgeted)	-	-	-	759,640	759,640
TPAF social security (reimbursed - Non-budgeted)	-	-	-	322,274	322,274
Total state sources	439,595	-	439,595	1,528,696	1,089,101
Total revenues	9,532,587	-	9,532,587	10,868,638	1,336,051
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool/Kindergarten - Salaries of teachers	211,142	(14,400)	196,742	196,737	5
Grades 1-5 - Salaries of teachers	1,360,371	(81,000)	1,279,371	1,277,887	1,484
Grades 6-8 - Salaries of teachers	1,332,273	(141,700)	1,190,573	1,180,887	9,686
Regular Programs - Home Instruction:					
Salaries of teachers	187,209	123,500	310,709	309,754	955
Regular Programs - Undistributed Instruction					
Other purchased services (400-500 series)	25,530	3,470	29,000	28,429	571
General supplies	104,000	45,500	149,500	148,779	721
Textbooks	105,000	-	105,000	92,048	12,952
Other objects - misc. exp.	809	(9)	800	300	500
TOTAL REGULAR PROGRAMS - INSTRUCTION	3,326,334	(64,639)	3,261,695	3,234,821	26,874
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of teachers	199,598	-	199,598	161,670	37,928
Other salaries for instruction	132,313	-	132,313	62,750	69,563
Purchased professional-educational services	20,000	(10,000)	10,000	525	9,475
General supplies	4,000	250	4,250	1,085	3,165
Textbooks	2,000	-	2,000	-	2,000
Total Learning and/or Language Disabilities	357,911	(9,750)	348,161	226,030	122,131
Visual Impairments:					
Purchased professional-educational services	27,000	(27,000)	-	-	-
General supplies	2,000	(2,000)	-	-	-
Total Visual Impairments	29,000	(29,000)	-	-	-
Resource Room/Resource Center:					
Salaries of teachers	522,008	(148,700)	373,308	316,446	56,862
General supplies	5,900	1,000	6,900	4,720	2,180
Total Resource Room/Resource Center	527,908	(147,700)	380,208	321,166	59,042
Preschool Disabilities - Full Time					
Salaries	139,491	58,700	198,191	197,967	224
Salaries - aides	44,663	-	44,663	41,857	2,806
General supplies	3,000	12,500	15,500	15,123	377
Total Preschool Disabilities - Full Time	187,154	71,200	258,354	254,947	3,407
TOTAL SPECIAL EDUCATION - INSTRUCTION	1,101,973	(115,250)	986,723	802,143	184,580

OCEANPORT SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Basic Skills/Remedial - Instruction					
Salaries of teachers	\$ 24,493	\$ -	\$ 24,493	\$ 23,381	\$ 1,112
General supplies	500	-	500	391	109
Total Basic Skills/Remedial - Instruction	24,993	-	24,993	23,772	1,221
Bilingual Education - Instruction					
General supplies	250	-	250	-	250
Total Bilingual Education - Instruction	250	-	250	-	250
School Sponsored CoCurricular Act.-Instruction					
Salaries	73,500	(7,200)	66,300	33,737	32,563
Supplies and Materials	2,500	-	2,500	2,169	331
Other Objects	6,000	4,100	10,100	10,062	38
Total School Sponsored CoCurricular Act.-Instruction	82,000	(3,100)	78,900	45,968	32,932
School Sponsored Athletics-Instruction					
Salaries	50,000	-	50,000	30,677	19,323
Supplies and Materials	3,000	2,100	5,100	5,060	40
Other Objects	1,400	1,600	3,000	137	2,863
Total School Sponsored Athletics-Instruction	54,400	3,700	58,100	35,874	22,226
Total Instruction	4,589,950	(179,289)	4,410,661	4,142,578	268,083
Undistributed Expenditures - Instruction:					
Tuition to other LEAs within the state - special	98,000	(70,000)	28,000	9,232	18,768
Tuition to private schools for the handicapped - Within state	242,659	(78,447)	164,212	94,740	69,472
Total Undistributed Expenditures - Instruction:	340,659	(148,447)	192,212	103,972	88,240
Undist. Expend. - Attendance and social work services					
Salaries	1,000	825	1,825	1,825	-
Total Undist. Expend.- Attendance and social work services	1,000	825	1,825	1,825	-
Undist. Expend. - Health Services					
Salaries	166,550	(8,619)	157,931	129,966	27,965
Purchased professional and technical services	10,000	-	10,000	2,632	7,368
Supplies and materials	3,000	3,000	6,000	5,056	944
Total Undistributed Expenditures - Health Services	179,550	(5,619)	173,931	137,654	36,277
Undist. Expend. - Other Support Services - Students-Related Srvc					
Salaries	144,453	-	144,453	141,204	3,249
Supplies and materials	2,000	1,000	3,000	1,016	1,984
Other objects	1,800	1,400	3,200	-	3,200
Total Undist. Expend.-Other Support Srvc-Students-Related Srvc	148,253	2,400	150,653	142,220	8,433
Undist. Expend.- Other Support Services -Students-Extraordinary Srv					
Salaries	375,372	32,000	407,372	365,674	41,698
Purchased professional - educational services	50,000	(20,000)	30,000	8,095	21,905
Total Undist. Expend.-Othr Sprt Srvc Students-Extraordinary Srvc	425,372	12,000	437,372	373,769	63,603
Undist. Expend.- Other Support Services Students-Regular					
Salaries of other professional staff	61,129	-	61,129	47,691	13,438
Supplies and materials	2,000	-	2,000	1,911	89
Total Undist. Expend. - Other Support Services - Students-Regular	63,129	-	63,129	49,602	13,527
Undist. Expend. - Other Support Services - Students-Special					
Salaries of other professional staff	278,267	23,275	301,542	273,818	27,724
Salaries of secretarial and clerical assistants	46,237	-	46,237	43,584	2,653
Purchased professional - educational services	10,000	-	10,000	6,313	3,687
Other purchased professional services	2,000	-	2,000	1,935	65
Supplies and materials	15,970	-	15,970	7,311	8,659
Other objects	2,400	-	2,400	2,340	60
Total Undist. Expend. - Other Support Services - Students-Special	354,874	23,275	378,149	335,301	42,848
Undist. Expend. - Improvement of Instruction Services					
Other purchased professional and technical services	-	38,700	38,700	38,700	-
Total Undist. Expend. - Improvement of Instruction Services	-	38,700	38,700	38,700	-
Undist. Expend. - Educational Media Services/School Library					
Salaries	83,937	-	83,937	78,129	5,808
Salaries of Technology Coordinators	53,200	-	53,200	50,313	2,887
Supplies and materials	2,000	2,000	4,000	4,000	-
Total Undist. Expend. - Educational Media Services/School Library	139,137	2,000	141,137	132,442	8,695

OCEANPORT SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Instruction Staff Training Services					
Other salaries	\$ 2,000	\$ -	\$ 2,000	\$ -	\$ 2,000
Purchased professional - educational services	20,000	9,450	29,450	19,324	10,126
Other purchased services (400-500 series)	1,000	550	1,550	1,529	21
Total Undist. Expend. - Instruction Staff Training Services	23,000	10,000	33,000	20,853	12,147
Undist. Expend. - Support Service - General Administration					
Salaries	101,035	(3,800)	97,235	97,144	91
Legal services	20,000	11,000	31,000	30,888	112
Audit fees	12,500	-	12,500	12,000	500
Other purchased professional services	10,000	3,000	13,000	12,792	208
Communications/Telephone - Bus	26,000	(11,900)	14,100	13,634	466
Other purchased services (400-500 series)	3,600	1,100	4,700	4,666	34
General supplies	2,000	(1,200)	800	491	309
Miscellaneous expenditures - Board of Ed	4,500	16,300	20,800	20,352	448
Membership Dues and Fees	6,700	-	6,700	6,439	261
Total Undist. Expend. - Support Service - General Administration	186,335	14,500	200,835	198,406	2,429
Undist. Expend. - Support Service - School Administration					
Salaries of principals/Assistant principals	218,194	(8,500)	209,694	209,642	52
Salaries of secretarial and clerical assistants	90,018	5,950	95,968	95,883	85
Other purchased services (400-500 series)	21,800	12,000	33,800	33,459	341
Supplies and materials	12,000	100	12,100	11,847	253
Other objects	7,000	2,450	9,450	8,566	884
Total Undist. Expend. - Support Service - School Administration	349,012	12,000	361,012	359,397	1,615
Undist. Expend. - Central Services					
Salaries	105,500	(3,300)	102,200	96,014	6,186
Purchased professional services	25,000	7,100	32,100	32,051	49
Misc. Pur Serv (400-500 series)	2,000	4,000	6,000	5,996	4
Supplies and materials	3,000	600	3,600	3,558	42
Misc Expenditures	500	-	500	-	500
Total Undist. Expend. - Central Services	136,000	8,400	144,400	137,619	6,781
Undist. Expend. - Admin. Info. Technology					
Other purchased services (400-500 series)	20,200	3,800	24,000	16,006	7,994
Supplies and materials	10,000	12,000	22,000	21,702	298
Total Undist. Expend - Admin. Info. Technology	30,200	15,800	46,000	37,708	8,292
Undist. Expend. - Required Maintenance for School Facilities					
Cleaning, repair and maintenance services	104,000	34,300	138,300	128,993	9,307
Total Undist. Expend. - Allowed Maintenance for School Facilities	104,000	34,300	138,300	128,993	9,307
Undist. Expend. - Other Operation & Maintenance of Plant					
Salaries - Custodians	247,050	(19,960)	227,090	226,626	464
Cleaning, repair and maintenance services - up keep	40,000	2,000	42,000	31,170	10,830
Other purchased property services	25,000	-	25,000	22,153	2,847
Insurance	70,035	8,400	78,435	78,391	44
General supplies	24,000	5,000	29,000	28,303	697
Energy (Heat and Electricity)	190,000	(41,600)	148,400	143,523	4,877
Other objects	20,000	19,000	39,000	36,429	2,571
Total Undist. Expend. - Other Operation & Maintenance Of Plant	616,085	(27,160)	588,925	566,595	22,330
Undist. Expend. - Security					
Salaries	22,500	25,100	47,600	47,590	10
Cleaning, repair and maintenance services	2,000	2,000	4,000	1,032	2,968
Total Undist. Expend. - Security	24,500	27,100	51,600	48,622	2,978
Undist. Expend. - Student Transportation Services					
Salaries for pupil transportation(between home and school)-Regul	14,000	(1,500)	12,500	9,540	2,960
Salaries for pupil transportation(between home and school)-Speci	3,150	(150)	3,000	-	3,000
Cleaning, repair and maintenance services	-	1,500	1,500	273	1,227
Contract services (between home & school) - Vendors	180,000	26,000	206,000	205,758	242
Contract services-(special education students)-ESC's & CTSA's	75,000	11,000	86,000	85,491	509
Aid in lieu of payments	60,000	600	60,600	60,540	60
Total Undist. Expend. - Student Transportation Services	332,150	37,450	369,600	361,602	7,998
UNALLOCATED EMPLOYEE BENEFITS					
Social security contributions	125,000	6,000	131,000	130,930	70
TPAF Contributions - Regular	-	400	400	-	400
Other retirement contributions - PERS	105,000	(3,800)	101,200	96,950	4,250
Unemployment Compensation	10,000	-	10,000	-	10,000
Workmen's compensation	70,000	-	70,000	63,420	6,580
Health benefits	1,711,501	30,765	1,742,266	1,742,058	208
Tuition reimbursement	45,000	(32,800)	12,200	11,670	530
TOTAL UNALLOCATED EMPLOYEE BENEFITS	2,066,501	565	2,067,066	2,045,028	22,038

OCEANPORT SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
On-behalf TPAF pension contributions (non-budgeted)	\$ -	\$ -	\$ -	\$ 759,640	\$ (759,640)
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	322,274	(322,274)
TOTAL ON-BEHALF CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,081,914</u>	<u>(1,081,914)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>2,066,501</u>	<u>565</u>	<u>2,067,066</u>	<u>3,126,942</u>	<u>(1,059,876)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>5,519,757</u>	<u>58,089</u>	<u>5,577,846</u>	<u>6,302,222</u>	<u>(724,376)</u>
Transfer to Cover Deficit (enterprise fund)	-	-	-	24,315	(24,315)
TOTAL GENERAL CURRENT EXPENSE	<u>10,109,707</u>	<u>(121,200)</u>	<u>9,988,507</u>	<u>10,469,115</u>	<u>(480,608)</u>
CAPITAL OUTLAY					
Regular Programs - Instruction:					
Grades 1-5	75,318	-	75,318	49,501	25,817
Grades 6-8	41,559	65,200	106,759	106,678	81
Undistributed:					
Undistributed expenditures - Instruction	20,500	56,000	76,500	65,983	10,517
Total Equipment	<u>137,377</u>	<u>121,200</u>	<u>258,577</u>	<u>222,162</u>	<u>36,415</u>
Facilities Acquisition and Construction Services					
Debt Service Assessment	1,230	-	1,230	1,230	-
Total Facilities Acquisition and Construction Services	<u>1,230</u>	<u>-</u>	<u>1,230</u>	<u>1,230</u>	<u>-</u>
TOTAL CAPITAL OUTLAY	<u>138,607</u>	<u>121,200</u>	<u>259,807</u>	<u>223,392</u>	<u>36,415</u>
TOTAL EXPENDITURES	<u>10,248,314</u>	<u>-</u>	<u>10,248,314</u>	<u>10,692,507</u>	<u>(444,193)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(715,727)</u>	<u>-</u>	<u>(715,727)</u>	<u>176,131</u>	<u>891,858</u>
Other Financing Uses:					
Adjustment for Payroll Agency Disbursements	-	-	-	(327,015)	327,015
Community Development Loan never drawn down	-	-	-	(442,836)	442,836
Community Development Loan cash drawdown not recorded	-	-	-	(434,153)	434,153
Total Other Financing Sources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,204,004)</u>	<u>1,204,004</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(715,727)</u>	<u>-</u>	<u>(715,727)</u>	<u>(1,027,873)</u>	<u>2,095,862</u>
Fund Balance, July 1	<u>2,422,321</u>	<u>-</u>	<u>2,422,321</u>	<u>2,422,321</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,706,594</u>	<u>\$ -</u>	<u>\$ 1,706,594</u>	<u>\$ 1,394,448</u>	<u>\$ 2,095,862</u>
Recapitulation:					
Restricted Fund Balance:					
Capital reserve				40	
Maintenance reserve				500,000	
Emergency reserve				250,000	
Excess surplus - Designated for subsequent year's expenditures				164,191	
Excess surplus - Current year				216,611	
Committed Fund Balance:					
Year-end encumbrances				-	
Assigned Fund Balance:					
Designated for subsequent year's expenditures				6,419	
Unassigned Fund Balance				<u>257,187</u>	
Reconciliation to governmental funds statements (GAAP)					
Last state aid payment not recognized on GAAP basis				(43,841)	
Fund balance per governmental funds (GAAP)				<u>\$ 213,346</u>	

OCEANPORT SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources	\$ -	-	-	-	\$ -
State sources	-	-	-	-	-
Federal sources	18,262	259,648	277,910	262,295	(15,615)
Total Revenues	18,262	259,648	277,910	262,295	(15,615)
EXPENDITURES					
Instruction:					
Salaries of teachers	-	145,578	145,578	133,678	11,900
Other salaries for instruction	-	-	-	-	-
Purchased professional services	-	-	-	-	-
General supplies	9,550	50,737	60,287	60,287	-
Tuition	-	-	-	-	-
Total instruction	9,550	196,315	205,865	193,965	11,900
Support services:					
Salaries of program director	-	-	-	-	-
Personal services	8,712	(8,712)	-	-	-
Purchased professional - educational services	-	28,453	28,453	27,925	528
Other purchased professional services	-	-	-	-	-
Purchased technical services	-	-	-	-	-
Travel	-	-	-	-	-
Employee Benefits	-	32,300	32,300	31,421	879
Miscellaneous purchased services (400-500 series)	-	-	-	-	-
Miscellaneous expenditures	-	11,292	11,292	8,984	2,308
Supplies & materials	-	-	-	-	-
Total support services	8,712	63,333	72,045	68,330	3,715
Facilities acquisition and const. serv.:					
Instructional equipment	-	-	-	-	-
Total facilities acquisition and const. serv.	-	-	-	-	-
Total expenditures	18,262	259,648	277,910	262,295	15,615
Excess (deficiency) of revenues					
Over (under) expenditures	\$ -	-	-	-	\$ -
Reconciliation to governmental funds statements (GAAP)					
Last state aid payment not recognized on GAAP basis				-	
Fund balance per governmental funds (GAAP)				\$ -	

OCEANPORT SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to Required Supplementary Information
 For the Fiscal Year Ended June 30, 2016

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

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 10,868,638	[C-2]	\$ 262,295
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		-
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(346,753)		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year		(43,841)		-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes		42,939		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 10,520,983	[B-2]	\$ 262,295
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 10,692,507	[C-2]	\$ 262,295
Differences - budget to GAAP				
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(346,753)		-
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.		-		-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 10,345,754	[B-2]	\$ 262,295

REQUIRED SUPPLEMENTARY INFORMATION - PART III

OCEANPORT SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the District's Proportionate Share of Net Pension Liability-PERS
 For the Fiscal Year Ended June 30, 2016

Last 10 Fiscal Years*

	2014	2015	2016
District's proportion of the net pension liability	100.000%	100.000%	0.0114843954%
District's proportionate share of the net pension liability	\$ 2,149,199	\$ 2,270,377	\$ 2,689,966
District's covered-employee payroll	811,178	797,945	771,853
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	37.74%	35.15%	28.69%
Plan fiduciary net position as a percentage of the total pension liability	40.71%	42.74%	61.84%

The amounts presented were determined as of the fiscal year-end that occurred one year before the District's fiscal year end.

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

OCEANPORT SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the District Contributions-PERS
 For the Fiscal Year Ended June 30, 2016

Last 10 Fiscal Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contributions	\$ 87,516	\$ 144,209	\$ 96,950
Contributions in relation to the contractually required contribution	<u>87,516</u>	<u>144,209</u>	<u>96,950</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 811,175	\$ 797,945	\$ 771,853
Contributions as a percentage of covered-employee payroll	10.79%	18.07%	12.56%

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

OCEANPORT SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the District's Proportionate Share of Net Pension Liability-TPAF
 For the Fiscal Year Ended June 30, 2016

Last 10 Fiscal Years*

	2014	2015	2016
District's proportion of the net pension liability	0.0000000000%	0.0441200000%	0.0452083709%
District's proportionate share of the net pension liability	\$ 22,240,031	\$ 23,742,413	\$ 28,573,621
District's covered-employee payroll	4,369,752	4,338,875	2,627,817
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	19.65%	18.27%	9.20%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%

The District has a special funding situation and is not required to make any payments for this liability therefore it is not recorded on the CAFR.

The amounts presented were determined as of the fiscal year-end that occurred one year before the District's fiscal year end.

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

Oceanport School District

Notes to Required Supplementary Information - Part III

For the Year Ended June 30, 2016

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. 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 RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

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

OTHER SUPPLEMENTARY INFORMATION

OCEANPORT SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	IDEA Preschool 15/16	IDEA Basic 15/16	Title I 15/16	Title II 15/16	TOTAL
Revenues:					
Local sources	\$ -	-	-	-	\$ -
State sources	-	-	-	-	-
Federal sources	5,677	162,756	85,281	8,581	262,295
Total revenues	5,677	162,756	85,281	8,581	262,295
Expenditures:					
Instruction:					
Salaries of teachers	5,274	117,701	10,703	-	133,678
Other salaries/instruction	-	-	-	-	-
Purchased professional services	-	-	-	-	-
General supplies	-	-	60,287	-	60,287
Tuition	-	-	-	-	-
Textbooks	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-
Total instruction	5,274	117,701	70,990	-	193,965
Support services:					
Other support services - students - special:					
Other professional staff salaries	-	-	-	-	-
Personal Services	-	-	-	-	-
Purchased professional services	-	14,453	13,472	-	27,925
Other purchased professional services	-	-	-	-	-
Purchased technical services	-	-	-	-	-
Employee benefits	-	30,602	819	-	31,421
Travel	-	-	-	-	-
General supplies	-	-	-	-	-
Miscellaneous expenses	403	-	-	8,581	8,984
Total support services	403	45,055	14,291	8,581	68,330
Equipment:					
Regular programs instruction	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-
Total equipment	-	-	-	-	-
Total expenditures	\$ 5,677	162,756	85,281	8,581	\$ 262,295

OCEANPORT SCHOOL DISTRICT
Enterprise Fund
Statement of Net Position
June 30, 2016

	<u>Summer Enrichment Program</u>	<u>Childcare</u>	<u>Food Services</u>	<u>2016</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 9,160	175,522	20,640	\$ 205,322
Accounts receivable:				
State	-	-	93	93
Federal	-	-	1,913	1,913
Inventories	-	-	5,404	5,404
Interfunds	-	-	8,366	8,366
Total current assets	<u>9,160</u>	<u>175,522</u>	<u>36,416</u>	<u>221,098</u>
Fixed assets:				
Equipment	-	-	228,723	228,723
Accumulated depreciation	-	-	(220,278)	(220,278)
Total fixed assets	<u>-</u>	<u>-</u>	<u>8,445</u>	<u>8,445</u>
Total assets	<u>\$ 9,160</u>	<u>175,522</u>	<u>44,861</u>	<u>\$ 229,543</u>
Liabilities and Net Position:				
Liabilities:				
Accounts payable	-	-	29,486	29,486
Unearned revenue	9,610	-	790	10,400
Due to General Fund	6,470	72,394	-	78,864
Total liabilities	<u>16,080</u>	<u>72,394</u>	<u>30,276</u>	<u>118,750</u>
Net position:				
Net investment in capital assets	-	-	8,445	8,445
Unrestricted net position	(6,920)	103,128	6,140	102,348
Total net position	<u>(6,920)</u>	<u>103,128</u>	<u>14,585</u>	<u>110,793</u>
Total liabilities and net position	<u>\$ 9,160</u>	<u>175,522</u>	<u>44,861</u>	<u>\$ 229,543</u>

OCEANPORT SCHOOL DISTRICT
Enterprise Fund
Statement of Revenues, Expenses and
Changes in Net Position
for the Fiscal Years ended June 30, 2016

	Summer Enrichment Program	Childcare	Food Services	2016
Operating revenues:				
Local sources:				
Daily Sales Reimbursable Programs	\$ -	-	56,664	\$ 56,664
Tuition	12,262	184,888	-	197,150
School Lunch	-	-	51,563	51,563
Miscellaneous	-	-	54,052	54,052
Total operating revenues	<u>12,262</u>	<u>184,888</u>	<u>162,279</u>	<u>359,429</u>
Operating expenses:				
Salaries	19,215	72,394	60,494	152,103
Employee Benefits	-	-	13,353	13,353
Purchased Property	-	-	22,498	22,498
Supplies and materials	-	9,366	5,682	15,048
Depreciation	-	-	5,718	5,718
Cost of sales	-	-	72,492	72,492
Total operating expenses	<u>19,215</u>	<u>81,760</u>	<u>180,237</u>	<u>281,212</u>
Operating income	<u>(6,953)</u>	<u>103,128</u>	<u>(17,958)</u>	<u>78,217</u>
Nonoperating revenues (expenses):				
State sources:				
State School Lunch Program	-	-	1,067	1,067
Federal sources:				
National School Lunch Program	-	-	22,315	22,315
National School Lunch - PB	-	-	1,480	1,480
USDA Commodities	-	-	31,046	31,046
Local sources:				
Interest income	33	-	-	33
Total nonoperating revenues	<u>33</u>	<u>-</u>	<u>55,908</u>	<u>55,941</u>
Change in net position	<u>(6,920)</u>	<u>103,128</u>	<u>37,950</u>	<u>134,158</u>
Transfer from General Fund	-	-	24,315	24,315
Total net position beginning	<u>-</u>	<u>-</u>	<u>(47,680)</u>	<u>(47,680)</u>
Total net position ending	<u>\$ (6,920)</u>	<u>103,128</u>	<u>14,585</u>	<u>\$ 110,793</u>

OCEANPORT SCHOOL DISTRICT
Statement of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 2016

	Summer Enrichment Program	Childcare	Food Services	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 8,166	184,888	163,069	\$ 356,123
Payments to employees	(12,745)	-	(60,494)	(73,239)
Payments for employee benefits	-	-	(13,353)	(13,353)
Payments to suppliers	-	(9,366)	(119,490)	(128,856)
Net cash provided by (used in) operating activities	<u>(4,579)</u>	<u>175,522</u>	<u>(30,268)</u>	<u>140,675</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State sources	-	-	1,032	1,032
Federal source	-	-	14,605	14,605
Transfer from general fund	-	-	24,315	24,315
Interest income	33	-	-	33
Net cash provided by non-capital financing activities	<u>33</u>	<u>-</u>	<u>39,952</u>	<u>39,985</u>
Net increase (decrease) in cash and cash equivalents	(4,546)	175,522	9,684	180,660
Balances—beginning of year	13,706	-	10,956	24,662
Balances—end of year	<u>\$ 9,160</u>	<u>175,522</u>	<u>20,640</u>	<u>\$ 205,322</u>
Reconciliation of operating loss to net cash used in operating activities:				
Operating income	\$ (6,953)	103,128	(17,958)	\$ 78,217
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation	-	-	5,718	5,718
Federal commodities	-	-	31,046	31,046
Increase in inventories	-	-	(983)	(983)
(Increase) decrease in accounts payable	-	-	(48,881)	(48,881)
Decrease in interfund payable	6,470	72,394	-	78,864
(Increase) decrease in unearned revenue	(4,096)	-	790	(3,306)
Total adjustments	<u>2,374</u>	<u>72,394</u>	<u>(12,310)</u>	<u>62,458</u>
Net cash provided by (used in) operating activities	<u>\$ (4,579)</u>	<u>175,522</u>	<u>(30,268)</u>	<u>\$ 140,675</u>

OCEANPORT SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Unemployment Compensation Trust	Student Activity	Agency Fund	Total
ASSETS				
Cash and cash equivalents	\$ 145,512	\$ 53,721	\$ 266,829	\$ 466,062
Investments	-	-	-	-
Intergovernmental accounts receivable	-	-	-	-
Interfund receivable	-	-	-	-
Total assets	<u>145,512</u>	<u>53,721</u>	<u>266,829</u>	<u>466,062</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Payroll deductions and withholdings	-	-	266,829	266,829
Due to Student Groups	-	53,721	-	53,721
Due to Current Fund	-	-	-	-
Interfund payable	-	-	-	-
Other current liabilities	-	-	-	-
Total liabilities	<u>-</u>	<u>53,721</u>	<u>266,829</u>	<u>320,550</u>
NET POSITION				
Held in trust for unemployment claims and other purposes	145,512	-	-	145,512
Total net position	<u>145,512</u>	<u>-</u>	<u>-</u>	<u>145,512</u>
Total liabilities and net position	<u>\$ 145,512</u>	<u>\$ 53,721</u>	<u>\$ 266,829</u>	<u>\$ 466,062</u>

OCEANPORT SCHOOL DISTRICT
 Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 For the Fiscal Year Ended June 30, 2016

	Unemployment Compensation Trust
ADDITIONS	
Investment earnings:	
Interest	370
Total additions	370
DEDUCTIONS	
Unemployment claims	583
Total deductions	583
Change in net position	(213)
Net position—beginning of the year	145,725
Net position—end of the year	\$ 145,512

OCEANPORT SCHOOL DISTRICT
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year ended June 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
Elementary School:				
Maple Place	\$ 31,137	80,648	(78,542)	\$ 33,243
Maple Place - 8th Grade	5,719	58,879	(57,097)	7,501
Wolf Hill	13,178	165,564	(165,765)	12,977
Total	<u>\$ 50,034</u>	<u>\$ 305,091</u>	<u>\$ (301,404)</u>	<u>\$ 53,721</u>

OCEANPORT SCHOOL DISTRICT
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year ended June 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
Assets:				
Cash and Cash Equivalents	\$ 327,015	8,339,232	(8,399,418)	\$ 266,829
Total Assets	<u>\$ 327,015</u>	<u>8,339,232</u>	<u>(8,399,418)</u>	<u>\$ 266,829</u>
Liabilities:				
Payroll Deductions and Withholdings	\$ -	8,339,232	(8,072,403)	\$ 266,829
Due to General Fund	327,015	-	(327,015)	-
Total Liabilities	<u>\$ 327,015</u>	<u>8,339,232</u>	<u>(8,399,418)</u>	<u>\$ 266,829</u>

OCEANPORT SCHOOL DISTRICT
 Long-Term Debt
 Statement of Serial Bonds
 June 30, 2016

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount Of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance July 1, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2016</u>
Alterations and Renovations at Maple Place and Wolf Hill Sch	12/15/2006	\$ 2,135,000	8/1/2016	\$ 120,000	4.0-4.125%	\$ 1,480,000	-	115,000	1,365,000.00
			8/1/2017	125,000					
			8/1/2018	130,000					
			8/1/2019	135,000					
			8/1/2020	135,000					
			8/1/2021	140,000					
			8/1/2022	140,000					
			8/1/2023	145,000					
			8/1/2024	145,000					
			8/1/2025	150,000					
Community Disaster Loan	2014-2015	876,989	7/1/2018	434,153	1.38%	876,989		442,836	434,153
						<u>\$ 2,356,989</u>	<u>-</u>	<u>557,836</u>	<u>\$ 1,799,153</u>

OCEANPORT SCHOOL DISTRICT
 Long-Term Debt
 Statement of Obligations Under Capital Leases
 June 30, 2016

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Principal Balance July 1, 2015</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Principal Balance Outstanding June 30, 2016</u>
Xerox 4250XF/4260XF Copiers	0.00%	\$ 53,233	\$ 7,438	-	7,438	\$ -
			<u>\$ 7,438</u>	<u>-</u>	<u>7,438</u>	<u>\$ -</u>

OCEANPORT SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local tax levy	\$ 115,686	\$ -	\$ 115,686	\$ 115,686	\$ -
Miscellaneous	-	-	-	-	-
State Sources:					
Debt service aid Type II	58,975	-	58,975	58,975	-
				-	
Total - State Sources	58,975	-	58,975	58,975	-
Total Revenues	174,661	-	174,661	174,661	-
EXPENDITURES:					
Regular Debt Service:					
Interest	58,457	-	58,457	58,457	-
Redemption of principal	116,204	-	116,204	115,000	(1,204)
Total Regular Debt Service	174,661	-	174,661	173,457	(1,204)
Total expenditures	174,661	-	174,661	173,457	(1,204)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	1,204	1,204
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	1,204	1,204
Fund Balance, July 1	(393)	-	(393)	(393)	-
Fund Balance, June 30	<u>\$ (393)</u>	<u>\$ -</u>	<u>\$ (393)</u>	<u>\$ 811</u>	<u>\$ 1,204</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

**OCEANPORT SCHOOL DISTRICT
Statistical Section**

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	85-90
Revenue Capacity	
These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	91-94
Debt Capacity	
These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	95-98
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	99-100
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	101-105

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.*

OCEANPORT SCHOOL DISTRICT
 Net Assets/Position by Component
 Last Ten Fiscal Years
 UNAUDITED
 (accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net capital assets	\$ -	\$ -	\$ -	\$ -	\$ 2,985,305	\$ 3,731,111	\$ 3,493,436	\$ 3,701,607	\$ 3,697,236	\$ 3,754,589
Restricted	-	-	-	-	383,128	864,255	983,270	1,292,366	1,177,872	1,138,072
Unrestricted	-	-	-	-	(179,615)	(267,596)	217,955	52,255	(1,988,462)	(2,764,231)
Total governmental activities net assets/position	\$ -	\$ -	\$ -	\$ -	\$ 3,188,818	\$ 4,327,770	\$ 4,694,661	\$ 5,046,228	\$ 2,886,646	\$ 2,128,430
Business-type activities										
Net capital assets	\$ -	\$ -	\$ -	\$ -	\$ 36,051	\$ 30,579	\$ 25,107	\$ 19,635	\$ 14,163	\$ 8,445
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	(70,385)	(69,185)	(79,303)	(68,543)	(61,843)	102,348
Total business-type activities net assets/position	\$ -	\$ -	\$ -	\$ -	\$ (34,334)	\$ (38,606)	\$ (54,196)	\$ (48,908)	\$ (47,680)	\$ 110,793
District-wide										
Net capital assets	\$ -	\$ -	\$ -	\$ -	\$ 3,021,356	\$ 3,761,690	\$ 3,518,543	\$ 3,721,242	\$ 3,711,399	\$ 3,763,034
Restricted	-	-	-	-	383,128	864,255	983,270	1,292,366	1,177,872	1,138,072
Unrestricted	-	-	-	-	(250,000)	(336,781)	138,652	(16,288)	(2,050,305)	(2,661,883)
Total district net assets/position	\$ -	\$ -	\$ -	\$ -	\$ 3,154,484	\$ 4,289,164	\$ 4,640,465	\$ 4,997,320	\$ 2,838,966	\$ 2,239,223

OCEANPORT SCHOOL DISTRICT
Changes in Net Assets/Position
Last Ten Fiscal Years
UNAUDITED
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016
Expenses						
Governmental activities						
Total governmental activities expenses	9,720,667	10,218,877	10,530,881	10,779,881	9,640,285	10,195,511
Business-type activities:						
Enterprise fund						(134,125)
Child Care						-
Total business-type activities expense	175,266	182,843	178,151	151,700	160,774	(134,125)
Total district expenses	<u>\$ 9,895,933</u>	<u>\$ 10,401,720</u>	<u>\$ 10,709,032</u>	<u>\$ 10,931,581</u>	<u>\$ 9,801,059</u>	<u>\$ 10,061,386</u>
Program Revenues						
Governmental activities:						
Charges for services:						
Instruction (tuition)						\$ -
Pupil transportation						-
Central and other support services						-
Operating grants and contributions						-
Capital grants and contributions						-
Total governmental activities program revenues	1,169,226.00	1,331,481.00	225,768	322,150	85,046	-
Business-type activities:						
Charges for services						
Food service						-
Child care						-
Operating grants and contributions						-
Capital grants and contributions						-
Total business type activities program revenues	\$175,229	178,544.00	162,561	137,353	161,963	-
Total district program revenues	<u>1,344,455</u>	<u>1,510,025</u>	<u>388,329</u>	<u>459,503</u>	<u>247,009</u>	<u>-</u>
Net (Expense)/Revenue						
Governmental activities	(8,551,441)	(8,887,396)	(10,305,113)	(10,457,731)	(9,555,239)	(10,195,511)
Business-type activities	(37)	(4,299)	(15,590)	(14,347)	1,189	134,125
Total district-wide net expense	<u>\$ (8,551,478)</u>	<u>\$ (8,891,695)</u>	<u>\$ (10,320,703)</u>	<u>\$ (10,472,078)</u>	<u>\$ (9,554,050)</u>	<u>\$ (10,061,386)</u>
General Revenues and Other Changes in Net Assets/Position						
Governmental activities:						
Property taxes levied for general purposes, net						\$ 8,946,992
Taxes levied for debt service						115,686
Unrestricted grants and contributions						504,855
State aid - restricted						262,295
Tuition Received						-
Investment earnings						5,221
Miscellaneous income						387,729
Other financing sources / uses						(785,483)
Total governmental activities	9,212,396	10,026,349	10,629,209	10,659,732	10,580,668	9,437,295
Business-type activities:						
Investment earnings						33
Transfers						24,315
Total business-type activities	23	27	-	-	39	24,348
Total district-wide	<u>\$ 9,212,419</u>	<u>\$ 10,026,376</u>	<u>\$ 10,629,209</u>	<u>\$ 10,659,732</u>	<u>\$ 10,580,707</u>	<u>\$ 9,437,328</u>
Change in Net Assets/Position						
Governmental activities	660,955	1,138,953	324,096	202,001	1,025,429	(758,216)
Business-type activities	(14)	(4,272)	(15,590)	(14,347)	1,228	158,473
Total district	<u>\$ 660,941</u>	<u>\$ 1,134,681</u>	<u>\$ 308,506</u>	<u>\$ 187,654</u>	<u>\$ 1,026,657</u>	<u>\$ (599,743)</u>

OCEANPORT SCHOOL DISTRICT
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,					
	2011	2012	2013	2014	2015	2016
General Fund						
Reserved	\$ 383,127	\$ 864,255	\$ 980,045	\$ 1,289,734	\$ 2,165,902	\$ 1,137,261
Unreserved	235,342	194,304	217,955	52,255	213,480	213,346
Total general fund	<u>\$ 618,469</u>	<u>\$ 1,058,559</u>	<u>\$ 1,198,000</u>	<u>\$ 1,341,989</u>	<u>\$ 2,379,382</u>	<u>\$ 1,350,607</u>
All Other Governmental Funds						
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:						
Special revenue fund	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-
Debt service fund	-	3,225	3,225	2,632	(393)	811
Permanent fund	-	-	-	-	-	-
Total all other governmental funds	<u>-</u>	<u>3,225</u>	<u>3,225</u>	<u>2,632</u>	<u>(393)</u>	<u>811</u>

OCEANPORT SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
UNAUDITED
(modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016
Revenues						
Tax levy	8,941,589	9,075,881	8,969,686	8,712,664	8,882,686	9,062,678
Tuition charges						331,893
Interest earnings						5,221
Miscellaneous	180,398	286,435	310,116	284,315	232,728	55,836
State sources	944,857	1,297,034	1,394,827	1,315,325	1,470,436	1,240,016
Federal sources	335,367	211,109	186,158	633,457	473,311	262,295
Total revenue	<u>10,402,211</u>	<u>10,870,459</u>	<u>10,860,787</u>	<u>10,945,761</u>	<u>11,059,161</u>	<u>10,957,939</u>
Expenditures						
Instruction						
Regular Instruction	2,722,758	2,716,327	2,812,502	3,132,902	2,615,461	3,428,786
Special education instruction	759,389	841,551	1,072,228	1,031,845	800,250	802,143
Other special instruction	33,742	99,225	125,380	85,153	115,785	105,614
Support Services:	84,991	102,406				
Tuition	12,171	2,438	33,804	122,846	54,571	103,972
Student & inst. related services	1,169,358	1,317,005	1,364,069	1,387,374	1,189,288	292,774
General administration	353,290	310,254	629,569	632,275	324,501	198,406
School administrative services	264,935	348,859	314,478	260,420	305,512	359,397
Central services						137,619
Admin. information technology						37,708
Plant operations and maintenance	771,897	721,168	795,448	631,231	697,456	695,588
Security						48,622
Pupil transportation	360,927	298,090	394,015	337,422	340,301	361,602
Other Support Services		23,274				1,007,922
Employee benefits	2,731,084	2,934,469	2,700,983	2,677,262	2,974,793	2,780,189
Special Schools	335,367	187,835	186,158	199,304	30,475	-
Capital Projects Fund		352,675				
Debt service:						
Principal	309,755	302,481	171,356	172,256	172,956	115,000
Interest and other charges						58,457

OCEANPORT SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
UNAUDITED
(modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016
Capital outlay	131,511	581	115,546	4,147	174,046	223,392
Total expenditures	10,041,175	10,558,638	10,715,536	10,674,437	9,795,395	10,757,191
Excess (Deficiency) of revenues over (under) expenditures	361,036	311,821	145,251	271,324	1,263,766	200,748
Other Financing sources (uses)						
Adjustment for Payroll Agency Disbu	-	-	-	-	-	(327,015)
Community Development Loan never dr	-	-	-	-	-	(442,836)
Community Development Loan cash dra	-	-	-	-	-	(434,153)
Transfers in	-	131,494	-	36,121	-	-
Transfers out	-	-	(5,810)	-	(393,447)	(24,315)
Total other financing sources (uses)	-	131,494	(5,810)	36,121	(393,447)	(1,228,319)
Net change in fund balances	361,036	443,315	139,441	307,445	870,319	(1,027,571)
Debt service as a percentage of noncapital expenditures	3.13%	2.86%	1.62%	1.61%	1.80%	0.031

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

Central Service and Administrative Information Technology account classifications were added beginning with year end

Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Ser

OCEANPORT SCHOOL DISTRICT
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
UNAUDITED
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Miscellaneous</u>	<u>Annual Totals</u>
2007	634,626	47,585	19,477	701,688
2008	734,197	21,694	14,335	770,226
2009	836,142	2,320	44,273	882,735
2010	725,005	2,111	74,369	801,485
2011	150,947	4,301	25,150	180,398
2012	207,423	6,120	72,892	286,435
2013	245,346	6,915	57,855	310,116
2014	249,257	6,174	28,884	284,315
2015	189,928	6,768	36,032	232,728
2016	331,893	5,221	55,836	392,950

Source: District records

Exhibit J-6

OCEANPORT SCHOOL DISTRICT
 Assessed Value and Actual Value of Taxable Property
 Last Ten Fiscal Years
 UNAUDITED

Fiscal Year Ended June 30,	Net Assessed Valuation	Estimated Full Cash Valuations	% of Net Assessed to Estimated Full Cash Valuations
2007	1,343,248,981	1,343,248,981	100.00%
2008	1,356,186,207	1,356,186,207	100.00%
2009	1,356,186,207	1,356,186,207	100.00%
2010	1,045,954,002	1,311,705,546	79.74%
2011	1,048,364,465	1,215,635,975	86.24%
2012	1,050,192,330	1,202,969,450	87.30%
2013	1,020,133,815	1,141,027,317	89.40%
2014	1,031,964,800	1,137,778,170	90.70%
2015	1,144,745,650	1,269,400,809	90.18%
2016			

Source: Abstract of Ratables

OCEANPORT SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
UNAUDITED
(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	<u>Oceanport School District</u>	<u>Shore Regional High School</u>	<u>Oceanport Borough</u>	<u>Monmouth County</u>	<u>Total Direct and Overlapping Tax Rate</u>
2007	0.522	0.238	0.332	0.254	1.346
2008	0.566	0.234	0.360	0.251	1.411
2009	0.573	0.262	0.380	0.255	1.470
2010	0.764	0.357	0.519	0.344	1.984
2011	0.762	0.419	0.528	0.332	2.041
2012	0.761	0.422	0.528	0.338	2.049
2013	0.784	0.405	0.508	0.346	2.043
2014	0.806	0.352	0.519	0.348	2.025
2015	0.806	0.372	0.529	0.304	2.011
2016					-

Source: Abstract of Ratables

OCEANPORT SCHOOL DISTRICT
 Principal Property Taxpayers
 Current Year and Nine Years Ago
 UNAUDITED

OCEANPORT BOROUGH

	Assessed Valuation 2016	As a percentage of District Net Assessed Valuation
NJ Sports & Exposition Authority	-	0.00%
Monmouht Park Corporate Center	-	0.00%
275 E Main Street - Commercial	-	0.00%
Individual Taxpayer #1	-	0.00%
Individual Taxpayer #2	-	0.00%
Individual Taxpayer #3	-	0.00%
Individual Taxpayer #4	-	0.00%
Individual Taxpayer #5	-	0.00%
Individual Taxpayer #6	-	0.00%
Individual Taxpayer #7	-	0.00%

SEA BRIGHT

	Assessed Valuation 2016	As a percentage of District Net Assessed Valuation
Ocean Ave Realty	-	0.00%
Edgewater Beach Inc	-	0.00%
Individual Taxpayer #1	-	0.00%
Individual Taxpayer #2	-	0.00%
Hudson City Savings Bank	-	0.00%
Individual Taxpayer #3	-	0.00%
Ocean First Bank	-	0.00%
Individual Taxpayer #4	-	0.00%
Individual Taxpayer #5	-	0.00%
Individual Taxpayer #6	-	0.00%

**OCEANPORT SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Fiscal Years
UNAUDITED**

Year Ended June 30,	Total Tax Levy	Current Tax Collections	Percentage of Levy
2007	18,064,598	17,880,339	98.98%
2008	19,112,453	18,909,861	98.94%
2009	20,052,465	19,697,634	98.23%
2010	20,848,566	20,550,432	98.57%
2011	21,465,588	21,227,320	98.89%
2012	22,098,823	21,840,267	98.83%
2013	22,750,738	22,516,405	98.97%
2014	21,104,190	20,785,362	98.49%
2015	21,169,799	20,919,917	98.82%
2016			

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

OCEANPORT SCHOOL DISTRICT
 Ratios of Outstanding Debt by Type
 Last Three Fiscal Years
 UNAUDITED

Fiscal Year Ended June 30,	General Obligation Bonds	Capital Leases	Total Debt Per District	Percentage of Personal Income	Per Capita
2014	1,590,000	18,522	1,608,522	0.44%	273.28
2015	1,480,000	129,662	1,609,662	0.55%	280.48
2016	1,360,000	205,014	1,565,014	0.41%	272.70

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

OCEANPORT SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
To Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years
UNAUDITED

Fiscal Year Ended June 30,	School District Population	Net Assessed Valuation Taxable	Net Bonded Debt	Ratio of Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2007	5,751	1,336,274,205	2,750,000	0.206%	478.18
2008	5,768	1,343,248,981	2,633,000	0.196%	456.48
2009	5,733	1,356,186,207	2,438,000	0.180%	756.88
2010	5,730	1,045,954,002	2,235,000	0.214%	390.05
2011	5,832	1,048,364,465	2,019,000	0.193%	346.19
2012	5,837	1,050,192,330	1,795,000	0.171%	307.52
2013	5,833	1,019,494,800	1,695,000	0.166%	290.59
2014	5,816	1,031,964,800	1,590,000	0.154%	270.13
2015	5,672	1,028,488,106	1,480,000	0.144%	260.93
2016	5,739	1,144,745,650	1,360,000	0.119%	236.98

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

See Exhibit J-6 for property tax data

See Exhibit J-14 for population data

OCEANPORT SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2016
 UNAUDITED

Net Direct Debt of the School District as of June 30, 2015		1,360,000
Net Overlapping Debt of School District:		
Oceanport	\$ 25,584,301	
Regional High School	11,310,000	
County of Monmouth	<u>21,180,000</u>	
		<u>58,074,301</u>
Total Direct and Overlapping Bonded Debt as of June 30, 2016		<u><u>\$ 59,434,301</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District.

**OCEANPORT SCHOOL DISTRICT
Legal Debt Margin Information,
Last Five Fiscal Years
UNAUDITED**

	<u>Year</u>	<u>Equalized Valuation Basis</u>
	2016	1,269,400,809
	2015	1,028,488,106
	2014	1,124,668,563
	[A]	3,422,557,478
	[A/3]	\$ 1,140,852,493
Debt limit (3 % of average equalization value)	[B]	34,225,575
Total Net Debt Applicable to Limit	[C]	1,360,000
Legal debt margin	[B-C]	\$ 32,865,575

	<u>Fiscal Year</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Debt limit	\$ 32,865,575	\$ 33,232,144	\$ 34,893,548	\$ 35,773,064	\$ 37,240,931
Total net debt applicable to li:	1,360,000	1,480,000	1,585,000	1,695,000	1,795,000
Legal debt margin	\$ 31,505,575	\$ 31,752,144	\$ 33,308,548	\$ 34,078,064	\$ 35,445,931

Source: Abstract of Ratables

Limit set by NJSA 18A:24-19 for K through 12 District; other percentage limits would be applicable for other District types

**OCEANPORT SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
UNAUDITED**

Year	Unemployment Rate	Personal Income	Per Capita Personal Income	Population
2007	UNAVAILABLE	UNAVAILABLE	58,622	5,812
2008	2.30%	196,767,044	57,873	5,899
2009	UNAVAILABLE	UNAVAILABLE	57,337	5,807
2010	4.30%	191,129,880	57,873	5,730
2011	4.30%	210,091,968	61,001	5,832
2012	4.40%	257,224,916	63,001	5,837
2013	4.60%	340,384,715	63,067	5,833
2014	13.10%	361,553,436	61,426	5,886
2015	6.30%	293,429,576	51,733	5,672
2016	5.30%	378,883,041	66,019	5,739

Source: New Jersey Department of Labor and Workforce Development

OCEANPORT SCHOOL DISTRICT
Principal Employers
Current Year and Nine Years Ago
UNAUDITED

Company	Number of Employees
Monmouth Park Racetrack	200
Wolf Hill Elementary School	62
Maple Place School	56
Borough of Oceanport	55
Oceanport Police	20
Oceanport Lions Swim Club	20
Ben Perkins Jr Racing Stable	20
Todd Pletcher Racing Stable	20
Big A Trucking Co	18

Source: Borough of Oceanport

OCEANPORT SCHOOL DISTRICT
 Full-time Equivalent District Employees by Function/Program,
 Last Seven Fiscal Years
 UNAUDITED

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction			
Regular	47.00	50.00	50.00
Special education	38.00	34.00	32.00
Other instruction			
Support Services:			
Student & instruction related services	3.00	4.00	8.20
General administration	0.60	0.60	0.60
School administrative services	3.00	3.00	3.00
Other administrative services	0.25	0.25	0.25
Central services	4.00	4.00	4.00
Administrative Information Technology	1.00	1.00	1.00
Plant operations and maintenance	5.00	5.00	5.00
Other support services	1.00	1.00	1.00
Total	<u>102.85</u>	<u>102.85</u>	<u>105.05</u>

Source: District Records

OCEANPORT SCHOOL DISTRICT
 Operating Statistics
 Last Three Fiscal Years
 UNAUDITED

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2014	618	10,515,273	16,206	5.99%	85	7.3	615.0	587.8	0.47%	95.58%
2015	614	10,215,578	16,638	8.43%	84	7.3	602.0	590.0	-2.57%	98.01%
2016	610	9,610,563	15,755	5.31%	84	7.3	604.2	581.4	-1.45%	96.22%

Source: School Register Summary, District Records

OCEANPORT SCHOOL DISTRICT
 School Building Information
 Last Nine Fiscal Years*
 UNAUDITED

	<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>
District Building										
<u>Elementary</u>										
Wolf Hill										
Square Feet	42,887	42,887	42,887	42,887	42,887	42,887	42,887	42,887	42,887	42,887
Capacity	465	465	465	465	465	465	465	465	465	465
Enrollment	382	382	382	382	278	278	355	317	339	338
<u>Middle School</u>										
Square Feet	57,079	57,079	57,079	57,079	57,079	57,079	57,079	57,079	57,079	57,079
Capacity	366	366	366	366	366	366	366	366	366	366
Enrollment	366	366	336	336	288	288	282	298	275	265

Source: District Records

OCEANPORT SCHOOL DISTRICT
 Schedule of Required Maintenance
 Last Three Fiscal Years*
 UNAUDITED

Fiscal Year Ended June 30,	Maple Place School	Wolf Hill Elementary	Total
2014	27,710	31,165	58,875
2015	160,875	207,667	368,542
2016	83,319	40,759	124,078

Source: District records

**OCEANPORT SCHOOL DISTRICT
Insurance Schedule
June 30, 2016
UNAUDITED**

Insurance Coverage is provided by Boynton & Boynton of NJ
Policy period runs from July 1, 2015 thru July 1, 2016

Commercial Property Coverage	
For Building and Business Personal Property	16,463,539
For Special Class Only Commercial General Liability	55,925
General Aggregate Limit	2,000,000
Products - Completed Operations - Aggregate Limit	2,000,000
Personal and Advertising - Injury Limit	1,000,000
Each Occurrence Limit	1,000,000
Damage to Premises	100,000
Medical Expenses Limit	5,000
Monmouth Ocean County Shared Services Insurance Fund	6,000,000
Errors & Omissions Liability Policy	

Source: District Records

SINGLE AUDIT SECTION

**INDEPENDENT AUDITORS' 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
Oceanport School District
County of Monmouth
Oceanport, 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, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Oceanport School District in the County of Monmouth, 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 Oceanport School District basic financial statements, and have issued our report thereon dated November 22, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered of the Oceanport School District in the County of Monmouth, 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 on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Oceanport School District in the County of Monmouth, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Oceanport School District's internal control.

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

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

Compliance and Other Matters

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

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 School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted

Jump, Perry and Company, L.L.P.
Toms River, New Jersey



Kathryn Perry, Partner
Licensed Public School Accountant
No. CS 20CS00226400

November 22, 2016

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

Honorable President and
Members of the Board of Education
Oceanport School District
County of Monmouth
Oceanport School District, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited Oceanport School District's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the New Jersey OMB Circular 15-08 that could have a direct and material effect on each of Oceanport School District's major federal programs for the year ended June 30, 2016. Oceanport School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Oceanport School District's major federal and 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, the Uniform Guidance and the New Jersey OMB 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 federal and state program occurred. An audit includes examining, on a test basis, evidence about Oceanport School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of Oceanport School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, Oceanport School District 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 federal and state programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Oceanport School District 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 Oceanport School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and 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 Uniform Guidance and the New Jersey OMB 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 Oceanport School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

Respectfully submitted,

JUMP, PERRY AND COMPANY, L.L.P.
Toms River, New Jersey



Kathryn Perry, Partner
Licensed Public School Accountant
No. CS 20CS00226400

November 22, 2016

OCEANPORT SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards, Schedule A
 for the Fiscal Year ended June 30, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant Period	Program or Award Amount	Balance at June 30, 2015	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2016		
									Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education											
Passed-through State Department of Education											
National School Lunch Program	10.555	7/1/14-6/30/15	\$ 11,983	\$ (1,007)	\$ 1,007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
National School Lunch Program	10.555	7/1/15-6/30/16	22,315		20,532	(22,315)			(1,783)	-	-
National School PB Lunch Program	10.555	7/1/14-6/30/15	911	(82)	82	-	-	-	-	-	-
National School PB Lunch Program	10.555	7/1/15-6/30/16	1,480		1,350	(1,480)			(130)	-	-
Food Distribution	10.550	7/1/15-6/30/16	31,046		31,046	(31,046)			-	-	-
Total U.S. Department of Agriculture				(1,089)	54,017	(54,841)	-	-	(1,913)	-	-
U.S. Department of Education											
Passed-through State Department of Education											
General Fund:											
Community Disaster Loan	97030	7/1/14-6/30/15	434,153	-	-	-	-	-	-	-	-
Special Revenue Fund:											
Title I	84.010A	7/1/14-6/30/15	28,073	(15,893)	28,073	(12,180)	-	-	-	-	-
Title I	84.010A	7/1/15-6/30/16	98,185	-	43,493	(73,101)	-	-	(29,608)	-	-
Title II, Part A	84.367A	7/1/14-6/30/15	12,582	(12,582)	12,582	-	-	-	-	-	-
Title II, Part A	84.365A	7/1/15-6/30/16	11,292	-	-	(8,581)	-	-	(8,581)	-	-
IDEA Basic	84.027	7/1/14-6/30/15	157,055	(157,055)	157,055	-	-	-	-	-	-
IDEA Basic	84.027	7/1/15-6/30/16	162,756	-	-	(162,756)	-	-	(162,756)	-	-
IDEA Preschool	84.173	7/1/14-6/30/15	5,520	(5,520)	5,520	-	-	-	-	-	-
IDEA Preschool	84.173	7/1/15-6/30/16	5,677	-	-	(5,677)	-	-	(5,677)	-	-
				(191,050)	246,723	(262,295)	-	-	(206,622)	-	-
Total Special Revenue Fund				\$ (192,139)	\$ 300,740	\$ (317,136)	\$ -	\$ -	\$ (208,535)	\$ -	\$ -

See accompanying notes to schedules of expenditures.

OCEANPORT SCHOOL DISTRICT

Schedule K-4

Schedule of Expenditures of State Awards, Schedule B
for the Fiscal Year ended June 30, 2016

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2015			Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2016			MEMO	
			From	To	Deferred Revenue (Accts Receivable)	Cash Received	Budgetary Expenditures		(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education													
General Fund:													
Transportation Aid	16-495-034-5120-014	29,665	7/1/15	6/30/16	\$ -	\$ 26,705	\$ (29,665)	\$ -	\$ -	\$ -	\$ -	\$ (2,960)	\$ 29,665
Special Education Aid	16-495-034-5120-012	350,285	7/1/15	6/30/16	-	315,351	(350,285)	-	-	-	-	(34,934)	350,285
Extraordinary Aid	16-495-034-5120-044	2,457	7/1/15	6/30/16	-	-	(2,457)	-	(2,457)	-	-	-	2,457
Extraordinary Aid	15-495-034-5120-044	5,602	7/1/14	6/30/15	(5,602)	5,602	-	-	-	-	-	-	-
Security Aid	16-495-034-5120-084	19,085	7/1/15	6/30/16	-	17,182	(19,085)	-	-	-	-	(1,903)	19,085
Adjustment Aid	16-495-034-5120-085	26,714	7/1/15	6/30/16	-	24,050	(26,714)	-	-	-	-	(2,664)	26,714
Additional Adjustment Aid	16-495-034-5120-085	2,126	7/1/15	6/30/16	-	1,914	(2,126)	-	-	-	-	(212)	2,126
PARCC Readiness Aid	16-495-034-5120-098	5,860	7/1/15	6/30/16	-	5,276	(5,860)	-	-	-	-	(584)	5,860
Per Pupil Growth Aid	16-495-034-5120-097	5,860	7/1/15	6/30/16	-	5,276	(5,860)	-	-	-	-	(584)	5,860
Reimbursed TPAF Social Security Contributions	16-495-034-5095-002	322,274	7/1/15	6/30/16	-	322,274	(322,274)	-	-	-	-	-	322,274
Reimbursed TPAF Social Security Contributions	15-495-034-5095-022	334,336	7/1/14	6/30/15	(16,529)	16,529	-	-	-	-	-	-	-
On-behalf TPAF Pension Contribution	16-100-034-5095-001	759,640	7/1/15	6/30/16	-	759,640	(759,640)	-	-	-	-	-	759,640
Nonpublic Transportation Aid	16-495-034-5120-014	4,730	7/1/15	6/30/16	-	-	(4,730)	-	(4,730)	-	-	-	4,730
Nonpublic Transportation Aid	15-495-034-5120-014	817	7/1/14	6/30/15	(817)	817	-	-	-	-	-	-	-
Total General Fund					<u>(22,948)</u>	<u>1,500,616</u>	<u>(1,528,696)</u>	<u>-</u>	<u>(7,187)</u>	<u>-</u>	<u>-</u>	<u>(43,841)</u>	<u>1,528,696</u>
Debt Service Fund													
Debt service aid Type II	16-495-034-5120-017	58,975	7/1/15	6/30/16	-	58,975	(58,975)	-	-	-	-	-	58,975
Food Service Fund													
State School Lunch Program	15-100-010-3350-023	651	7/1/14	6/30/15	(58)	58	-	-	-	-	-	-	-
State School Lunch Program	16-100-010-3350-023	1,067	7/1/15	6/30/16	-	974	(1,067)	-	(93)	-	-	-	1,067
Total Food Service Fund					<u>(58)</u>	<u>1,032</u>	<u>(1,067)</u>	<u>-</u>	<u>(93)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,067</u>
Capital Projects Fund													
NJSDA	3250-050-10-1001	65,604	7/1/10	6/30/11	(65,604)	-	-	-	(65,604)	-	-	-	-
NJSDA	3250-050-10-1002	28,420	7/1/10	6/30/11	(26,420)	-	-	-	(26,420)	-	-	-	-
Total Capital Projects Fund					<u>(92,024)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(92,024)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total State Expenditures Subject to Single Audit Determination					<u>(115,030)</u>	<u>1,560,623</u>	<u>(1,588,738)</u>	<u>-</u>	<u>(99,304)</u>	<u>-</u>	<u>-</u>	<u>(43,841)</u>	<u>1,588,738</u>
State Expenditures Not Subject to Major Program Determination					<u>-</u>	<u>759,640</u>	<u>(759,640)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures of State Awards Subject to Major Program Determination					<u>\$ (115,030)</u>	<u>\$ 800,983</u>	<u>\$ (829,098)</u>	<u>\$ -</u>	<u>\$ (99,304)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (43,841)</u>	<u>\$ 1,588,738</u>

See accompanying notes to schedules of expenditures.

Oceanport School District

Notes to Schedules of Awards and Financial Assistance

June 30, 2016

1. General

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

2. Basis of Accounting

The accompanying schedules of expenditures of federal and state awards are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements.

3. Relationship to Basic Financial Statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(347,655) for the general fund, \$- for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page.

Oceanport School District

Notes to Schedules of Awards and Financial Assistance

June 30, 2016

3. Relationship to Basic Financial Statements (cont'd)

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>TPAF</u>	<u>Total</u>
General Fund	\$ -	1,940,681	-	(759,640)	1,181,041
Special Revenue Fund	262,295	-	-	-	262,295
Debt Service Fund	-	58,975	-	-	58,975
Capital Projects Fund	-	-	-	-	-
Food Service Fund	<u>54,841</u>	<u>1,067</u>	<u>-</u>	<u>-</u>	<u>55,908</u>
Total awards and financial assistance	<u>\$ 317,136</u>	<u>2,000,723</u>	<u>-</u>	<u>(759,640)</u>	<u>\$ 1,558,219</u>

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.

5. Other

TPAF Social Security and Post Retirement/Medical Benefits Contributions represent the amounts reimbursed by the State for the employer's share of social security contributions and Post Retirement/Medical Benefits for TPAF members for the year ended June 30, 2016.

The TPAF post retirement/medical benefits expenditures are not subject to New Jersey OMB Circular 15-08.

Oceanport School District

Notes to Schedules of Awards and Financial Assistance (Cont'd)

June 30, 2016

Section I – Summary of Auditor’s Results
Financial Statement Section

Type of auditor's report issued: Unmodified opinion

Internal control over financial reporting:

- 1) Material weakness(es) identified? ___yes X no
- 2) Significant deficiencies identified
that are not considered to be
material weaknesses? ___yes X none reported

Noncompliance material to general-purpose
financial statements noted? ___yes X no

Federal Awards Section - N/A

Internal Control over major programs:

- 1) Material weakness(es) identified? ___yes ___no
- 2) Significant deficiencies identified
that are not considered to be
material weaknesses? ___yes ___none reported

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

Any audit findings disclosed that are
required to be reported in accordance with
2 CFR section .516(a) of the Uniform Guidance? ___yes ___no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
N/A	

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

Auditee qualified as low-risk auditee? ___yes ___no

Oceanport School District
 Schedule of Finding and Questioned Costs
 June 30, 2016

Section I – Summary of Auditor’s Results (Cont'd)

State Awards Section

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
 Opinion

Internal Control over major programs:

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

Any audit findings disclosed that are required
 to be reported in accordance with NJOMB
 Circular Letter 15-08? yes X no

Identification of major programs:

GMIS Number(s)	Name of State Program
State Aid - Public (Cluster)	
495-034-5120-089	Special Education Aid
495-034-5120-085	Adjustment Aid
495-034-5120-085	Additional Adjustment Aid
495-034-5095-098	PARCC Radiness
495-034-5095-097	Per Pupil Growth Aid
495-034-5120-084	Security Aid

Section II – Financial Statement Findings

No matters were reported for the period ended June 30, 2016.

Prior Year Audit Findings – N/A

Section III – State Award Findings and Questioned Costs

No matters were reported for the period ended June 30, 2016.

Oceanport School District
Summary Schedule of Prior Audit Findings
June 30, 2016

There were no prior year findings for the period ended June 30, 2015.