

SCHOOL DISTRICT

Oceanport School District
OF Monmouth County

Oceanport, New Jersey

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2017

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Of the

Oceanport Board of Education
of Monmouth County

Oceanport, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by

Oceanport Board of Education
Finance Department

OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	1-6
Organizational Chart	7
Roster of Officials	8
Consultants and Advisors	9
FINANCIAL SECTION	
Independent Auditor's Report	11-13
Required Supplementary Information - Part I	
Management's Discussion and Analysis	15-24
Basic Financial Statements	
A. District Wide Financial Statements	
A-1 Statement of Net Position	26
A-2 Statement of Activities	27
B. Fund Financial Statements	
Governmental Funds	
B-1 Balance Sheet	28
B-2 Statement of Revenues, Expenditures and Changes in Fund Balance	29
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances Of Governmental Funds to the Statement of Activities	30
Proprietary Funds	
B-4 Statement of Net Position	31
B-5 Statement of Revenues, Expenses and Changes in Fund Net Positions	32
B-6 Statement of Cash Flows	33
Fiduciary Funds	
B-7 Statement of Fiduciary Net Position	34
B-8 Statement of Changes in Fiduciary Net Position	35
Notes to the Financial Statements	36-64

OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

Required Supplementary Information - Part II

C.	Budgetary Comparison Schedules	
	C-1 Budgetary Comparison Schedule - General Fund	66-69
	C-1a Combining Schedule of Revenues, Expenditures, and Changes In Fund Balance - Budget and Actual	N/A
	C-1b Community Development Block Grant - Budget and Actual	N/A
	C-2 Budgetary Comparison Schedule - Special Revenue Fund	70

Notes to the Required Supplementary Information - Part II

	C-3 Budget-to-GAAP Reconciliation	71
--	-----------------------------------	----

Required Supplementary Information - Part III

L.	Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
	L-1 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS	73
	L-2 Schedule of District Contributions - PERS	74
	L-3 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF	75

Notes to the Required Supplementary Information - Part III

Other Supplementary Information

D.	School Based Budget Schedules	
	D-1 Combining Balance Sheet	N/A
	D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
	D-3 Blended Resource Fund - Schedule of Blended Expenditures Budget and Actual	N/A
E.	Special Revenue Fund	
	E-1 Combining Schedules of Program Revenues and Expenditures, Special Revenue Fund - Budgetary Basis	78-79
	E-2 Preschool Education Aid Schedule of Expenditures - Budgetary Basis	N/A
F.	Capital Projects Fund	
	F-1 Summary Schedule of Project Revenue, Expenditures and Changes in Fund Balance- Budgetary Basis	N/A
G.	Proprietary Funds	
	Enterprise Fund	
	G-1 Combining Schedule of Net Position	80
	G-2 Combining Schedule of Revenues, Expenses and Changes in Fund Net Position	81
	G-3 Combining Schedule of Cash Flows	82

OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

H.	Fiduciary Funds	
	H-1 Combining Statement of Fiduciary Net Position	83
	H-2 Combining Statement of Changes in Fiduciary Net Position	84
	H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	85
	H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	86
I.	Long-Term Debt	
	I-1 Schedule of Serial Bonds	87
	I-2 Schedule of Obligations Under Capital Leases	88
	I-3 Statement of Loans Payable - N.J.E.D.A.	89

STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

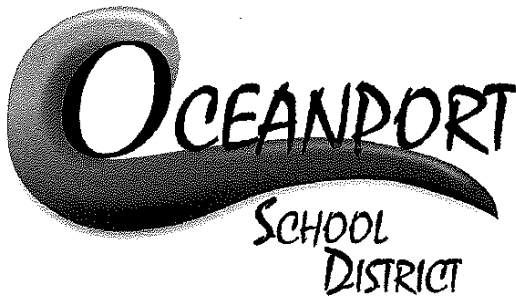
Financial Trends	
J-1 Net Position by Component	92
J-2 Changes in Net Asset/Position	93
J-3 Fund Balances - Governmental Funds	94
J-4 Changes in Fund Balances, Governmental Funds	95-96
J-5 General Fund Other Local Revenue by Source	97
Revenue Capacity	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	98
J-7 Direct and Overlapping Property Tax Rates	99
J-8 Principal Property Taxpayers	100
J-9 Property Tax Levies and Collections	101
Debt Capacity	
J-10 Ratios of Outstanding Debt by Type	102
J-11 Ratios of General Bonded Debt Outstanding	103
J-12 Direct and Overlapping Governmental Activities Debt	104
J-13 Legal Debt Margin Information	105
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	106
J-15 Principal Employers	107
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	108
J-17 Operating Statistics	109
J-18 School Building Information	110
J-19 Schedule of Allowable Maintenance Expenditures by School Facility	111
J-20 Insurance Schedule	112

OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

SINGLE AUDIT SECTION

K-1 Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	114-115
K-2 Independent Auditor's Report on Compliance for Each Major Program And on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB Circular Letter 15-08	116-118
K-3 Schedule of Expenditures of Federal Awards, Schedule A	119
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	120
K-5 Notes to the Schedules of Awards and Financial Assistance	121-124
K-6 Summary of Findings and Questioned Costs	125
K-7 Summary Schedule of Prior Audit Findings	126

INTRODUCTORY SECTION



Oceanport Board of Education

ADMINISTRATIVE OFFICES • 2 Maple Place • Oceanport, New Jersey 07757

THOMAS G. FARRELL
SUPERINTENDENT

TEL. (732) 229-0267 • EXT 2122
FAX (732) 229-0961

November 7, 2017

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, 2017, 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 2016-2017 fiscal year with an enrollment of 602 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.

The District is also evaluating the condition of the school buildings with the possibility of either renovations and/or building a new facility. On May 10, 2017 the Board of Education held a special workshop meeting to discuss various building options contained in the district feasibility study. The purpose of the meeting was to discuss each and attempt to narrow down the list of options. At the conclusion of the meeting the board had three options still under consideration. These included (1) build a new Wolf Hill School behind the existing school and minor renovations to Maple Place School, (2) Build a new PreK-8 school on FMERA site B, and (3) convert Monmouth Park Corporate Center II site for a PreK-8 buildings.

MAJOR INITIATIVES:

We are most pleased that several initiatives were supported through local funding for fiscal year 2017. More specifically, instructional materials and resources, curricula writing stipends, and professional development services encompassed the relative purchases.

At the preschool level, the My Math program was implemented, which included consumables and online accounts. Additionally, a grades K-5 textbook series for mathematics was introduced in both hard copy and online format. With respect to grades 6-8, a science textbook series and accompanying laboratory kits were incorporated into daily instruction. Equally as essential, among our assessment purchases were the Kindergarten Readiness Test, Lollipop Test, DIBELS, WADE, SAGES, and Study Island.

In conjunction with the purchase of instructional materials and resources, curricula writing was completed for these courses: grades K-8 English language arts, grades K-8 mathematics, grades K-8 social studies, and grades 6-8 science. Curricula writing included alignment to content standards and additional New Jersey Department of Education requirements (e.g., differentiation).

Lastly, our professional development emphasis was placed on instructional coaching and out-of-district presenters for sessions regarding differentiation, instructional technologies, and the Danielson staff evaluation model. Differentiation and instructional technologies were two of our district goals for fiscal year 2017. Also noteworthy was the district's participation in two professional development consortia, Brookdale Education Networks and the Regional Professional Development Academy.

Special Education initiatives supported and successfully implemented across the Pre-K through 8th grade levels include:

- Wilson remedial materials and instruction
- FastForWord and Reading Assistant remedial instruction
- Snap 'n Read and Co-Writer Universal tech-based differentiation

Skilled staffing and programming was provided to students with Pre-school Disability, Autistic Spectrum Disorder, Intellectual Disability, Attention Deficit Disorder, Other Health Impairment, Communication Impairment, Specific Learning Disability, and Speech/Language Disorder.

Needed Social Skill instruction, Counseling, Occupational Therapy, Crisis Assessment and Referral services were provided by staffing in place at both Wolf Hill and Maple Place Schools.

An RTI approach was launched successfully with the provision of preventive articulation and occupational therapy service to students with minor errors, thus maintaining student presence in the general education setting.

The district, through budgeting, has maintained a full-day pre-school setting and two levels of self-contained classes (one at elementary level, one at middle school level). Sheltered instruction and inclusive practice are present at every grade level. Least restrictive environment was maintained with students remaining in-district to receive service, excepting one student, who required a therapeutic setting not available in Oceanport district. ESL service and Extended School Year were provided to needful students. Students experiencing homelessness were supported.

Wolf Hill School RAZ Kids (Reading A-Z) was continued to be utilized in grades PK-1. This on-line reading program helped students practice reading leveled books at home for continued support. Students in grades 3-4 utilized Scholastic Storyworks and Science Spin for high interest and leveled close reading instruction. Preschool teachers began to implement the Preschool Foundations introductory word study and phonics program from Wilson Language Training. Share 911 from OnScene Technologies provided us with realtime student and staff accountability measures during emergency drills. Global Compliance Network continued to be our district's program for mandatory staff training and professional development.

Maple Place School: Over the course of the 2016-2017 school year Maple Place School has had numerous areas of success. Our teachers have implemented and refined new curricular initiatives in both Mathematics and English Language Arts with efficacy and professionalism. Both of these adoptions were borne from regional collaboration, of which we were an active part. Our Science department has been engaged in collaborative program selection based upon the NGSS, and they are engaged in professional development geared to successful implementation. Many aspects of our school's growth have been driven by the implementation of the Danielson evaluation tool. This work has precipitated numerous high value instructional conversations across the school involving all stakeholders.

Our student body continues to flourish in the supportive and rigorous environment we provide. Our technology integration allows learners to explore concepts and develop the critical thinking skills associated with intellectual curiosity. The related arts programming at Maple Place School facilitates the pursuit of creativity and self-expression through a wide array of offerings. We are also fortunate to have a very supportive Parent Teacher Organization who assists in the development of our character education initiatives and drug awareness programs. The Maple Place learning community is vibrant, engaged, and our learners thrive.

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.

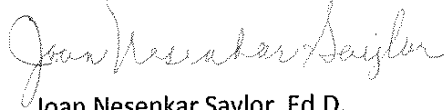
ACKNOWLEDGEMENTS:

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,

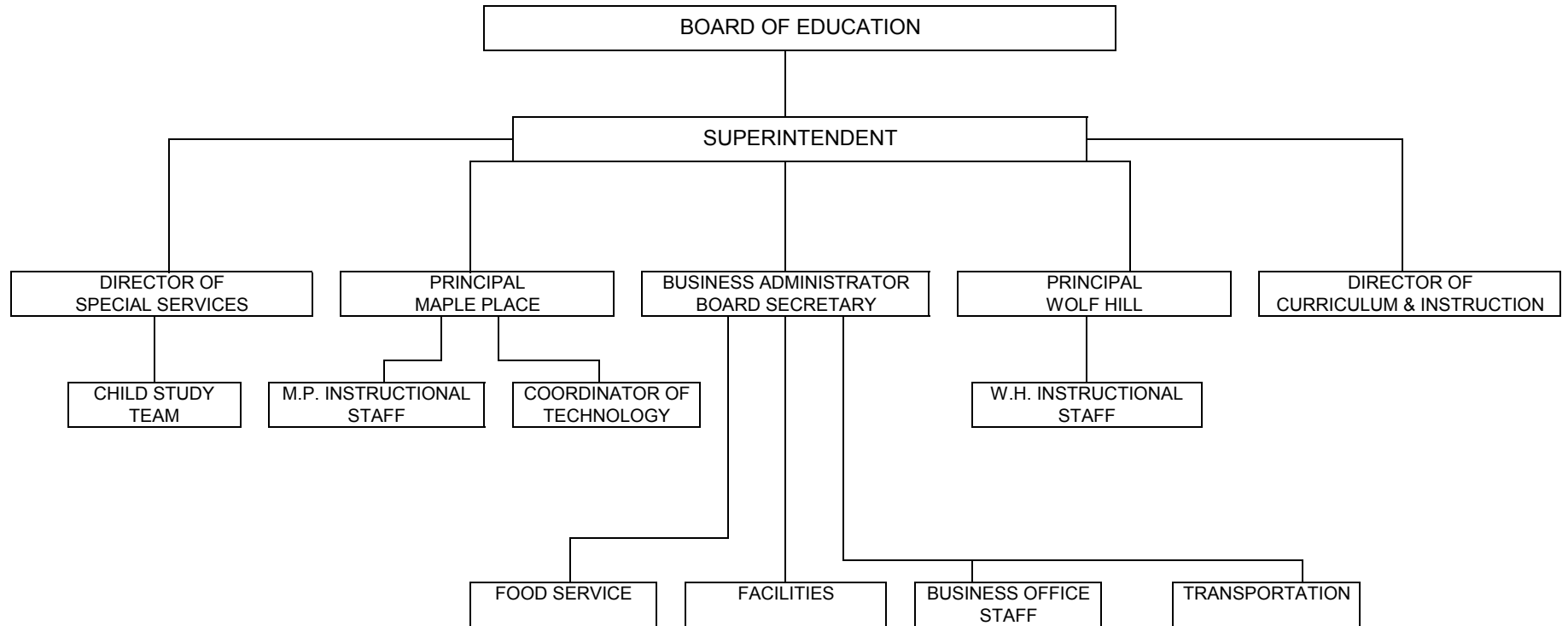


Thomas Farrell
Superintendent



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, 2017

<u>Members of the Board of Education</u>	<u>Term Expires</u>
William McVitty, President (July 1-December 31, 2016)	2016
Cullin Wible, President (Jan 1-June 30, 2017)	2017
Spencer Carpenter, Vice President (July 1-December 31, 2016)	2016
Marion Wilhalme, Vice President (Jan 1-June 30, 2017)	2017
John Fleming (Jan-June, 2017)	2018
Sandra Firrito	2017
Lisa Harvey (Jan-June, 2017)	2017
Michael Kogut (July 1-December 31, 2016)	2016
Michelle McMullin	2019
Michael Murphy	2018
Natalie Papailiou	2018
Meghan Walker	2019
Marion Wilhalme (Member July 1-December 31, 2016)	2019

Other Officials

Thomas Farrell, Superintendent of Schools

Dr. Joan Nesenkar Saylor, Interim Business Administrator/Board Secretary
(August 1, 2016 - June 30, 2017)

Richard McOmber, Esq., Solicitor (July 1, 2016-March 2017)
Christopher, Esq., Solicitor (March 2017-June 30, 2017)

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

Kenney, Gross, Kovats and Parton
130 Maple Avenue, Building 8
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, 2017, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 opinions.

BRICK OFFICE: 514 BRICK BOULEVARD · SUITE 3 · BRICK, NJ · 08723 · PHONE (732) 840-1600 · FAX (732) 840-8349

MANAHAWKIN OFFICE: 21 JENNINGS ROAD · MANAHAWKIN, NJ · 08050 · PHONE (609) 978-9500 · FAX (609) 978-9515

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, 2017 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.

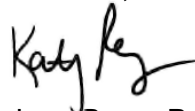
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2017 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

Toms River, New Jersey
November 7, 2017

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Oceanport School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

The discussion and analysis of Oceanport School District's financial performance provides an overall review of the School Board's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School Board'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 Board's financial performance.

Financial Highlights

Key financial highlights for June 30, 2017 are as follows:

In total, net position totaled \$1,485,028, which represents a (11.77) percent decrease from June 30, 2016.

General revenues accounted for \$10,335,935 in revenue or 90.80 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 \$1,047,502 or 9.20 percent of total revenues of \$11,383,437.

Total assets decreased by \$289,137 as current assets increased by \$43,525 and capital assets decreased by \$332,662.

The School Board had \$11,646,937 in expenses; only \$1,047,502 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$10,335,935 were adequate to provide for these programs.

Among major funds, the General Fund had \$11,121,646 in revenues and \$11,003,874 in expenditures and transfers. The General Fund's balance increased \$117,772 over June 30, 2016. The General Fund's balance is \$1,468,379.

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 Board, presenting both an aggregate view of the School Board'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 Board'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 Board as a Whole

Statement of Net Position and the Statement of Activities

This document contains all funds used by the School Board to provide programs and activities viewing the School Board as a whole and reports the culmination of all financial transactions. The report answers the question "How Did We Do Financially During Fiscal Year June 30, 2017?" 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 Board's net position and changes in those assets. This change in net position is important because reports whether the School Board's financial position has improved or diminished.

In the Statement of Net Position and the Statement of Activities, the School Board is divided into two kinds of activities:

Governmental Activities - All of the School Board'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 Funds are reported as a business activity.

Reporting the School Board's Most Significant Funds

Fund Financial Statement

The Analysis of the School Board's major funds begins on page 23. Fund financial reports provide detailed information about the School Board's major funds. The School Board's major governmental funds are the General Fund and Special Revenue Fund.

Governmental Funds

The School Board'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 Board'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 Board as a Whole

The Statement of Net Position provides the financial perspective of the School Board as a whole.

Table 1 provides a summary comparison of the School Board's net position for June 30, 2017 and 2016.

Table 1

Net Position as of June 30, 2017 and June 30, 2016

	June 30, 2017			June 30, 2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current and other assets	\$ 1,485,028	\$ 122,647	\$ 1,607,675	\$ 1,351,418	\$ 212,732	\$ 1,564,150
Capital assets, net	4,792,645	2,727	4,795,372	5,119,589	8,445	5,128,034
Total assets	6,277,673	125,374	6,403,047	6,471,007	221,177	6,692,184
Deferred outflow of resources	1,335,314	-	1,335,314	419,261	-	419,261
Liabilities:						
Current liabilities	31,794	8,119	39,913	30,805	110,384	141,189
Net pension liability	-	-	-	-	-	-
Long-term liabilities outstanding	5,675,796	-	5,675,796	4,630,039	-	4,630,039
Total liabilities	5,707,590	8,119	5,715,709	4,660,844	110,384	4,771,228
Deferred inflow of resources	46,929	-	46,929	100,994	-	100,994
Net position:						
Net investment in capital assets	3,445,140	2,727	3,447,867	3,754,589	8,445	3,763,034
Restricted	1,268,392	-	1,268,392	1,138,072	-	1,138,072
Unrestricted	(2,855,064)	114,528	(2,740,536)	(2,764,231)	102,348	(2,661,883)
Total Net Position	\$ 1,858,468	\$ 117,255	\$ 1,975,723	\$ 2,128,430	\$ 110,793	\$ 2,239,223

The School Board's combined net position were \$1,975,723 on June 30, 2017. This is a change of (11.77)% from the previous year.

Table 2 provides a comparison analysis of School Board's changes in net position from fiscal years June 30, 2017 and 2016.

Table 2

Changes in Net Position

	June 30, 2017			June 30, 2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program revenues:						
Charges for services	\$ -	\$ 273,481	\$ 273,481	\$ -	\$ 359,429	\$ 359,429
Operating and capital grants and contributions	745,975	28,046	774,021	262,295	55,908	318,203
General revenues:						
Property taxes	9,706,658	-	9,706,658	9,062,678	-	9,062,678
Federal and state aid Not restricted to specific purposes	735,786	-	735,786	504,855	-	504,855
Investment earnings	8,083	689	8,772	5,221	33	5,254
Miscellaneous	(115,281)	-	(115,281)	(397,754)	24,315	(373,439)
Total revenues	11,081,221	302,216	11,383,437	9,437,295	439,685	9,876,980
Expenses						
Instructional services	4,732,803	-	4,732,803	4,336,543	-	4,336,543
Support services	6,516,553	346,433	6,862,986	5,796,206	281,212	6,077,418
Interest on long-term liabilities	51,148	-	51,148	62,762	-	62,762
Total expenses	11,300,504	346,433	11,646,937	10,195,511	281,212	10,476,723
Change in net position	(219,283)	(44,217)	(263,500)	(758,216)	158,473	(599,743)
Transfers	(50,679)	50,679	-	-	-	-
Net position - beginning	<u>2,128,430</u>	<u>110,793</u>	<u>2,239,223</u>	<u>2,886,646</u>	<u>(47,680)</u>	<u>2,838,966</u>
Net position (deficit) - ending	<u>\$ 1,858,468</u>	<u>\$ 117,255</u>	<u>\$ 1,975,723</u>	<u>\$ 2,128,430</u>	<u>\$ 110,793</u>	<u>\$ 2,239,223</u>

The tax levy increase was due in general to cover increased costs in salaries and benefits, utilities and the debt service. The Federal and State aid-restricted increased due to the increase in grants available.

Regular instructional costs increased due to contractual increases in salary and benefits as well as program maintenance and enhancements.

Other support services increased primarily due to the additional other purchased professional services from the Special Revenue Fund.

Expenses for Fiscal Year June 30, 2017

Business-Type Activities

Revenues for the District's business-type activities (food service program and child care) were comprised of charges for services and royalties.

Total Enterprise Fund revenues exceeded expenses by \$(44,217).

Charges for services represent \$273,481 of revenue. This represents the amount paid by patrons for daily food service and catering.

Federal and state reimbursements for meals, including interest, payments for free and reduced lunches and donated commodities was \$28,046.

Governmental Activities

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

Table 3

Governmental Activities

	2017		2016	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 4,732,803	\$ 4,732,803	\$ 4,336,543	\$ 4,336,543
Support Services:				
Pupils and Instructional Staff	1,378,578	1,378,578	3,524,649	3,524,649
General Administration, School Administration, Business Operation and Maintenance of Facilities	4,829,597	4,083,622	2,271,557	2,009,262
Pupil Transportation	308,378	308,378	-	-
Interest and Fiscal Charges	51,148	51,148	62,762	62,762
Total Expenses	\$ 11,300,504	\$ 10,554,529	\$ 10,195,511	\$ 9,933,216

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

Extracurricular activities includes expenses related to student activities provided by the District which are designed to provide opportunities for students to participate in school and public events for the purpose of motivation, enjoyment, skill improvement, school spirit and leadership. Approximately 90% of the student population participates in extracurricular activities.

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

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

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

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

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

The School Board'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, State of New Jersey and other entities. 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, 2017, it reported a combined fund balance of \$1,485,028, which is an increase of \$133,610. The Reconciliation of the Statement of Revenue Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities, Exhibit B-3, presents the reader with a detailed explanation of the increase in fund balance for the fiscal year.

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2017.

<u>Revenue</u>	<u>2016-17 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2016-17</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 9,844,123	86.92 %	\$ 1,616,814	16.42 %
State Sources	1,262,273	11.15	22,257	1.76
Federal Sources	<u>219,488</u>	<u>1.93</u>	<u>(42,807)</u>	<u>(19.50)</u>
Total	<u>\$ 11,325,884</u>	<u>100.00 %</u>	<u>\$ 1,596,264</u>	<u>(1.32)%</u>

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2017.

<u>Expenditures</u>	<u>2016-17 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2016-17</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expense:				
Instruction	\$ 4,732,803	42.29 %	\$ 396,260	8.37 %
Undistributed Expenditures	6,192,864	55.33	169,065	2.73
Capital Outlay	103,368	0.92	(120,024)	(116.11)
Debt Service:				
Principal	120,000	1.07	5,000	4.17
Interest	<u>43,239</u>	<u>0.39</u>	<u>(15,218)</u>	<u>(35.20)</u>
Total	<u>\$ 11,192,274</u>	<u>100.00 %</u>	<u>\$ 435,083</u>	<u>(136.04)%</u>

General Fund Budgeting Highlights

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

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

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

The General Fund finished the fiscal year approximately \$336,365 better than had been budgeted in terms of expenditures. Revenue-wise, the General Fund fared about \$297,974 better than expected. Both these amounts have been adjusted for the non-budgeted amounts reflected in the comparison schedule for reimbursed TPAF social security contributions and on-behalf TPAF post-retirement medical contributions.

The General Fund has restricted a portion of its Fund Balance. The restricted Fund Balance items are Capital Reserve \$40, Maintenance Reserve \$503,750 and Emergency Reserve \$250,000. These restricted reserves are regulated as to their use by the State of New Jersey. Therefore, the Board places funds in the reserves in combination with the future financial needs of the District

The expenditures were less due to cost containment by the Board even after the salary and benefit increases. General supplies were purchased at better prices than expected due to the school board joining other schools in cooperative bidding. The district also joined a co-op for energy consumption, which was done after the budget was struck. Through efforts made in finding jointures with other local districts, and increase students on district owned vehicles the district transportation costs were lowered for special needs students.

The revenue situation arose primarily because of tuition received from out of district students.

The excesses will be carried forward into the beginning fund balance from the 2016-2017 fiscal year and will be used to reduce the local tax levy for the 2018-2019 fiscal year.

Capital Assets and Debt Administration

Capital Assets. At the end of the fiscal year June 30, 2017, the School Board had \$4,795,372 invested in land, buildings, and machinery and equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2017 and June 30, 2016

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 1,315,100	\$ 1,315,100	\$ -	\$ -	\$ 1,315,100	\$ 1,315,100
Construction in Progress	-	-	-	-	-	-
Building and Improvements	3,191,026	3,597,627	-	-	3,191,026	3,597,627
Machinery and Equipment	286,519	206,862	2,727	8,445	289,246	215,307
Total	\$ 4,792,645	\$ 5,119,589	\$ 2,727	\$ 8,445	\$ 4,795,372	\$ 5,128,034

During the current fiscal year, \$102,138 of fixed assets were capitalized as additions. Increases in capital assets were offset by depreciation expense for the year.

Debt Administration. The District's long-term liabilities are as follows for the governmental activities at June 30, 2017 and June 30, 2016.

	June 30, 2017	June 30, 2016
Bonds Payable (net)	\$ 1,200,000	\$ 1,365,000
Capital Leases payable	147,505	-
Pension Liability-PERS	3,732,172	2,689,966
Compensated Absences payable	161,966	140,920
Community Development Loan	434,153	434,153
Total long-term liabilities	\$ 5,675,796	\$ 4,630,039

For more detailed information, please refer to the Capital Assets and Long-term debt notes in the basic financial statements.

Economic Factors and Next Year's Budget

For the 2016-2017 school year, the School Board was able to sustain its budget through the local tax levy, state education aid and local revenue sources. Approximately 13.08% of the School Board's revenue is from federal, state and local aid (restricted and not restricted), while 86.92% of total revenue is from local tax levy.

The \$(2,855,064) in unrestricted net position for all governmental activities represents 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 non-capital liabilities (compensated absences, etc.), the School Board would have that much in value.

The 2016-2017 budget was adopted in March 2016 based in part on the state education aid the School Board anticipated receiving. Due to the economic condition in the State of New Jersey funding from the State for the current year remained below the previous year. Any future increases based on the enrollment formula, originally formulated to allocate state education aid amongst school boards, will be minimal. Future decreases in local revenue and state education aid will place additional burden on the Borough of Oceanport for increased aid.

The School Board anticipates a slight decrease in enrollment for the 2017-2018 fiscal year. If the School Board were to experience a significant increase in enrollment with no appreciable increase in state aid for future budgets, the School Board will be faced with the following alternatives: (a) reduce programs and services, (b) increase local tax levy or (c) seek alternative sources of funding.

Contacting the School School Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School Board's finances and to show the School Board's accountability for the money it receives. If you have questions about this report or need additional information, you may contact the School Business Administrator/Board Secretary at Oceanport School District, 29 Wolf Hill Avenue, Oceanport, NJ, 07757.

BASIC FINANCIAL STATEMENTS

OCEANPORT SCHOOL DISTRICT
Statement of Net Positions
June 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,346,671	\$ 117,864	\$ 1,464,535
Capital reserve cash	40	-	40
Interfund receivable	8,119	-	8,119
Receivables - state	118,982	84	119,066
Receivables - federal	11,216	1,766	12,982
Inventory	-	2,933	2,933
Capital assets, non-depreciable	1,315,100	-	1,315,100
Capital assets, depreciable, net	3,477,545	2,727	3,480,272
Total assets	<u>6,277,673</u>	<u>125,374</u>	<u>6,403,047</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - PERS	1,335,314	-	1,335,314
	<u>1,335,314</u>	<u>-</u>	<u>1,335,314</u>
LIABILITIES			
Accounts payable	-	-	-
Interfund payable	-	8,119	8,119
Other liabilities	31,794	-	31,794
Unearned revenue	-	-	-
Noncurrent liabilities:			
Due within one year	172,265	-	172,265
Due beyond one year	5,503,531	-	5,503,531
Total liabilities	<u>5,707,590</u>	<u>8,119</u>	<u>5,715,709</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - PERS	46,929	-	46,929
	<u>46,929</u>	<u>-</u>	<u>46,929</u>
NET POSITION			
Net investment in capital assets	3,445,140	2,727	3,447,867
Restricted for:			
Capital projects	40	-	40
Debt service	16,649	-	16,649
Other purposes	1,251,703	-	1,251,703
Unrestricted	(2,855,064)	114,528	(2,740,536)
Total net positions	<u>\$ 1,858,468</u>	<u>\$ 117,255</u>	<u>\$ 1,975,723</u>

See accompanying notes to financial statements.

OCEANPORT SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2017

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	\$ 3,485,308	\$ -	\$ -	\$ -	\$ (3,485,308)	\$ -	\$ (3,485,308)
Special education instruction	1,059,188	-	-	-	(1,059,188)	-	(1,059,188)
Other special instruction	188,307	-	-	-	(188,307)	-	(188,307)
Support services and undistributed costs:							
Instruction	99,389	-	-	-	(99,389)	-	(99,389)
Attendance and social work	-	-	-	-	-	-	-
Health services	150,297	-	-	-	(150,297)	-	(150,297)
Other support services	941,438	-	-	-	(941,438)	-	(941,438)
Educational media services	154,961	-	-	-	(154,961)	-	(154,961)
Instruction staff training	32,493	-	-	-	(32,493)	-	(32,493)
General administrative services	238,729	-	-	-	(238,729)	-	(238,729)
School administrative services	360,618	-	-	-	(360,618)	-	(360,618)
Central services	138,796	-	-	-	(138,796)	-	(138,796)
Admin. information technology	35,849	-	-	-	(35,849)	-	(35,849)
Allowed maintenance for school facilities	84,892	-	-	-	(84,892)	-	(84,892)
Other operation & maintenance of plant	893,379	-	-	-	(893,379)	-	(893,379)
Security	69,993	-	-	-	(69,993)	-	(69,993)
Student transportation services	308,378	-	-	-	(308,378)	-	(308,378)
Unallocated employee benefits	2,261,366	-	-	-	(2,261,366)	-	(2,261,366)
Non-budgeted expenditures	745,975	-	745,975	-	-	-	-
Interest expense	51,148	-	-	-	(51,148)	-	(51,148)
Total governmental activities	11,300,504	-	745,975	-	(10,554,529)	-	(10,554,529)
Business-type activities:							
Enterprise fund	346,433	273,481	28,046	-	-	(44,906)	(44,906)
Total business-type activities	346,433	273,481	28,046	-	-	(44,906)	(44,906)
Total primary government	\$ 11,646,937	\$ 273,481	\$ 774,021	\$ -	\$ (10,554,529)	\$ (44,906)	\$ (10,599,435)
General revenues:							
Taxes:							
Property taxes levied for general purpose					\$ 9,586,658	\$ -	\$ 9,586,658
Taxes levied for debt service					120,000	-	120,000
Federal and state aid not restricted					516,298	-	516,298
Federal aid restricted					219,488	-	219,488
Miscellaneous income					84,971	-	84,971
Investment earnings					8,083	689	8,772
Transfer					(50,679)	50,679	-
Other Financing Sources/(Uses)					(200,252)	-	(200,252)
Total general revenues					\$ 10,284,567	\$ 51,368	10,335,935
Change in net positions					(269,962)	6,462	(263,500)
Net position—beginning					2,128,430	110,793	2,239,223
Net position—ending					\$ 1,858,468	\$ 117,255	\$ 1,975,723

OCEANPORT SCHOOL DISTRICT
 Balance Sheet
 Governmental Funds
 June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,340,845	\$ (11,216)	\$ -	\$ 17,042	\$ 1,346,671
Capital reserve	40	-	-	-	40
Interfund receivables	100,536	-	-	-	100,536
Receivables from federal	-	11,216	-	-	11,216
Receivables from State	26,958	-	92,024	-	118,982
Total assets	<u>1,468,379</u>	<u>-</u>	<u>92,024</u>	<u>17,042</u>	<u>1,577,445</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
Interfund payable	-	-	92,024	393	92,417
Payable to federal government	-	-	-	-	-
Payable to state government	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>92,024</u>	<u>393</u>	<u>92,417</u>
Fund Balances:					
Restricted for:					
Legally restricted -- designated for subsequent year's expenditures	-	-	-	-	-
Excess surplus - current year	270,745	-	-	-	270,745
Excess surplus - prior year- designated for subsequent year's expenditures	216,611	-	-	-	216,611
Capital reserve account	40	-	-	-	40
Maintenance reserve account	503,750	-	-	-	503,750
Emergency reserve account	250,000	-	-	-	250,000
Debt services	-	-	-	-	-
Committed to:					
Other purposes	3,410	-	-	-	3,410
Assigned to:					
Designated by the BOE for subsequent year's expenditures	7,187	-	-	-	7,187
Unassigned:					
General fund	216,636	-	-	-	216,636
Debt service fund	-	-	-	16,649	16,649
Capital projects fund	-	-	-	-	-
Total fund balances	<u>1,468,379</u>	<u>-</u>	<u>-</u>	<u>16,649</u>	<u>1,485,028</u>
Total liabilities and fund balances	<u>\$ 1,468,379</u>	<u>\$ -</u>	<u>\$ 92,024</u>	<u>\$ 17,042</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 \$8,554,412 and the accumulated depreciation is \$3,761,767.	4,792,645
Deferred outflows related to the PERS pension plan	1,335,314
Deferred inflows related to the PERS pension plan	(46,929)
Accrued interest	(31,794)
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.	<u>(5,675,796)</u>
Net position of governmental activities	<u>\$ 1,858,468</u>

OCEANPORT SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Debt Service Fund	GAAP Total Governmental Funds
REVENUES				
Local sources:				
Local tax levy	\$ 9,586,658	\$ -	\$ 120,000	\$ 9,706,658
Tuition charges	304,623	-	-	304,623
Interest on investments	8,083	-	-	8,083
Miscellaneous	19,086	1,604	-	20,690
Total - local sources	9,918,450	1,604	120,000	10,040,054
State sources	1,203,196	-	59,077	1,262,273
Federal sources	-	219,488	-	219,488
Total revenues	<u>\$ 11,121,646</u>	<u>\$ 221,092</u>	<u>\$ 179,077</u>	<u>\$ 11,521,815</u>
EXPENDITURES				
Current:				
Regular instruction	\$ 3,287,450	\$ 197,858	\$ -	\$ 3,485,308
Special education instruction	1,059,188	-	-	1,059,188
Other special instruction	85,778	-	-	85,778
School sponsored/other instructional	102,529	-	-	102,529
Undistributed - current:				
Instruction	99,389	-	-	99,389
Attendance and social work services	-	-	-	-
Health services	150,297	-	-	150,297
Other support services	918,204	23,234	-	941,438
Educational media services	154,961	-	-	154,961
Instruction staff training	32,493	-	-	32,493
General administrative services	238,729	-	-	238,729
School administrative services	360,618	-	-	360,618
Central services	138,796	-	-	138,796
Admin. info. technology	35,849	-	-	35,849
Allowed maintenance for school facilities	130,520	-	-	130,520
Other operation & maintenance of plant	617,196	-	-	617,196
Security	69,993	-	-	69,993
Student transportation services	308,378	-	-	308,378
Unallocated employee benefits	2,168,232	-	-	2,168,232
Non-budgeted expenditures	745,975	-	-	745,975
Debt service:				
Principal	-	-	120,000	120,000
Interest and other charges	-	-	43,239	43,239
Capital outlay	103,368	-	-	103,368
Total expenditures	<u>10,807,943</u>	<u>221,092</u>	<u>163,239</u>	<u>11,192,274</u>
Excess (deficiency) of revenues over expenditures	<u>313,703</u>	<u>-</u>	<u>15,838</u>	<u>329,541</u>
OTHER FINANCING SOURCES (USES)				
Capital leases-non budgeted	100,000	-	-	100,000
Adjustment for grants receivables and payroll	(245,252)	-	-	(245,252)
Transfers out	(50,679)	-	-	(50,679)
Total other financing sources and uses	<u>(195,931)</u>	<u>-</u>	<u>-</u>	<u>(195,931)</u>
Net change in fund balances	117,772	-	15,838	133,610
Fund balance—July 1	1,350,607	-	811	1,351,418
Fund balance—June 30	<u>\$ 1,468,379</u>	<u>\$ -</u>	<u>\$ 16,649</u>	<u>\$ 1,485,028</u>

**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, 2017**

Total net change in fund balances - governmental funds (from B-2)	\$	133,610
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>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.</p>		
Depreciation expense	(188,740)	
Capital outlays	<u>102,138</u>	(86,602)
<p>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</p>		
		(72,088)
<p>In the statement of activities, interest expense is recorded when paid.</p>		
<p>In the governmental funds, the interest is expensed when due and shown as payable at year end.</p>		
		(989)
<p>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.</p>		
		120,000
<p>In the Statement of Activities, the bond refunding calculated into a gain, whereas in the governmental funds, the gain is not recorded. The bonds are issued by Monmouth County.</p>		
		45,000
<p>In the statement of activities, only the loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net position will differ from the change in fund balance by the cost of the asset removed.</p>		
		(240,342)
<p>In the Statement of Activities, the new capital leases are recorded as a increase in the long-term liability.</p>		
<p>In the governmental funds, the capital lease is included in other financing sources.</p>		
		(187,443)
<p>In the Statement of Activities, the principal payments on capital leases are recorded as a reduction in the long-term liability.</p>		
<p>In the governmental funds, the payments is an expenditure. (Amount is net of payments included in capital outlay)</p>		
		39,938
<p>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.</p>		
		<u>(21,046)</u>
Change in net position of governmental activities	\$	<u>(269,962)</u>

OCEANPORT SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2017

	Business-type Activities - Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 117,864
Receivable from state	84
Receivable from other governments	1,766
Inventory	2,933
Total current assets	122,647
Noncurrent assets:	
Furniture, machinery and equipment	228,723
Less accumulated depreciation	(225,996)
Total noncurrent assets	2,727
Total assets	125,374
LIABILITIES	
Current liabilities:	
Accounts payable	-
Unearned revenue	-
Interfund payable	8,119
Total current liabilities	8,119
NET POSITION	
Net investment in capital assets	2,727
Unrestricted	114,528
Total net position	117,255
Total liabilities and net position	\$ 125,374

OCEANPORT SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2017

	Business-type Activities - Enterprise Fund
Operating revenues:	
Daily Sales Reimbursable Programs	\$ 99,226
Tuition	165,620
School Lunch	-
Miscellaneous	8,635
Total operating revenues	273,481
 Operating expenses:	
Salaries	213,267
Employee Benefits	14,991
Other purchased services	40,291
Supplies and materials	11,862
Depreciation	5,718
Cost of sales - reimbursable programs	60,304
Cost of sales - non-reimbursable programs	-
Total operating expenses	346,433
Operating income	(72,952)
 Non-operating revenues (expenses):	
State sources:	
State school lunch program	948
Federal sources:	
National school lunch program	19,649
National school lunch program-PB	1,316
Food distribution program	6,133
Interest and investment revenue	689
Total non-operating revenues (expenses)	28,735
Change in net position	(44,217)
Transfer from General Fund	50,679
 Total net position—beginning	110,793
Total net position—ending	\$ 117,255

OCEANPORT SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2017

		<u>Business-type Activities - Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$	263,081
Payments to employees		(273,640)
Payments for employee benefits		(14,991)
Payments to suppliers		(135,345)
Net cash provided by operating activities		<u>(160,895)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State sources		957
Federal sources		21,112
Transfer from general fund		50,679
Interest income		689
Net cash provided by non-capital financing activities		<u>73,437</u>
Net increase in cash and cash equivalents		(87,458)
Balances—beginning of year		205,322
Balances—end of year	\$	<u><u>117,864</u></u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating income	\$	(72,952)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation		5,718
Federal commodities		6,133
Increase in inventories		2,471
(Increase) decrease in accounts payable		(29,486)
Increase in interfund payable		(62,379)
Decrease in unearned revenue		(10,400)
Total adjustments		<u>(87,943)</u>
Net cash provided by operating activities	\$	<u><u>(160,895)</u></u>

OCEANPORT SCHOOL DISTRICT
 Statement of Fiduciary Net Position
 June 30, 2017

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 144,348	\$ 339,424	\$ 483,772
Interfund receivable	-	-	-
Total assets	<u>144,348</u>	<u>339,424</u>	<u>483,772</u>
LIABILITIES			
Payroll deductions and withholdings	-	273,270	273,270
Payable to student groups	-	66,154	66,154
Total liabilities	<u>-</u>	<u>339,424</u>	<u>339,424</u>
NET POSITION			
Held in trust for unemployment claims and other purposes	<u>144,348</u>	<u>-</u>	<u>144,348</u>
Total net position	<u>144,348</u>	<u>-</u>	<u>144,348</u>
Total liabilities and net position	<u>\$ 144,348</u>	<u>\$ 339,424</u>	<u>\$ 483,772</u>

OCEANPORT SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2017

	Unemployment Compensation Trust
ADDITIONS	
Contributions:	
Plan member	\$ -
Other	-
Total contributions	-
Investment earnings:	
Net increase (decrease) in fair value of investments	-
Interest	640
Dividends	-
Less investment expense	-
Net investment earnings	640
Total additions	640
DEDUCTIONS	
Quarterly contribution reports	-
Unemployment claims	1,804
Scholarships awarded	-
Refunds of contributions	-
Administrative expenses	-
Total deductions	1,804
Change in net position	(1,164)
Net position—beginning of the year	145,512
Net position—end of the year	\$ 144,348

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2017

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, 2017

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).

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, 2017

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, 2017

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
-----------	------------

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, Unemployment Compensation Insurance Trust Fund and Student Activities.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2017

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 judgement's, 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, 2017

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, 2017 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, 2017

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 year 2016-2017 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, 2017.

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, 2017

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.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2017

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

M. Unearned/Deferred Revenue

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

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 investment in capital assets 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, 2017

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

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, 2017

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, 2017, the carrying amount of the District's deposits was \$1,948,347 and the bank balance was \$2,313,346. 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, 2017, 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, 2017

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, 2017

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, 2016 to June 30, 2017 fiscal year is as follows:

Balance, July 01, 2016	\$	40
Board Contribution	-	
Withdrawals	<u>-</u>	
Balance, at June 30, 2017	\$	<u><u>40</u></u>

There were no withdrawals from the capital reserve for DOE approved facilities projects in 2017.

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, 2017

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, 2017.

The activity of the Maintenance Reserve for the July 01, 2016 to June 30, 2017 fiscal year is as follows:

Balance, July 01, 2016	\$	500,000
Interest earned		3,750
Withdrawals		<u>-</u>
Balance, at June 30, 2017	\$	<u>503,750</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 July 01, 2016 to June 30, 2017 fiscal year is as follows:

Balance, July 01, 2016	\$	250,000
Board Contribution		-
Withdrawals		<u>-</u>
Balance, at June 30, 2017	\$	<u>250,000</u>

7. Receivables

Receivables at June 30, 2017, 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, 2017

7. Receivables (Cont'd)

	Governmental Fund Financial Statements	District-Wide Financial Statements
State Aid	\$ 118,982	\$ 119,066
Federal Aid	11,216	12,982
Interfunds	<u>100,536</u>	<u>8,119</u>
Gross Receivables	230,734	140,167
Allowance for Uncollectible	-	-
Total Receivables, Net	\$ <u><u>230,734</u></u>	\$ <u><u>140,167</u></u>

8. Capital Assets

Capital Assets consisted of the following at June 30, 2017.

	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	7,047,908	-	(601,301)	6,446,607
Machinery and Equipment	<u>939,190</u>	<u>102,138</u>	<u>(248,623)</u>	<u>792,705</u>
Totals at Historical Cost	<u>7,987,098</u>	<u>102,138</u>	<u>(849,924)</u>	<u>7,239,312</u>
Less Accumulated Depreciation for:				
Site Improvements	-	-	-	-
Building and Building Improvements	(3,450,281)	(140,958)	335,658	(3,255,581)
Machinery and Equipment	<u>(732,328)</u>	<u>(47,782)</u>	<u>273,924</u>	<u>(506,186)</u>
Total Accumulated Depreciation	<u>(4,182,609)</u>	<u>(188,740)</u>	<u>609,582</u>	<u>(3,761,767)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>3,804,489</u>	<u>(86,602)</u>	<u>(240,342)</u>	<u>3,477,545</u>
Government Activity Capital Assets, Net	\$ <u><u>5,119,589</u></u>	\$ <u><u>(86,602)</u></u>	\$ <u><u>(240,342)</u></u>	\$ <u><u>4,792,645</u></u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Equipment	228,723	-	-	228,723
Less: Accumulated Depreciation	<u>(220,278)</u>	<u>(5,718)</u>	<u>-</u>	<u>(225,996)</u>
Enterprise Fund Capital Assets, Net	\$ <u><u>8,445</u></u>	\$ <u><u>(5,718)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>2,727</u></u>

Depreciation expense was charged to governmental functions as follows:

Operations and maintenance	\$ <u>188,740</u>
Total depreciation expense	\$ <u><u>188,740</u></u>

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2017

9. Non-current Liabilities

During the fiscal year ended June 30, 2017 the following changes occurred in the non-current liabilities:

	Balance July 01, 2016	Increase/ (Decrease)	Balance June 30, 2017	Due within one year
Bonds payable	\$ 1,365,000	(165,000)	1,200,000	\$ 130,000
Community Development Loan	434,153	-	434,153	-
Capital leases	87,443	60,062	147,505	42,265
Compensated absences payable	140,920	21,046	161,966	-
Pension liability - PERS	<u>2,689,966</u>	<u>1,042,206</u>	<u>3,732,172</u>	-
	<u>\$ 4,717,482</u>	<u>958,314</u>	<u>5,675,796</u>	<u>\$ 172,265</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
2018	\$ 130,000	\$ 41,553	\$ 171,553
2019	130,000	36,950	166,950
2020	130,000	33,050	163,050
2021	130,000	29,150	159,150
2022	135,000	24,500	159,500
2023-2026	<u>545,000</u>	<u>43,900</u>	<u>588,900</u>
	<u>\$ 1,200,000</u>	<u>\$ 209,103</u>	<u>\$ 1,409,103</u>

b. Bonds Authorized But Not Issued

As of June 30, 2017, the District had no authorized but not issued bonds.

c. Capital Leases:

The District is leasing equipment under various capital leases. The following is a schedule of the remaining future minimum lease payments under the capital lease and the present value of the net minimum lease payments at June 30, 2017:

Year ended June 30,	
2018	\$ 47,776
2019	47,896
2020	39,456
2021	<u>22,550</u>
Total minimum lease payments	157,678
Less: amounts representing interest	<u>(10,173)</u>
Present value of lease payments	<u>\$ 147,505</u>

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2017

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, 2017 is \$434,153 and \$13,375, respectively. This loan is currently under review with FEMA 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.

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, 2017, the District recognized pension expense of \$506,704 and revenue of \$506,704 for support provided by the State on the fund financial's. These amounts are not included in the district-wide financial's as required by GASB 68.

At June 30, 2017, 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 financial's. The District's proportionate share is 0.0433096415% of the total plan. The information on the following page was provided from the State of New Jersey June 30, 2016 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, 2017

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	\$ 119,513	\$ 57,998
Changes of assumptions	6,769,607	-
Net difference between projected and actual earnings on pension plan investments	618,525	-
Changes in proportion and differences between District contributions and proportionate share of contributions	45,558	26,468
District contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 7,553,203</u>	<u>\$ 84,466</u>

The District's proportionate share of the pension liability at June 30, 2016 as it relates to the District is \$34,070,122.

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:	
2017	\$ 1,099,431
2018	1,099,431
2019	1,287,962
2020	1,204,529
2021	1,017,494
Thereafter	<u>1,775,133</u>
Total	<u>\$ 7,483,980</u>

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2017

11. Pension Plans (Cont'd)

Teachers' Pension and Annuity Fund ("TPAF") (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 TPAF's target asset allocation as of June 30, 2016 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 %	0.39 %
US Government Bonds	1.50 %	1.28 %
US Credit Bonds	13.00 %	2.76 %
US Mortgages	2.00 %	2.38 %
US Inflation-Indexed Bonds	1.50 %	1.41 %
US High Yield Bonds	2.00 %	4.70 %
US Equity Market	26.00 %	5.14 %
Foreign-Developed Equity	13.25 %	5.91 %
Emerging Market Equity	6.50 %	8.16 %
Private Real Estate Property	5.25 %	3.64 %
Timber	1.00 %	3.86 %
Farmland	1.00 %	4.39 %
Private Equity	9.00 %	8.97 %
Commodities	0.50 %	2.87 %
Hedge Funds - MultiStrategy	5.00 %	3.70 %
Hedge Funds - Equity Hedge	3.75 %	4.72 %
Hedge Funds - Distressed	3.75 %	3.49 %

Discount Rate

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, 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, 2017

11. Pension Plans (Cont'd)

Teachers' Pension and Annuity Fund ("TPAF") (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 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 (2.22 %)	Current Discount Rate (3.22 %)	1% Increase (4.22 %)
District's proportionate share of the net pension liability	\$ 40,874,850	34,227,136	28,798,420

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

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, 2017, the District recognized pension expense of \$114,950. 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 0.0126013958% of the total plan. The information on the following page was provided from the State of New Jersey June 30, 2016 audit of the PERS fund and has been adjusted to the District's proportionate share. At June 30, 2017, 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, 2017

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	\$ 69,407	\$ -
Changes of assumptions	773,107	-
Net difference between projected and actual earnings on pension plan investments	142,311	-
Changes in proportion and differences between District contributions and proportionate share of contributions	244,713	46,929
District contributions subsequent to the measurement date	<u>105,776</u>	<u>-</u>
Total	<u>\$ 1,335,314</u>	<u>\$ 46,929</u>

The District's proportionate share of the pension liability at June 30, 2016 as it relates to the District is \$3,732,172 and has been recorded on the district-wide financials.

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:	
2017	\$ 221,724
2018	221,724
2019	256,875
2020	215,813
2021	68,688
Thereafter	<u>-</u>
Total	<u>\$ 984,824</u>

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2017

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, 2016 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 %	0.87 %
U.S. Treasuries	1.50 %	1.74 %
Investment Grade Credit	8.00 %	1.79 %
Mortgages	2.00 %	1.67 %
High Yield Bonds	2.00 %	4.56 %
Inflation-Indexed Bonds	1.50 %	3.44 %
Broad US Equities	26.00 %	8.53 %
Developed Foreign Equities	13.25 %	6.83 %
Emerging Market Equities	6.50 %	9.95 %
Private Equity	9.00 %	12.40 %
Hedge Funds/Absolute Return	12.50 %	4.68 %
Real Estate (Property)	2.00 %	6.91 %
Commodities	0.50 %	5.45 %
Global Debt ex US	5.00 %	(0.25)%
REIT	5.25 %	5.63 %

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, 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, 2017

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, 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 (2.98 %)	Current Discount Rate (3.98 %)	1% Increase (4.98 %)
District's proportionate share of the net pension liability	\$ 4,573,341	3,732,172	3,037,714

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, 2017

11. Pension Plans (Cont'd)

Contribution Requirements

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension Cost (ACP)</u>	<u>Percentage</u> <u>of ACP</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/17	\$ 114,950	100	0
6/30/16	96,950	100	0
6/30/15	94,142	100	0

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

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension Cost (ACP)</u>	<u>Percentage</u> <u>of ACP</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
06/30/17	\$ 929,545	100	0
06/30/16	346,753	100	0
06/30/15	632,419	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 6.78% 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 \$929,545. 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 \$323,134 during the year ended June 30, 2017 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, 2017

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, 2017 were \$276,890. There was no liability for unpaid contributions at June 30, 2017.

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, 2017

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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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, 2017

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
2016-2017	\$ -	640	(1,804)	\$ 144,348
2015-2016	-	370	(583)	145,512

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2017

16. Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at June 30, 2017:

	Interfund Receivable	Interfund Payable
General Fund	\$ 100,536	\$ -
Special Revenue Fund	-	-
Capital Projects Fund	-	92,024
Debt Service Fund	-	393
Enterprise Fund	-	8,119
Trust and Agency Fund	-	-
	<u>\$ 100,536</u>	<u>\$ 100,536</u>

The Capital Projects Fund, Debt Service Fund and Enterprise Fund owe the General Fund for cash advances during the fiscal year.

17. Inventory

Inventory in the Food Service Fund at June 30, 2017 consisted of the following:

Food	\$ 2,933
Supplies	-
	<u>\$ 2,933</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, 2017

19. Fund Balances

General Fund - Of the \$1,468,379 General Fund balance at June 30, 2017, \$3,410 of encumbrances is committed to other purposes, \$40 is restricted for capital reserve, \$503,750 is restricted for maintenance reserve, \$250,000 is restricted for the emergency reserve, \$216,611 is restricted for excess surplus for subsequent year expenditures, \$7,187 has been classified as assigned fund balance designated for subsequent year expenditures, \$270,745 is restricted for excess surplus and \$216,636 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, 2017 is \$270,745. The excess fund balance at June 30, 2016 was \$216,611.

21. Uncertain Tax Positions

The school district had no unrecognized tax benefits at June 30, 2017. 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, 2014.

22. Subsequent Events

Management has evaluated subsequent events through November 7, 2017, the date the financial statements were available to be issued.

23. Tax Abatement

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

OCEANPORT SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 9,586,658	\$ -	\$ 9,586,658	\$ 9,586,658	\$ -
Tuition - non-residents	145,900	-	145,000	82,434	(62,566)
Tuition -LEAS	-	-	-	98,222	98,222
Tuition - Pre-K	-	-	-	123,967	123,967
Interest	-	-	-	8,083	8,083
Miscellaneous	-	-	-	19,086	19,086
Total - local sources	9,731,658	-	9,731,658	9,918,450	186,792
State sources:					
Transportation aid	32,531	-	32,531	32,531	-
Special education aid	347,910	-	347,910	347,910	-
Extraordinary aid	-	-	-	7,999	7,999
Non-public Transportation	-	-	-	3,183	3,183
Categorical Security	20,253	-	20,253	20,253	-
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	-
Professional Learning Community Aid	5,490	-	5,490	5,490	-
TPAF-LTDI (on-behalf - Non-budgeted)	-	-	-	642	642
TPAF - post retirement medical (on-behalf - Non-budgeted)	-	-	-	422,199	422,199
Teacher's pension and annuity fund (on-behalf - Non-budgeted)	-	-	-	506,704	506,704
TPAF social security (reimbursed - Non-budgeted)	-	-	-	323,134	323,134
Total state sources	446,744	-	446,744	1,710,605	1,263,861
Total revenues	10,178,402	-	10,178,402	11,629,055	1,450,653
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool/Kindergarten - Salaries of teachers	211,506	30,500	242,006	242,005	1
Grades 1-5 - Salaries of teachers	1,431,111	13,900	1,445,011	1,444,583	428
Grades 6-8 - Salaries of teachers	1,390,604	(192,600)	1,198,004	1,163,646	34,358
Regular Programs - Home Instruction:					
Salaries of teachers	203,270	(193,000)	10,270	8,730	1,540
Purchased professional-educational services	-	195,000	195,000	189,001	5,999
Regular Programs - Undistributed Instruction					
Other purchased services (400-500 series)	38,520	32,000	70,520	69,702	818
General supplies	60,000	14,435	74,435	74,426	9
Textbooks	115,050	(17,485)	97,565	95,057	2,508
Other objects - misc. exp.	-	300	300	300	-
TOTAL REGULAR PROGRAMS - INSTRUCTION	3,450,061	(116,950)	3,333,111	3,287,450	45,661
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of teachers	211,031	(48,700)	162,331	154,439	7,892
Other salaries for instruction	110,650	-	110,650	17,414	93,236
Purchased professional-educational services	2,000	-	2,000	-	2,000
General supplies	4,250	-	4,250	996	3,254
Textbooks	2,000	-	2,000	-	2,000
Total Learning and/or Language Disabilities	329,931	(48,700)	281,231	172,849	108,382
Visual Impairments:					
Purchased professional-educational services	-	-	-	-	-
General supplies	-	-	-	-	-
Total Visual Impairments	-	-	-	-	-
Resource Room/Resource Center:					
Salaries of teachers	431,920	139,500	571,420	571,349	71
General supplies	6,900	-	6,900	1,065	5,835
Total Resource Room/Resource Center	438,820	139,500	578,320	572,414	5,906
Preschool Disabilities - Full Time					
Salaries	213,530	3,800	217,330	216,860	470
Salaries - aides	45,558	49,000	94,558	92,476	2,082
General supplies	5,000	-	5,000	4,589	411
Total Preschool Disabilities - Full Time	264,088	52,800	316,888	313,925	2,963
TOTAL SPECIAL EDUCATION - INSTRUCTION	1,032,839	143,600	1,176,439	1,059,188	117,251

OCEANPORT SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Basic Skills/Remedial - Instruction					
Salaries of teachers	\$ 69,828	\$ 15,800	\$ 85,628	\$ 85,600	\$ 28
General supplies	500	-	500	178	322
Total Basic Skills/Remedial - Instruction	70,328	15,800	86,128	85,778	350
Bilingual Education - Instruction					
General supplies	250	-	250	-	250
Total Bilingual Education - Instruction	250	-	250	-	250
School Sponsored CoCurricular Act.-Instruction					
Salaries	22,000	44,940	66,940	66,940	-
Supplies and Materials	2,000	75	2,075	1,908	167
Other Objects	6,000	-	6,000	5,308	692
Total School Sponsored Cocurricular Act-Instruction	30,000	45,015	75,015	74,156	859
School Sponsored Athletics-Instruction					
Salaries	50,000	(22,915)	27,085	27,049	36
Supplies and Materials	3,000	(1,650)	1,350	1,324	26
Other Objects	3,000	(3,000)	-	-	-
Total School Sponsored Athletics-Instruction	56,000	(27,565)	28,435	28,373	62
Total Instruction	4,639,478	59,900	4,699,378	4,534,945	164,433
Undistributed Expenditures - Instruction:					
Tuition to other LEAs within the state - special	30,070	(16,250)	13,820	-	13,820
Tuition to private schools for the handicapped - Within state	113,796	5,000	118,796	99,389	19,407
Total Undistributed Expenditures - Instruction:	143,866	(11,250)	132,616	99,389	33,227
Undist. Expend. - Attendance and social work services					
Salaries	1,000	-	1,000	-	1,000
Total Undist. Expend.- Attendance and social work services	1,000	-	1,000	-	1,000
Undist. Expend. - Health Services					
Salaries	139,503	6,990	146,493	146,472	21
Purchased professional and technical services	7,500	(5,200)	2,300	2,219	81
Supplies and materials	3,000	(715)	2,285	1,606	679
Total Undistributed Expenditures - Health Services	150,003	1,075	151,078	150,297	781
Undist. Expend. - Other Support Services - Students-Related Srvc					
Salaries	140,236	21,000	161,236	160,593	643
Supplies and materials	3,010	-	3,010	717	2,293
Other objects	3,200	-	3,200	-	3,200
Total Undist. Expend.-Other Support Svcs-Students-Related Srvc	146,446	21,000	167,446	161,310	6,136
Undist. Expend.- Other Support Services -Students-Extraordinary Srvc					
Salaries	459,890	(243,500)	216,390	209,679	6,711
Purchased professional - educational services	20,200	15,100	35,300	31,842	3,458
Total Undist. Expend.-Othr Sprt Svcs Students-Extraordinary Srvc	480,090	(228,400)	251,690	241,521	10,169
Undist. Expend.- Other Support Services Students-Regular					
Salaries of other professional staff	66,836	5,525	72,361	72,361	-
Supplies and materials	500	1,650	2,150	2,125	25
Total Undist. Expend. - Other Support Services - Students-Regular	67,336	7,175	74,511	74,486	25
Undist. Expend. - Other Support Services - Students-Special					
Salaries of other professional staff	351,991	(21,290)	330,701	330,670	31
Salaries of secretarial and clerical assistants	47,601	1,000	48,601	48,431	170
Purchased professional - educational services	2,000	5,240	7,240	6,590	650
Other Purchased Prof. and Tech Services	2,000	(2,000)	-	-	-
Other purchased professional services	-	-	-	-	-
Supplies and materials	6,600	(1,910)	4,690	4,350	340
Other objects	2,400	(1,240)	1,160	1,132	28
Total Undist. Expend. - Other Support Services - Students-Special	412,592	(20,200)	392,392	391,173	1,219
Undist. Expend. - Improvement of Instruction Services					
Salaries of other professional staff	-	5,400	5,400	5,395	5
Other purchased professional and technical services	47,600	(3,275)	44,325	44,319	6
Total Undist. Expend. - Improvement of Instruction Services	47,600	2,125	49,725	49,714	11
Undist. Expend. - Educational Media Services/School Library					
Salaries	83,550	13,100	96,650	96,620	30
Salaries of Technology Coordinators	54,530	-	54,530	54,500	30
Supplies and materials	4,000	-	4,000	3,841	159
Total Undist. Expend. - Educational Media Services/School Library	142,080	13,100	155,180	154,961	219

OCEANPORT SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Instruction Staff Training Services					
Other salaries	\$ 2,040	\$ (1,010)	\$ 1,030	\$ 625	\$ 405
Purchased professional - educational services	30,000	150	30,150	30,011	139
Other purchased services (400-500 series)	1,000	860	1,860	1,857	3
Total Undist. Expend. - Instruction Staff Training Services	33,040	-	33,040	32,493	547
Undist. Expend. - Support Service - General Administration					
Salaries	105,514	9,300	114,814	114,718	96
Legal services	20,000	4,725	24,725	24,721	4
Audit fees	12,750	-	12,750	12,500	250
Other purchased professional services	24,000	11,700	35,700	35,700	-
Communications/Telephone - Bus	40,000	(9,900)	30,100	29,017	1,083
Other purchased services (400-500 series)	3,670	1,800	5,470	5,400	70
General supplies	2,000	(2,000)	-	-	-
Miscellaneous expenditures - Board of Ed	5,950	3,375	9,325	9,312	13
Membership Dues and Fees	7,400	-	7,400	7,361	39
Total Undist. Expend. - Support Service - General Administration	221,284	19,000	240,284	238,729	1,555
Undist. Expend. - Support Service - School Administration					
Salaries of principals/Assistant principals	218,194	4,950	223,144	223,103	41
Salaries of secretarial and clerical assistants	92,674	(6,700)	85,974	79,750	6,224
Other purchased services (400-500 series)	30,800	4,450	35,250	34,624	626
Supplies and materials	16,000	-	16,000	15,214	786
Other objects	5,950	2,300	8,250	7,927	323
Total Undist. Expend. - Support Service - School Administration	363,618	5,000	368,618	360,618	8,000
Undist. Expend. - Central Services					
Salaries	128,357	(15,290)	113,067	110,667	2,400
Purchased professional services	28,725	-	28,725	23,558	5,167
Misc. Pur Serv (400-500 series)	2,000	8,500	10,500	943	9,557
Supplies and materials	3,350	500	3,850	3,596	254
Misc Expenditures	500	-	500	32	468
Total Undist. Expend. - Central Services	162,932	(6,290)	156,642	138,796	17,846
Undist. Expend. - Admin. Info. Technology					
Other purchased services (400-500 series)	25,050	3,600	28,650	28,565	85
Supplies and materials	10,000	(1,800)	8,200	7,284	916
Total Undist. Expend. - Admin. Info. Technology	35,050	1,800	36,850	35,849	1,001
Undist. Expend. - Required Maintenance for School Facilities					
Cleaning, repair and maintenance services	108,500	22,020	130,520	130,520	-
Total Undist. Expend. - Allowed Maintenance for School Facilities	108,500	22,020	130,520	130,520	-
Undist. Expend. - Other Operation & Maintenance of Plant					
Salaries - Custodians	246,400	29,642	276,042	276,041	1
Cleaning, repair and maintenance services - up keep	34,000	(32,970)	1,030	1,028	2
Other purchased property services	15,000	7,601	22,601	22,601	-
Insurance	71,440	5,555	76,995	76,995	-
General supplies	30,000	(34)	29,966	29,965	1
Energy (Natural Gas)	-	-	49,200	49,193	7
Energy (Electricity)	165,000	(50,900)	114,100	114,097	3
Other objects	14,000	9,106	23,106	23,102	4
Total Undist. Expend. - Other Operation & Maintenance Of Plant	575,840	(32,000)	593,040	593,022	18
Care and Upkeep of Grounds					
Cleaning, repair and maintenance services	-	23,230	23,230	23,230	-
General supplies	-	950	950	944	6
	-	24,180	24,180	24,174	6
Undist. Expend. - Security					
Salaries	46,126	5,282	51,408	51,408	-
Purchased professional services	-	-	15,000	15,000	-
Cleaning, repair and maintenance services	4,200	(615)	3,585	3,585	-
Total Undist. Expend. - Security	50,326	4,667	69,993	69,993	-
Undist. Expend. - Student Transportation Services					
Salaries for pupil transportation(between home and school)-Regular	12,500	(12,500)	-	-	-
Salaries for pupil transportation(between home and school)-Special	3,000	(3,000)	-	-	-
Management fee - ESC	-	-	18,300	18,300	-
Cleaning, repair and maintenance services	1,550	-	1,550	437	1,113
Contract services Aid in Lieu Pymnts - NonPub Sch	55,000	(35,900)	19,100	19,006	94
Contract services (between home & school) - Vendors	180,000	(3,375)	176,625	176,622	3
Contract services -(other between home and school) - Vendors	-	23,075	23,075	23,007	68
Contract services - (special education students) - Vendors	-	-	-	-	-
Contract services-(regular) - ESC's	-	20,000	20,000	18,019	1,981
Contract services-(special education students)-ESC's & CTSA's	70,000	(11,800)	58,200	52,987	5,213
Aid in lieu of payments	-	-	-	-	-
Total Undist. Expend. - Student Transportation Services	322,050	(23,500)	316,850	308,378	8,472

OCEANPORT SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED EMPLOYEE BENEFITS					
Social security contributions	\$ 125,000	\$ 6,600	\$ 131,600	\$ 131,542	\$ 58
TPAF Contributions - Regular	-	-	-	-	-
Other retirement contributions - PERS	107,100	8,000	115,100	114,950	150
Other retirement contributions - regular	10,000	(1,600)	8,400	8,307	93
Workmen's compensation	73,500	(9,100)	64,400	64,372	28
Health benefits	1,828,851	(2,500)	1,826,351	1,823,070	3,281
Tuition reimbursement	20,000	6,000	26,000	25,991	9
TOTAL UNALLOCATED EMPLOYEE BENEFITS	2,164,451	7,400	2,171,851	2,168,232	3,619
On-behalf TPAF LTDI (non-budgeted)	-	-	-	642	(642)
On-behalf TPAF OPEB (post retirement med) (non-budgeted)	-	-	-	422,199	(422,199)
On-behalf TPAF pension contributions (non-budgeted)	-	-	-	506,704	(506,704)
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	323,134	(323,134)
TOTAL ON-BEHALF CONTRIBUTIONS	-	-	-	1,252,679	(1,252,679)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	2,164,451	7,400	2,171,851	3,420,911	(1,249,060)
TOTAL UNDISTRIBUTED EXPENDITURES	5,628,104	(110,598)	5,517,506	6,676,334	(1,158,828)
TOTAL GENERAL CURRENT EXPENSE	10,267,582	(50,698)	10,216,884	11,211,279	(994,395)
CAPITAL OUTLAY					
Regular Programs - Instruction:					
Grades 1-5	30,200	100,000	130,200	102,138	28,062
Grades 6-8	30,000	-	30,000	-	30,000
Undistributed:					
Undistributed expenditures - Instruction	20,000	-	20,000	-	20,000
Total Equipment	80,200	100,000	180,200	102,138	78,062
Facilities Acquisition and Construction Services					
Debt Service Assessment	1,230	-	1,230	1,230	-
Total Facilities Acquisition and Construction Services	1,230	-	1,230	1,230	-
TOTAL CAPITAL OUTLAY	81,430	100,000	181,430	103,368	78,062
TOTAL EXPENDITURES	10,349,012	49,302	10,398,314	11,314,647	(916,333)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(170,610)	(49,302)	(219,912)	314,408	534,320
Other Financing Uses:					
Transfer to Cover Deficit (enterprise fund)	-	50,698	50,698	(50,679)	101,377
Capital Leases-non-budgeted	-	100,000	100,000	100,000	-
Adjustment for grants receivables and payroll	-	-	-	(245,252)	245,252
Total Other Financing Sources:	-	150,698	150,698	(195,931)	346,629
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(170,610)	101,396	(69,214)	118,477	880,949
Fund Balance, July 1	1,394,448	-	1,394,448	1,394,448	-
Fund Balance, June 30	\$ 1,223,838	\$ 101,396	\$ 1,325,234	\$ 1,512,925	\$ 880,949
Recapitulation:					
Restricted Fund Balance:					
Capital reserve				40	
Maintenance reserve				503,750	
Emergency reserve				250,000	
Excess surplus - Designated for subsequent year's expenditures				216,611	
Excess surplus - Current year				270,745	
Committed Fund Balance:					
Year-end encumbrances				3,410	
Assigned Fund Balance:					
Designated for subsequent year's expenditures				7,187	
Unassigned Fund Balance				261,182	
Reconciliation to governmental funds statements (GAAP)					
Last state aid payment not recognized on GAAP basis				(44,546)	
Fund balance per governmental funds (GAAP)				\$ 216,636	

OCEANPORT SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources	\$ -	1,604	1,604	1,604	\$ -
State sources	-	-	-	-	-
Federal sources	265,730	27,065	292,795	219,488	(73,307)
Total Revenues	<u>265,730</u>	<u>28,669</u>	<u>294,399</u>	<u>221,092</u>	<u>(73,307)</u>
EXPENDITURES					
Instruction:					
Salaries of teachers	-	184,824	184,824	179,849	4,975
Other salaries for instruction	-	-	-	-	-
Purchased professional services	-	-	-	-	-
General supplies	205,533	(170,533)	35,000	18,009	16,991
Tuition	-	-	-	-	-
Misc. Expenditures	48,905	(34,397)	14,508	-	14,508
Total instruction	<u>254,438</u>	<u>(20,106)</u>	<u>234,332</u>	<u>197,858</u>	<u>36,474</u>
Support services:					
Salaries of program director	-	-	-	-	-
Personal services	-	-	-	-	-
Purchased professional - educational services	-	-	-	-	-
Other purchased professional services	-	-	-	7,872	(7,872)
Purchased technical services	-	-	-	-	-
Travel	-	-	-	-	-
Employee Benefits	-	14,140	14,140	13,758	382
Miscellaneous purchased services (400-500 series)	11,292	34,635	45,927	-	45,927
Miscellaneous expenditures	-	-	-	-	-
Supplies & materials	-	-	-	1,604	(1,604)
Total support services	<u>11,292</u>	<u>48,775</u>	<u>60,067</u>	<u>23,234</u>	<u>36,833</u>
Facilities acquisition and const. serv.:					
Instructional equipment	-	-	-	-	-
Total facilities acquisition and const. serv.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>265,730</u>	<u>28,669</u>	<u>294,399</u>	<u>221,092</u>	<u>73,307</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Reconciliation to governmental funds statements (GAAP)					
Last state aid payment not recognized on GAAP basis				-	
Fund balance per governmental funds (GAAP)				<u>\$ -</u>	

OCEANPORT SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to Required Supplementary Information
 For the Fiscal Year Ended June 30, 2017

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

	General Fund	Special Revenue Fund
	<u> </u>	<u> </u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 11,629,055	[C-2] \$ 221,092
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.	(506,704)	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year	(44,546)	-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	43,841	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] <u>\$ 11,121,646</u>	[B-2] <u>\$ 221,092</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 11,314,647	[C-2] \$ 221,092
Differences - budget to GAAP		
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.	(506,704)	-
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] <u>\$ 10,807,943</u>	[B-2] <u>\$ 221,092</u>

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, 2017**

Last 10 Fiscal Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability	100.000%	100.000%	0.0114843954%	0.0126013958%
District's proportionate share of the net pension liability	\$ 2,149,199	\$ 2,270,377	\$ 2,689,966	\$ 3,732,172
District's covered-employee payroll	811,178	797,945	771,853	776,861
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	264.95%	284.53%	348.51%	480.42%
Plan fiduciary net position as a percentage of the total pension liability	40.71%	42.74%	61.84%	45.35%

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, 2017**

Last 10 Fiscal Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contributions	\$ 87,516	\$ 144,209	\$ 96,950	\$ 114,950
Contributions in relation to the contractually required contribution	<u>87,516</u>	<u>144,209</u>	<u>96,950</u>	<u>114,950</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 811,175	\$ 797,945	\$ 771,853	\$ 776,861
Contributions as a percentage of covered-employee payroll	10.79%	18.07%	12.56%	14.80%

* 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, 2017**

Last 10 Fiscal Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability	0.0000000000%	0.0441200000%	0.0452083709%	0.0433096415%
District's proportionate share of the net pension liability	\$ 22,240,031	\$ 23,742,413	\$ 28,573,621	\$ 34,070,122
District's covered-employee payroll	4,369,752	4,338,875	2,627,817	4,709,818
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	508.95%	547.20%	1087.35%	723.39%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%	22.33%

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, 2017

Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.08 %
Salary increases: 2012-2021	1.65 - 4.15 % based on age
Thereafter	2.65 - 5.15 % based on age
Investment rate of return	7.65 %

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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, 2017

	IDEA Preschool 16/17	IDEA Basic 16/17	Title I 16/17	Title II 16/17
Revenues:				
Local sources	\$ -	-	-	-
State sources	-	-	-	-
Federal sources	5,707	155,579	50,330	7,872
Total revenues	<u>5,707</u>	<u>155,579</u>	<u>50,330</u>	<u>7,872</u>
Expenditures:				
Instruction:				
Salaries of teachers	5,301	144,523	30,025	-
Other salaries/instruction	-	-	-	-
Purchased professional services	-	-	-	-
General supplies	-	-	18,009	-
Tuition	-	-	-	-
Textbooks	-	-	-	-
Miscellaneous expenses	-	-	-	-
Total instruction	<u>5,301</u>	<u>144,523</u>	<u>48,034</u>	<u>-</u>
Support services:				
Other support services - students - special:				
Other professional staff salaries	-	-	-	-
Personal Services	-	-	-	-
Purchased professional services	-	-	-	-
Other purchased professional services	-	-	-	7,872
Purchased technical services	-	-	-	-
Employee benefits	406	11,056	2,296	-
Travel	-	-	-	-
General supplies	-	-	-	-
Miscellaneous expenses	-	-	-	-
Total support services	<u>406</u>	<u>11,056</u>	<u>2,296</u>	<u>7,872</u>
Equipment:				
Regular programs instruction	-	-	-	-
Non-instructional equipment	-	-	-	-
Total equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 5,707</u>	<u>155,579</u>	<u>50,330</u>	<u>7,872</u>

OCEANPORT SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	<u>Other 16/17</u>	<u>Total</u>
Revenues:		
Local sources	1,604	1,604
State sources	-	-
Federal sources	-	219,488
	<hr/>	<hr/>
Total revenues	1,604	221,092
Expenditures:		
Instruction:		
Salaries of teachers	-	179,849
Other salaries/instruction	-	-
Purchased professional services	-	-
General supplies	-	18,009
Tuition	-	-
Textbooks	-	-
Miscellaneous expenses	-	-
	<hr/>	<hr/>
Total instruction	-	197,858
Support services:		
Other support services -		
students - special:		
Other professional		
staff salaries	-	-
Personal Services	-	-
Purchased professional services	-	-
Other purchased professional		
services	-	7,872
Purchased technical services	-	-
Employee benefits	-	13,758
Travel	-	-
General supplies	1,604	1,604
Miscellaneous expenses	-	-
	<hr/>	<hr/>
Total support services	1,604	23,234
Equipment:		
Regular programs instruction	-	-
Non-instructional equipment	-	-
	<hr/>	<hr/>
Total equipment	-	-
Total expenditures	\$ 1,604	221,092
	<hr/> <hr/>	<hr/> <hr/>

OCEANPORT SCHOOL DISTRICT
 Enterprise Fund
 Statement of Net Position
 June 30, 2017

	<u>Summer Enrichment Program</u>	<u>Childcare</u>	<u>Food Services</u>	<u>2017</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 924	115,796	1,144	\$ 117,864
Accounts receivable:				
State	-	-	84	84
Federal	-	-	1,766	1,766
Inventories	-	-	2,933	2,933
Interfunds	-	-	10,372	10,372
Total current assets	<u>924</u>	<u>115,796</u>	<u>16,299</u>	<u>133,019</u>
Fixed assets:				
Equipment	-	-	228,723	228,723
Accumulated depreciation	-	-	(225,996)	(225,996)
Total fixed assets	<u>-</u>	<u>-</u>	<u>2,727</u>	<u>2,727</u>
Total assets	<u>\$ 924</u>	<u>115,796</u>	<u>19,026</u>	<u>\$ 135,746</u>
Liabilities and Net Position:				
Liabilities:				
Accounts payable	-	-	-	-
Unearned revenue	-	-	-	-
Due to General Fund	18,491	-	-	18,491
Total liabilities	<u>18,491</u>	<u>-</u>	<u>-</u>	<u>18,491</u>
Net position:				
Net investment in capital assets	-	-	2,727	2,727
Unrestricted net position	(17,567)	115,796	16,299	114,528
Total net position	<u>(17,567)</u>	<u>115,796</u>	<u>19,026</u>	<u>117,255</u>
Total liabilities and net position	<u>\$ 924</u>	<u>115,796</u>	<u>19,026</u>	<u>\$ 135,746</u>

OCEANPORT SCHOOL DISTRICT
Enterprise Fund
Statement of Revenues, Expenses and
Changes in Net Position
for the Fiscal Year Ended June 30, 2017

	<u>Summer Enrichment Program</u>	<u>Childcare</u>	<u>Food Services</u>	<u>2017</u>
Operating revenues:				
Local sources:				
Daily Sales Reimbursable Programs	\$ -	\$ -	\$ 99,226	\$ 99,226
Tuition	-	165,620	-	165,620
School Lunch	-	-	-	-
Miscellaneous	8,635	-	-	8,635
Total operating revenues	<u>8,635</u>	<u>165,620</u>	<u>99,226</u>	<u>273,481</u>
Operating expenses:				
Salaries	19,318	131,793	62,156	213,267
Employee Benefits	-	-	14,991	14,991
Purchased Property	-	-	-	-
Other purchased services	-	18,550	21,741	40,291
Supplies and materials	-	3,167	8,695	11,862
Depreciation	-	-	5,718	5,718
Cost of sales - reimbursable programs	-	-	60,304	60,304
Cost of sales - non-reimbursable programs	-	-	-	-
Total operating expenses	<u>19,318</u>	<u>153,510</u>	<u>173,605</u>	<u>346,433</u>
Operating income	<u>(10,683)</u>	<u>12,110</u>	<u>(74,379)</u>	<u>(72,952)</u>
Nonoperating revenues (expenses):				
State sources:				
State School Lunch Program	-	-	948	948
Federal sources:				
National School Lunch Program	-	-	19,649	19,649
National School Lunch - PB	-	-	1,316	1,316
USDA Commodities	-	-	6,133	6,133
Local sources:				
Interest income	36	558	95	689
Total nonoperating revenues	<u>36</u>	<u>558</u>	<u>28,141</u>	<u>28,735</u>
Change in net position	(10,647)	12,668	(46,238)	(44,217)
Transfer from General Fund	-	-	50,679	50,679
Total net position beginning	<u>(6,920)</u>	<u>103,128</u>	<u>14,585</u>	<u>110,793</u>
Total net position ending	<u>\$ (17,567)</u>	<u>\$ 115,796</u>	<u>\$ 19,026</u>	<u>\$ 117,255</u>

OCEANPORT SCHOOL DISTRICT
Statement of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 2017

	Summer Enrichment Program	Childcare	Food Services	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ (975)	165,620	98,436	\$ 263,081
Payments to employees	(7,297)	(204,187)	(62,156)	(273,640)
Payments for employee benefits	-	-	(14,991)	(14,991)
Payments to suppliers	-	(21,717)	(113,628)	(135,345)
Net cash provided by (used in) operating activities	<u>(8,272)</u>	<u>(60,284)</u>	<u>(92,339)</u>	<u>(160,895)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State sources	-	-	957	957
Federal source	-	-	21,112	21,112
Transfer from general fund	-	-	50,679	50,679
Interest income	36	558	95	689
Net cash provided by non-capital financing activities	<u>36</u>	<u>558</u>	<u>72,843</u>	<u>73,437</u>
Net increase (decrease) in cash and cash equivalents	(8,236)	(59,726)	(19,496)	(87,458)
Balances—beginning of year	9,160	175,522	20,640	205,322
Balances—end of year	<u>\$ 924</u>	<u>115,796</u>	<u>1,144</u>	<u>\$ 117,864</u>
Reconciliation of operating loss to net cash used in operating activities:				
Operating income	\$ (10,683)	12,110	(74,379)	\$ (72,952)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation	-	-	5,718	5,718
Federal commodities	-	-	6,133	6,133
Decrease in interfund receivable, net	-	-	-	-
Decrease in accounts receivable, net	-	-	-	-
Increase/(decrease)in inventories	-	-	2,471	2,471
(Increase) decrease in accounts payable	-	-	(29,486)	(29,486)
Decrease in interfund payable	12,021	(72,394)	(2,006)	(62,379)
(Increase) decrease in unearned revenue	(9,610)	-	(790)	(10,400)
Total adjustments	<u>2,411</u>	<u>(72,394)</u>	<u>(17,960)</u>	<u>(87,943)</u>
Net cash provided by (used in) operating activities	<u>\$ (8,272)</u>	<u>(60,284)</u>	<u>(92,339)</u>	<u>\$ (160,895)</u>

OCEANPORT SCHOOL DISTRICT
 Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2017

	<u>Unemployment Compensation Trust</u>	<u>Student Activity</u>	<u>Payroll Agency</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 144,348	\$ 66,154	\$ 273,270	\$ 483,772
Total assets	<u>144,348</u>	<u>66,154</u>	<u>273,270</u>	<u>483,772</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Payroll deductions and withholdings	-	-	273,270	273,270
Due to Student Groups	-	66,154	-	66,154
Total liabilities	<u>-</u>	<u>66,154</u>	<u>273,270</u>	<u>339,424</u>
NET POSITION				
Held in trust for unemployment claims and other purposes	<u>144,348</u>	<u>-</u>	<u>-</u>	<u>144,348</u>
Total net position	<u>144,348</u>	<u>-</u>	<u>-</u>	<u>144,348</u>
Total liabilities and net position	<u>\$ 144,348</u>	<u>\$ 66,154</u>	<u>\$ 273,270</u>	<u>\$ 483,772</u>

OCEANPORT SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2017

	Unemployment Compensation Trust
ADDITIONS	
Investment earnings:	
Interest	640
Total additions	640
DEDUCTIONS	
Unemployment claims	1,804
Total deductions	1,804
Change in net position	(1,164)
Net position—beginning of the year	145,512
Net position—end of the year	\$ 144,348

OCEANPORT SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year ended June 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Elementary School:				
Maple Place	\$ 33,243	62,889	(62,865)	\$ 33,267
Maple Place - 8th Grade	7,501	65,348	(55,857)	16,992
Wolf Hill	12,977	29,475	(26,557)	15,895
Total	\$ 53,721	\$ 157,712	\$ (145,279)	\$ 66,154

OCEANPORT SCHOOL DISTRICT
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year ended June 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Assets:				
Cash and Cash Equivalents	\$ 266,829	7,767,261	(7,760,820)	\$ 273,270
Total Assets	<u>\$ 266,829</u>	<u>7,767,261</u>	<u>(7,760,820)</u>	<u>\$ 273,270</u>
Liabilities:				
Payroll Deductions and Withholdings	\$ 266,829	7,767,261	(7,760,820)	\$ 273,270
Due to General Fund	-	-	-	-
Total Liabilities	<u>\$ 266,829</u>	<u>7,767,261</u>	<u>(7,760,820)</u>	<u>\$ 273,270</u>

OCEANPORT SCHOOL DISTRICT
 Long-Term Debt
 Statement of Serial Bonds
 June 30, 2017

<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, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2017</u>
Alterations and Renovations at Maple Place and Wolf Hill Schools	12/15/2006	\$ 2,135,000	8/1/2017	\$ 125,000	4.0-4.125%	\$ 1,365,000	-	1,240,000	125,000
Alterations and Renovations at Maple Place and Wolf Hill Schools (The bonds are held and issued by Monmouth County as part of a larger multi purpose bond. The refunding process was performed by Monmouth County)	10/5/2016	\$ 1,120,000	8/1/2017	\$ 5,000	3.0-4.0%	\$ -	1,075,000	-	1,075,000
			8/1/2018	130,000					
			8/1/2019	130,000					
			8/1/2020	130,000					
			8/1/2021	135,000					
			8/1/2022	135,000					
			8/1/2023	135,000					
			8/1/2024	135,000					
			8/1/2025	140,000					
Community Disaster Loan	2014-2015	876,989	7/1/2018	434,153	1.38%	434,153	-	-	434,153
						<u>\$ 1,799,153</u>	<u>1,075,000</u>	<u>1,240,000</u>	<u>\$ 1,634,153</u>

OCEANPORT SCHOOL DISTRICT
 Long-Term Debt
 Statement of Obligations Under Capital Leases
 June 30, 2017

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Principal Balance July 1, 2016</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Principal Balance Outstanding June 30, 2017</u>
Ricoh Americas Corporation		\$ 87,443	\$ 87,443		\$ (21,938)	\$ 65,505
Monmouth County Improvement Authority	2-5%	100,000	-	100,000	(18,000)	82,000
			<u>\$ -</u>	<u>100,000</u>	<u>(39,938)</u>	<u>\$ 147,505</u>

**OCEANPORT SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local tax levy	\$ 120,000	\$ -	\$ 120,000	\$ 120,000	\$ -
Miscellaneous	-	-	-	-	-
State Sources:					
Debt service aid Type II	59,077	-	59,077	59,077	-
-	-	-	-	-	-
Total - State Sources	59,077	-	59,077	59,077	-
Total Revenues	179,077	-	179,077	179,077	-
EXPENDITURES:					
Regular Debt Service:					
Interest	59,077	-	59,077	43,239	(15,838)
Redemption of principal	120,000	-	120,000	120,000	-
Total Regular Debt Service	179,077	-	179,077	163,239	(15,838)
Total expenditures	179,077	-	179,077	163,239	(15,838)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	15,838	15,838
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	15,838	15,838
Fund Balance, July 1	811	-	811	811	-
Fund Balance, June 30	<u>\$ 811</u>	<u>\$ -</u>	<u>\$ 811</u>	<u>\$ 16,649</u>	<u>\$ 15,838</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>
<p>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.</p>	92-97
<p>Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue</p>	98-101
<p>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</p>	102-105
<p>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</p>	106-107
<p>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.</p>	108-112

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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net capital assets	\$ 2,790,257	\$ 2,791,756	\$ 2,757,960	\$ 2,985,305	\$ 3,731,111	\$ 3,493,436	\$ 3,701,607	\$ 3,697,236	\$ 3,754,589	\$ 3,445,140
Restricted	5,826	5,924	798	383,128	864,255	983,270	1,292,366	1,177,872	1,138,072	1,268,392
Unrestricted	(460,425)	(362,222)	(230,896)	(179,615)	(267,596)	217,955	52,255	(1,988,462)	(2,764,231)	(2,855,064)
Total governmental activities net assets/position	<u>\$ 2,335,658</u>	<u>\$ 2,435,458</u>	<u>\$ 2,527,862</u>	<u>\$ 3,188,818</u>	<u>\$ 4,327,770</u>	<u>\$ 4,694,661</u>	<u>\$ 5,046,228</u>	<u>\$ 2,886,646</u>	<u>\$ 2,128,430</u>	<u>\$ 1,858,468</u>
Business-type activities										
Net capital assets	\$ 48,624	\$ 46,666	\$ 41,413	\$ 36,051	\$ 30,579	\$ 25,107	\$ 19,635	\$ 14,163	\$ 8,445	\$ 2,727
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(33,158)	(60,494)	(75,733)	(70,385)	(69,185)	(79,303)	(68,543)	(61,843)	102,348	114,528
Total business-type activities net assets/position	<u>\$ 15,466</u>	<u>\$ (13,828)</u>	<u>\$ (34,320)</u>	<u>\$ (34,334)</u>	<u>\$ (38,606)</u>	<u>\$ (54,196)</u>	<u>\$ (48,908)</u>	<u>\$ (47,680)</u>	<u>\$ 110,793</u>	<u>\$ 117,255</u>
District-wide										
Net capital assets	\$ 2,838,881	\$ 2,838,422	\$ 2,799,373	\$ 3,021,356	\$ 3,761,690	\$ 3,518,543	\$ 3,721,242	\$ 3,711,399	\$ 3,763,034	\$ 3,447,867
Restricted	5,826	5,924	798	383,128	864,255	983,270	1,292,366	1,177,872	1,138,072	1,268,392
Unrestricted	(493,583)	(422,716)	(306,629)	(250,000)	(336,781)	138,652	(16,288)	(2,050,305)	(2,661,883)	(2,740,536)
Total district net assets/position	<u>\$ 2,351,124</u>	<u>\$ 2,421,630</u>	<u>\$ 2,493,542</u>	<u>\$ 3,154,484</u>	<u>\$ 4,289,164</u>	<u>\$ 4,640,465</u>	<u>\$ 4,997,320</u>	<u>\$ 2,838,966</u>	<u>\$ 2,239,223</u>	<u>\$ 1,975,723</u>

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

Exhibit J-2

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular									\$ 3,428,786	\$ 3,485,308
Special education									802,143	1,059,188
Other special education									105,614	188,307
Vocational										
Other instruction										
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Instruction									103,972	99,389
Attendance and social work									1,825	-
Health services									137,654	150,297
Improvement of instr. services										
Educational media services									132,442	154,961
Instruction staff training									20,853	32,493
School Administrative services									359,397	360,618
General administration									198,406	238,729
Central Services									137,619	138,796
Plant operations and maintenance									976,527	978,271
Administrative information technology									37,708	35,849
Pupil transportation									361,602	308,378
Other support services									1,007,922	941,438
Security									48,622	69,993
Special Schools									-	-
Charter Schools										
Interest on long-term debt									62,762	51,148
Unallocated employee benefits									2,271,557	745,975
Total governmental activities expenses	9,827,707	9,819,016	11,295,456	9,720,667	10,218,877	10,530,881	10,779,881	9,640,285	10,195,511	11,300,504
Business-type activities:										
Enterprise fund									(134,125)	346,433
Child Care									-	-
Total business-type activities expense	224,995	227,005	208,355	175,266	182,843	178,151	151,700	160,774	(134,125)	346,433
Total district expenses	\$ 10,052,702	\$ 10,046,021	\$ 11,503,811	\$ 9,895,933	\$ 10,401,720	\$ 10,709,032	\$ 10,931,581	\$ 9,801,059	\$ 10,061,386	\$ 11,646,937
Program Revenues										
Governmental activities:										
Total governmental activities program revenues	1,289,699	878,705	923,593	1,169,226	1,331,481	225,768	322,150	85,046	-	(745,975)
Business-type activities:										
Charges for services										(273,481)
Food service										-
Child care										-
Operating grants and contributions										(28,046)
Capital grants and contributions										-
Total business type activities program revenues	205,867	199,548	\$186,026	\$175,229	178,544.00	162,561	137,353	161,963	-	(301,527)
Total district program revenues	1,495,566	1,078,253	1,109,619	1,344,455	1,510,025	388,329	459,503	247,009	-	(1,047,502)
Net (Expense)/Revenue										
Governmental activities	(8,538,008)	(8,940,311)	(10,371,863)	(8,551,441)	(8,887,396)	(10,305,113)	(10,457,731)	(9,555,239)	(10,195,511)	(10,554,529)
Business-type activities	(19,128)	(27,457)	(22,329)	(37)	(4,299)	(15,590)	(14,347)	1,189	134,125	(44,906)
Total district-wide net expense	\$ (8,557,136)	\$ (8,967,768)	\$ (10,394,192)	\$ (8,551,478)	\$ (8,891,695)	\$ (10,320,703)	\$ (10,472,078)	\$ (9,554,050)	\$ (10,061,386)	\$ (10,599,435)
General Revenues and Other Changes In Net Assets/Position										
Governmental activities:										
Property taxes levied for general purposes, net									\$ 8,946,992	\$ 9,586,658
Taxes levied for debt service									115,686	120,000
Unrestricted grants and contributions									504,855	516,298
State aid - restricted									262,295	219,488
Tuition Received									-	-
Investment earnings									5,221	8,083
Transfer									-	(50,679)
Miscellaneous income									387,729	84,971
Other financing sources / uses									(785,483)	(200,252)
Total governmental activities	8,632,945	9,039,927	10,466,104	9,212,396	10,026,349	10,629,209	10,659,732	10,580,668	9,437,295	10,284,567
Business-type activities:										
Investment earnings									33	689
Transfers									24,315	50,679
Total business-type activities	-	-	-	23	27	-	-	39	24,348	51,368
Total district-wide	\$ 8,632,945	\$ 9,039,927	\$ 10,466,104	\$ 9,212,419	\$ 10,026,376	\$ 10,629,209	\$ 10,659,732	\$ 10,580,707	\$ 9,437,328	\$ 10,285,256
Change in Net Assets/Position										
Governmental activities	94,937	99,616	94,241	660,955	1,138,953	324,096	202,001	1,025,429	(758,216)	(269,962)
Business-type activities	(19,128)	(27,457)	(22,329)	(14)	(4,272)	(15,590)	(14,347)	1,228	158,473	6,462
Total district	\$ 75,809	\$ 72,159	\$ 71,912	\$ 660,941	\$ 1,134,681	\$ 308,506	\$ 187,654	\$ 1,026,657	\$ (599,743)	\$ (263,500)

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

	2008		2009		2010		2011		Fiscal Year Ending June 30,		2014		2015		2016		2017			
									2012		2013									
General Fund																				
Reserved	\$	40	\$	40	\$	18,912	\$	383,127	\$	864,255	\$	980,045	\$	1,289,734	\$	2,165,902	\$	1,137,261	\$	1,251,743
Unreserved		24,500		102,336		184,530		235,342		194,304		217,955		52,255		213,480		213,346		216,636
Total general fund	<u>\$</u>	<u>24,540</u>	<u>\$</u>	<u>102,376</u>	<u>\$</u>	<u>203,442</u>	<u>\$</u>	<u>618,469</u>	<u>\$</u>	<u>1,058,559</u>	<u>\$</u>	<u>1,198,000</u>	<u>\$</u>	<u>1,341,989</u>	<u>\$</u>	<u>2,379,382</u>	<u>\$</u>	<u>1,350,607</u>	<u>\$</u>	<u>1,468,379</u>
All Other Governmental Funds																				
Reserved	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Unreserved, reported in:																				
Special revenue fund		-		-		-		-		-		-		-		-		-		-
Capital projects fund		-		-		-		-		-		-		-		-		-		-
Debt service fund		5,786		5,884		758		-		3,225		3,225		2,632		(393)		811		16,649
Permanent fund		-		-		-		-		-		-		-		-		-		-
Total all other governmental funds	<u>\$</u>	<u>5,786</u>	<u>\$</u>	<u>5,884</u>	<u>\$</u>	<u>758</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>3,225</u>	<u>\$</u>	<u>3,225</u>	<u>\$</u>	<u>2,632</u>	<u>\$</u>	<u>(393)</u>	<u>\$</u>	<u>811</u>	<u>\$</u>	<u>16,649</u>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax levy	7,080,883	7,492,505	8,676,596	8,941,589	9,075,881	8,969,686	8,712,664	8,882,686	9,062,678	9,706,658
Tuition charges	734,197	836,142	995,090	-	-	-	-	-	331,893	304,623
Interest earnings	-	-	-	-	-	-	-	-	5,221	8,083
Miscellaneous	52,556	67,363	46,910	180,398	286,435	310,116	284,315	232,728	55,836	20,690
State sources	1,659,926	1,229,704	1,441,277	944,857	1,297,034	1,394,827	1,315,325	1,470,436	1,240,016	1,262,273
Federal sources	198,750	180,007	273,817	335,367	211,109	186,158	633,457	473,311	262,295	219,488
Total revenue	9,726,312	9,805,721	11,433,690	10,402,211	10,870,459	10,860,787	10,945,761	11,059,161	10,957,939	11,521,815
Expenditures										
Instruction										
Regular Instruction	3,071,654	3,162,973	3,198,217	2,722,758	2,716,327	2,812,502	3,132,902	2,615,461	3,428,786	3,485,308
Special education instruction	899,623	981,966	1,074,718	759,389	841,551	1,072,228	1,031,845	800,250	802,143	1,059,188
Other special instruction	11,772	13,442	38,635	33,742	99,225	125,380	85,153	115,785	105,614	188,307
Support Services:										
Tuition	285,879	139,321	1,014,140	12,171	2,438	33,804	122,846	54,571	103,972	99,389
Student & inst. related services	682,971	674,898	911,333	1,169,358	1,317,005	1,364,069	1,387,374	1,189,288	292,774	337,751
General administration	239,796	280,486	275,595	353,290	310,254	629,569	632,275	324,501	198,406	238,729
School administrative services	363,717	377,507	374,638	264,935	348,859	314,478	260,420	305,512	359,397	360,618
Central services	-	-	-	-	-	-	-	-	137,619	138,796
Admin. information technology	-	-	-	-	-	-	-	-	37,708	35,849
Plant operations and maintenance	835,292	972,895	670,643	771,897	721,168	795,448	631,231	697,456	695,588	747,716
Security	-	-	-	-	-	-	-	-	48,622	69,993
Pupil transportation	356,845	282,930	382,178	360,927	298,090	394,015	337,422	340,301	361,602	308,378
Other Support Services	-	-	308,459	-	23,274	-	-	-	1,007,922	941,438
Employee benefits	1,403,219	1,629,500	1,760,704	2,731,084	2,934,469	2,700,983	2,677,262	2,974,793	2,780,189	2,914,207
On-behalf TPAF pension contributions	731,324	280,341	294,784	-	-	-	-	-	-	-
Contributions	303,821	334,352	362,194	-	-	-	-	-	-	-
Special Schools	215,277	199,829	273,817	335,367	187,835	186,158	199,304	30,475	-	-
Capital Projects Fund	-	-	-	-	352,675	-	-	-	-	-
Debt service:										
Principal	234,992	300,944	300,837	309,755	302,481	171,356	172,256	172,956	115,000	120,000
Interest and other charges	-	-	-	-	-	-	-	-	58,457	43,239
Capital outlay	80,384	-	-	131,511	581	115,546	4,147	174,046	223,392	103,368
Total expenditures	9,787,704	9,727,787	11,337,750	10,041,175	10,558,638	10,715,536	10,674,437	9,795,395	10,757,191	11,192,274
Excess (Deficiency) of revenues over (under) expenditures	95,940	77,934	(61,392)	361,036	311,821	145,251	271,324	1,263,766	200,748	329,541

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other Financing sources (uses)										
Adjustment for Payroll Agency Disbursements	-	-	-	-	-	-	-	-	(327,015)	100,000
Community Development Loan never drawn down	-	-	-	-	-	-	-	-	(442,836)	(245,252)
Community Development Loan cash drawdown not recorded	-	-	-	-	-	-	-	-	(434,153)	-
Transfers in	-	966	-	-	131,494	-	36,121	-	-	-
Transfers out	-	(966)	-	-	-	(5,810)	-	(393,447)	(24,315)	(50,679)
Total other financing sources (uses)	-	-	-	-	131,494	(5,810)	36,121	(393,447)	(1,228,319)	(195,931)
Net change in fund balances	<u>95,940</u>	<u>77,934</u>	<u>(61,392)</u>	<u>361,036</u>	<u>443,315</u>	<u>139,441</u>	<u>307,445</u>	<u>870,319</u>	<u>(1,027,571)</u>	<u>133,610</u>
Debt service as a percentage of noncapital expenditures	2.42%	3.09%	2.65%	3.13%	2.86%	1.62%	1.61%	1.80%	0.031	0.020

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 June 30, 2005.

Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

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>
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
2017	304,623	8,083	19,086	331,792

Source: District records

**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
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	1,040,047,619	1,168,755,514	88.99%
2017			

Source: Abstract of Ratables

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

OCEANPORT					
Fiscal Year Ended June 30,	Oceanport School District	Shore Regional High School	Oceanport Borough	Monmouth County	Total Direct and Overlapping Tax Rate
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	0.852	0.395	0.559	0.337	2.143
2017					-

SEA BRIGHT					
Fiscal Year Ended June 30,	Oceanport School District	Shore Regional High School	Sea Bright Borough	Monmouth County	Total Direct and Overlapping Tax Rate
1998	0.466	0.019	0.485	0.469	1.390
1999	0.474	0.021	0.495	0.476	1.436
2000	0.482	0.023	0.505	0.514	1.523
2001	0.489	0.027	0.516	0.608	1.646
2002	0.503	0.026	0.529	0.713	1.784
2003	0.518	0.025	0.543	0.760	1.870
2004	0.514	0.024	0.538	0.781	1.907
2005	0.166	0.008	0.174	0.262	0.633
2006	0.181	0.008	0.189	0.264	0.669
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

Source: Abstract of Ratables

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

OCEANPORT BOROUGH

	2017			2008		
	Assessed Valuation	Rank (Optional)	As a percentage of District Net Assessed Valuation	Assessed Valuation 2008	Rank (Optional)	As a percentage of District Net Assessed Valuation
NJ Sports & Exposition Authority	N/A		0.00%	N/A		0.00%
Monmouht Park Corporate Center	-		0.00%	-		0.00%
275 E Main Street - Commercial	-		0.00%	-		0.00%
Individual Taxpayer #1	-		0.00%	-		0.00%
Individual Taxpayer #2	-		0.00%	-		0.00%
Individual Taxpayer #3	-		0.00%	-		0.00%
Individual Taxpayer #4	-		0.00%	-		0.00%
Individual Taxpayer #5	-		0.00%	-		0.00%
Individual Taxpayer #6	-		0.00%	-		0.00%
Individual Taxpayer #7	-		0.00%	-		0.00%

SEA BRIGHT

	2017			2008		
	Assessed Valuation 2017	Rank (Optional)	As a percentage of District Net Assessed Valuation	Assessed Valuation 2008	Rank (Optional)	As a percentage of District Net Assessed Valuation
Ocean Ave Realty	N/A		0.00%	N/A		0.00%
Edgewater Beach Inc	-		0.00%	-		0.00%
Individual Taxpayer #1	-		0.00%	-		0.00%
Individual Taxpayer #2	-		0.00%	-		0.00%
Hudson City Savings Bank	-		0.00%	-		0.00%
Individual Taxpayer #3	-		0.00%	-		0.00%
Ocean First Bank	-		0.00%	-		0.00%
Individual Taxpayer #4	-		0.00%	-		0.00%
Individual Taxpayer #5	-		0.00%	-		0.00%
Individual Taxpayer #6	-		0.00%	-		0.00%

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

OCEANPORT			
<u>Year Ended June 30,</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percentage of Levy</u>
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	22,279,955	22,030,420	98.88%
2017			

SEA BRIGHT			
<u>Year Ended June 30,</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percentage of Levy</u>
2008	\$ 8,307,152	8,111,415	97.64%
2009	\$ 8,729,605	8,494,552	97.31%
2010	\$ 8,520,943	8,224,127	96.52%
2011	\$ 8,612,775	8,253,329	95.83%
2012	\$ 8,811,325	8,556,001	97.10%
2013	\$ 8,520,943	8,224,127	96.52%
2014	\$ 8,145,264	7,957,350	97.69%
2015	\$ 9,330,829	9,169,206	98.27%
2016	\$ 8,841,471	8,637,632	97.69%
2017	\$ 8,985,795	8,760,350	97.49%

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

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

Fiscal Year Ended June 30,	General Obligation Bonds	Capital Leases	Total Debt Per District	Percentage of Personal Income	Per Capita
2008	2,633,000	42,495	2,675,495	0.90%	464.00
2009	2,438,000	13,872	2,451,872	0.78%	428.00
2010	2,235,000	6,937	2,241,937	0.69%	391.00
2011	2,019,000	50,383	2,069,383	0.65%	355.00
2012	1,795,000	39,736	1,834,736	3.10%	314.00
2013	1,695,000	29,089	1,724,089	3.30%	290.59
2013	1,695,000	29,069	1,724,089	0.51%	295.58
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
2017	1,200,000	147,505	1,347,505	0.34%	235.99

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
2008	5,768	\$1,356,186,207	2,633,000	0.194%	456.48
2009	5,733	1,343,248,981	2,438,000	0.182%	756.88
2010	5,730	1,356,186,207	2,235,000	0.165%	390.05
2011	5,832	1,045,954,002	2,019,000	0.193%	346.19
2012	5,837	1,048,364,465	1,795,000	0.171%	307.52
2013	5,833	1,050,192,330	1,695,000	0.161%	290.59
2014	5,816	1,019,494,800	1,590,000	0.156%	270.13
2015	5,672	1,031,964,800	1,480,000	0.143%	260.93
2016	5,739	1,028,488,106	1,360,000	0.132%	236.98
2017	5,725	1,144,745,650	1,200,000	0.105%	209.61

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, 2017
UNAUDITED

	<u>DEBT OUTSTANDING</u>	<u>ESTIMATED PERCENTAGE APPLICABLE</u>	<u>ESTIMATED SHARE OF OVERLAPPING DEBT</u>
OCEANPORT			
Net Direct Debt of the School District as of June 30, 2016			-
Net Overlapping Debt of School District:			
Oceanport		\$ 23,710,984	
Regional High School		11,767,848	
County of Monmouth		<u>21,180,000</u>	
			<u>56,658,832</u>
Total Direct and Overlapping Bonded Debt as of June 30, 2017			<u><u>\$ 56,658,832</u></u>
SEA BRIGHT			
Debt repaid with Property Taxes			-
Other Debt:			
Two Rivers Sewer Authority	\$ 10,306,454	\$ -	680,226
County of Monmouth	456,319,190	-	<u>2,503,685</u>
Sub-total of Overlapping Debt	-		3,183,911
Regional School District Direct Debt	10,125,000	\$ 14	1,404,554
Local School District Debt	1,799,153	-	<u>-</u>
Total Direct and Overlapping Bonded Debt as of June 30, 2017			<u><u>\$ 4,588,465</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 Six Fiscal Years
 UNAUDITED

Year	Equalized Valuation Basis
2017	-
2016	1,269,400,809
2015	1,028,488,106
[A]	2,297,888,915
[A/3]	\$ 765,962,972
[B]	22,978,889
[C]	-
[B-C]	\$ 22,978,889

Debt limit (3 % of average equalization value)
 Total Net Debt Applicable to Limit
 Legal debt margin

	Fiscal Year					
	2017	2016	2015	2014	2013	2012
Debt limit	\$ 22,978,889	\$ 32,865,575	\$ 33,232,144	\$ 34,893,548	\$ 35,773,064	\$ 37,240,931
Total net debt applicable to limit	-	1,360,000	1,480,000	1,585,000	1,695,000	1,795,000
Legal debt margin	<u>\$ 22,978,889</u>	<u>\$ 31,505,575</u>	<u>\$ 31,752,144</u>	<u>\$ 33,308,548</u>	<u>\$ 34,078,064</u>	<u>\$ 35,445,931</u>

Year	Equalized Valuation Basis
2017	\$ 699,175,583
2016	683,634,536
2015	437,700,056
[A]	1,121,334,592
[A/3]	\$ 373,778,197
[B]	11,213,346
[C]	-
[B-C]	\$ 11,213,346

	2017
Debt limit	\$ 11,213,346
Total net debt applicable to limit	-
Legal debt margin	<u>\$ 11,213,346</u>

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
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
2017	4.80%	397,382,250	69,410	5,725

Source: New Jersey Department of Labor and Workforce Development

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

Company	OCEANPORT			
	2017		2008	
	<u>Number of Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Number of Employees</u>	<u>Percentage of Total Municipal Employment</u>
Monmouth Park Racetrack	N/A	0.00%	N/A	0.00%
Wolf Hill Elementary School	N/A	0.00%	N/A	0.00%
Maple Place School	N/A	0.00%	N/A	0.00%
Borough of Oceanport	N/A	0.00%	N/A	0.00%
Oceanport Police	N/A	0.00%	N/A	0.00%
Oceanport Lions Swim Club	N/A	0.00%	N/A	0.00%
Ben Perkins Jr Racing Stable	N/A	0.00%	N/A	0.00%
Todd Pletcher Racing Stable	N/A	0.00%	N/A	0.00%
Big A Trucking Co	N/A	0.00%	N/A	0.00%

Company	SEA BRIGHT			
	2017		2008	
	<u>Number of Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Number of Employees</u>	<u>Percentage of Total Municipal Employment</u>
Tommy's Tavern & Tap	100	0.00%	N/A	0.00%
Edgewater Beach Club	90	0.00%	N/A	0.00%
Driftwood Beach club	70	0.00%	N/A	0.00%
Sea Bright Beach Club	65	0.00%	N/A	0.00%
ship Ahoy Beach club	55	0.00%	N/A	0.00%
Surfrider Beach club	50	0.00%	N/A	0.00%
Woody's	50	0.00%	N/A	0.00%
Navesink Partners	50	0.00%	N/A	0.00%
Sands Beach Club	50	0.00%	N/A	0.00%
Chapel Beach Club	45	0.00%	N/A	0.00%

Source: Borough of Oceanport

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction										
Regular	61.00	61.00	56.00	46.00	46.00	46.00	47.00	50.00	50.00	44.20
Special education	2.00	2.00	2.00	38.0	38.0	37.00	38.00	34.00	32.00	35.30
Other instruction										
Support Services:										
Student & instruction related services	19.00	19.00	17.00	3.0	3.0	3.00	3.00	4.00	8.20	8.20
General administration	2.00	2.00	2.00	2.0	2.0	0.60	0.60	0.60	0.60	1.30
School administrative services	3.00	3.00	3.00	3.0	3.0	3.00	3.00	3.00	3.00	4.00
Other administrative services	-	-	-	-	-	-	0.25	0.25	0.25	0.25
Central services	6.00	6.00	6.00	5.0	5.0	5.00	4.00	4.00	4.00	1.60
Administrative Information Technology	1.00	1.00	1.00	1.0	1.0	1.00	1.00	1.00	1.00	1.00
Plant operations and maintenance	5.00	5.00	5.00	5.0	5.0	5.00	5.00	5.00	5.00	8.20
Other support services	5.00	5.00	5.00	2.0	2.0	2.00	1.00	1.00	1.00	2.50
Total	104.0	104.00	97.00	105.0	105.0	102.60	102.85	102.85	105.05	106.55

Source: District Records

OCEANPORT SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2008	715	9,472,328	13,248	4.40%	63	0	715	685	-0.70%	96.00%
2009	715	9,472,328	13,248	0.00%	63	0	715	685	0.00%	96.00%
2010	705	11,036,913	15,655	18.20%	58	0	705	670	0.00%	95.00%
2011	566	9,731,420	17,193	9.80%	84	9	566	538	0.00%	95.00%
2012	650	9,902,901	15,235	-11.40%	84	0	647	616	14.30%	95.00%
2013	637	10,242,476	16,079	5.25%	83	7.7	617.9	599.4	-4.50%	97.00%
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%
2017	610	11,192,274	18,348	16.46%	73	7:12	609.8	581.7	0.92%	95.39%

Source: School Register Summary, District Records

OCEANPORT SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
 UNAUDITED

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>District Building</u>										
<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	41,881
Capacity	465	465	465	465	465	465	465	465	465	465
Enrollment	382	382	382	278	278	355	317	339	338	341
<u>Middle School</u>										
Square Feet	57,079	57,079	57,079	57,079	57,079	57,079	57,079	57,079	57,079	58,327
Capacity	366	366	366	366	366	366	366	366	366	366
Enrollment	336	336	336	288	288	282	298	275	265	269

Source: District Records

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

<u>Fiscal Year Ended June 30,</u>	<u>Maple Place School</u>	<u>Wolf Hill Elementary</u>	<u>Total</u>
2008	None	None	-
2009	55,000	52,268	107,268
2010	53,153	52,268	105,421
2011	66,351	66,351	132,702
2012	63,536	69,166	132,702
2013	37,470	40,790	78,260
2014	27,710	31,165	58,875
2015	160,875	207,667	368,542
2016	83,319	40,759	124,078
2017	87,645	42,875	130,520

Source: District records

**OCEANPORT SCHOOL DISTRICT
Insurance Schedule
June 30, 2017
UNAUDITED**

Insurance Coverage is provided by Boynton & Boynton of NJ
Policy period runs from July 1, 2016 thru July 1, 2017

Commercial Property Coverage	
For Building and Business Personal Property	\$ 17,180,253
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, 2017, 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 7, 2017.

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

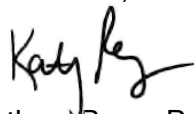
As part of obtaining reasonable assurance about whether the Oceanport School District financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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

Toms River, New Jersey
November 7, 2017

**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, 2017. 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.

BRICK OFFICE: 514 BRICK BOULEVARD · SUITE 3 · BRICK, NJ · 08723 · PHONE (732) 840-1600 · FAX (732) 840-8349

MANAHAWKIN OFFICE: 21 JENNINGS ROAD · MANAHAWKIN, NJ · 08050 · PHONE (609) 978-9500 · FAX (609) 978-9515

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, 2017.

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.

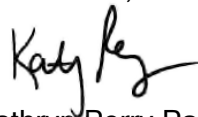
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

Toms River, New Jersey
November 7, 2017

OCEANPORT SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
for the Fiscal Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant Period	Program or Award Amount	Balance at June 30, 2016	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2017			
									Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S. Department of Education												
Passed-through State Department of Education												
National School Lunch Program	10.555	7/1/15-6/30/16	\$ 22,315	\$ (1,783)	\$ 1,783	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
National School Lunch Program	10.555	7/1/16-6/30/17	19,649		18,001	(19,649)			(1,648)	-	-	-
National School PB Lunch Program	10.555	7/1/15-6/30/16	1,480	(130)	130	-	-	-	-	-	-	-
National School PB Lunch Program	10.555	7/1/16-6/30/17	1,316		1,198	(1,316)			(118)	-	-	-
Food Distribution	10.550	7/1/16-6/30/17	6,133		6,133	(6,133)			-	-	-	-
Total U.S.Department of Agriculture				<u>(1,913)</u>	<u>27,245</u>	<u>(27,098)</u>	<u>-</u>	<u>-</u>	<u>(1,766)</u>	<u>-</u>	<u>-</u>	<u>-</u>
U.S. Department of Education												
Passed-through State Department of Education												
Special Revenue Fund:												
Title I	84.010A	7/1/15-6/30/16	98,185	(29,608)	85,281	-	(55,673)	-	-	-	-	-
Title I	84.010A	7/1/16-6/30/17	105,421	-	39,279	(50,330)	-	-	(11,051)	-	-	-
Title II, Part A	84.367A	7/1/15-6/30/16	11,292	(8,581)	8,581	-	-	-	-	-	-	-
Title II, Part A	84.367A	7/1/16-6/30/17	10,743	-	7,707	(7,872)	-	-	(165)	-	-	-
IDEA Basic	84.027	7/1/15-6/30/16	162,756	(162,756)	162,756	-	-	-	-	-	-	-
IDEA Basic	84.027	7/1/16-6/30/17	155,579	-	155,579	(155,579)	-	-	-	-	-	-
IDEA Preschool	84.027	7/1/15-6/30/16	5,677	(5,677)	5,677	-	-	-	-	-	-	-
IDEA Preschool	84.027	7/1/16-6/30/17	5,707	-	5,707	(5,707)	-	-	-	-	-	-
				<u>(206,622)</u>	<u>470,567</u>	<u>(219,488)</u>	<u>(55,673)</u>	<u>-</u>	<u>(11,216)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Special Revenue Fund				<u>\$ (208,535)</u>	<u>\$ 497,812</u>	<u>\$ (246,586)</u>	<u>\$ (55,673)</u>	<u>\$ -</u>	<u>\$ (12,982)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to schedules of expenditures.

OCEANPORT SCHOOL DISTRICT
Schedule of Expenditures of State Awards, Schedule B
for the Fiscal Year Ended June 30, 2017

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2016			Adjustments/Repayment of Prior Years' Balances	Balance at June 30, 2017			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	\$ (2,960)	\$ 2,960	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation Aid	17-495-034-5120-014	32,531	7/1/16	6/30/17	-	29,286	(32,531)	-	-	-	-	(3,245)	-	32,531
Special Education Aid	16-495-034-5120-012	350,285	7/1/15	6/30/16	(34,934)	-	34,934	-	-	-	-	-	-	-
Special Education Aid	17-495-034-5120-012	347,910	7/1/16	6/30/17	-	313,219	(347,910)	-	-	-	-	(34,691)	-	347,910
Extraordinary Aid	17-495-034-5120-044	7,999	7/1/16	6/30/17	-	-	(7,999)	-	(7,999)	-	-	-	-	7,999
Extraordinary Aid	16-495-034-5120-044	2,457	7/1/15	6/30/16	(2,457)	2,457	-	-	-	-	-	-	-	-
Security Aid	16-495-034-5120-084	19,085	7/1/15	6/30/16	(1,903)	1,903	-	-	-	-	-	-	-	-
Security Aid	17-495-034-5120-084	20,253	7/1/16	6/30/17	-	18,234	(20,253)	-	-	-	-	(2,019)	-	20,253
Adjustment Aid	16-495-034-5120-085	26,714	7/1/15	6/30/16	(2,664)	2,664	-	-	-	-	-	-	-	-
Adjustment Aid	17-495-034-5120-085	26,714	7/1/16	6/30/17	-	24,050	(26,714)	-	-	-	-	(2,664)	-	26,714
Additional Adjustment Aid	16-495-034-5120-085	2,126	7/1/15	6/30/16	(212)	212	-	-	-	-	-	-	-	-
Additional Adjustment Aid	17-495-034-5120-085	2,126	7/1/16	6/30/17	-	1,914	(2,126)	-	-	-	-	(212)	-	2,126
PARCC Readiness Aid	16-495-034-5120-098	5,860	7/1/15	6/30/16	(584)	584	-	-	-	-	-	-	-	-
PARCC Readiness Aid	17-495-034-5120-098	5,860	7/1/16	6/30/17	-	5,276	(5,860)	-	-	-	-	(584)	-	5,860
Per Pupil Growth Aid	16-495-034-5120-097	5,860	7/1/15	6/30/16	(584)	584	-	-	-	-	-	-	-	-
Per Pupil Growth Aid	17-495-034-5120-101	5,860	7/1/16	6/30/17	-	5,276	(5,860)	-	-	-	-	(584)	-	5,860
Prof Learning Comm. Aid	17-495-034-5120-098	5,490	7/1/16	6/30/17	-	4,943	(5,490)	-	-	-	-	(547)	-	5,490
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	323,134	7/1/16	6/30/17	-	307,358	(323,134)	-	(15,776)	-	-	-	-	323,134
On-Behalf TPAF Pension Contribution	17-100-034-5095-002	506,704	7/1/16	6/30/17	-	506,704	(506,704)	-	-	-	-	-	-	506,704
On-Behalf TPAF Post-Retirement Medical	17-100-034-5095-001	422,199	7/1/16	6/30/17	-	422,199	(422,199)	-	-	-	-	-	-	422,199
On-Behalf TPAF Long-Term Disability Insu	17-100-034-5095-004	642	7/1/16	6/30/17	-	642	(642)	-	-	-	-	-	-	642
Nonpublic Transportation Aid	17-495-034-5120-014	3,183	7/1/16	6/30/17	-	-	(3,183)	-	(3,183)	-	-	-	-	3,183
Nonpublic Transportation Aid	16-495-034-5120-014	4,730	7/1/15	6/30/16	(4,730)	4,730	-	-	-	-	-	-	-	-
Total General Fund					(51,028)	1,690,129	(1,710,605)	-	(26,958)	-	-	(44,546)	-	1,710,605
Debt Service Fund														
Debt service aid Type II	17-495-034-5120-017	59,077	7/1/16	6/30/17	-	59,077	(59,077)	-	-	-	-	-	-	59,077
Food Service Fund														
State School Lunch Program	16-100-010-3350-023	1,067	7/1/15	6/30/16	(93)	93	-	-	-	-	-	-	-	-
State School Lunch Program	17-100-010-3350-023	948	7/1/16	6/30/17	-	864	(948)	-	(84)	-	-	-	-	948
Total Food Service Fund					(93)	957	(948)	-	(84)	-	-	-	-	948
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					(92,024)	-	-	-	(92,024)	-	-	-	-	-
Total State Expenditures Subject to Single Audit Determination					(143,145)	1,750,163	(1,770,630)	-	(119,066)	-	-	(44,546)	-	1,770,630
State Expenditures Not Subject to Major Program Determination					-	929,545	(929,545)	-	-	-	-	-	-	-
Total Expenditures of State Awards Subject to Major Program Determination					\$ (143,145)	\$ 820,618	\$ (841,085)	\$ -	\$ (119,066)	\$ -	\$ -	\$ (44,546)	\$ -	\$ 1,770,630

See accompanying notes to schedules of expenditures.

Oceanport School District

Notes to Schedules of Awards and Financial Assistance

June 30, 2017

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 \$(507,409) 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, 2017

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	1,203,196	1,203,196
Special Revenue Fund	219,488	-	219,488
Debt Service Fund	-	59,077	59,077
Capital Projects Fund	-	-	-
Food Service Fund	<u>27,098</u>	<u>948</u>	<u>28,046</u>
Total awards and financial assistance	<u>\$ 246,586</u>	<u>1,263,221</u>	<u>\$ 1,509,807</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, 2017.

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, 2017

Section I - Summary of Auditor's Results
Financial Statement Section
N/A

Type of auditor's report issued:

Internal control over financial reporting:

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

Noncompliance material to general-purpose
financial statements noted? yes 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: N/A

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

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

June 30, 2017

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
495-034-5120-078	Equalization Aid
495-034-5120-084	Security Aid
495-034-5120-085	Adjustment Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-098	PARCC Readiness
495-034-5120-101	Professional Learning Community Aid

Oceanport School District
Schedule of Finding and Questioned Costs
June 30, 2017

Section II - Financial Statement Findings

No matters were reported for the period ended June 30, 2017.

Prior Year Audit Findings - N/A

Section III - State Award Findings and Questioned Costs

No matters were reported for the period ended June 30, 2017.

Oceanport School District
Summary Schedule of Prior Audit Findings
June 30, 2017

There were no prior year findings for the period ended June 30, 2016.