

Ocean Township School District

**Ocean Township School District
Oakhurst, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018**

**Comprehensive Annual
Financial Report
of the
Ocean Township School District
Oakhurst, New Jersey**

For the Fiscal Year Ended June 30, 2018

Prepared by

**Ocean Township Board of Education
Business Department**

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INTRODUCTORY SECTION



February 25, 2019

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

Dear Board Members:

The comprehensive annual financial report (CAFR) of the Township of Ocean School District (District) for the fiscal year ended June 30, 2018, is hereby submitted. This CAFR includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards (GASB), Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes Management's Discussion and Analysis, the Basic Financial Statements and notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information, as well as the auditor's report hereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis, as the information was available to us. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996, as amended, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08, *Single audit policy for recipients of Federal Grants, State Grants, and State Aid*. Information related to this single audit, including the auditor's report on the internal control and compliance with applicable laws, regulation, contracts and grants along with findings and questioned costs, is included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Township of Ocean School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds of the District are included in this report. The Township of Ocean Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2017-2018 fiscal year with an enrollment of 3,514 students, which is 70 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years.

**Note: Below enrollments do not include 'out of district' tuition students.*

ACTUAL STUDENT ENROLLMENT

Fiscal Year	Student Enrollment	Percent Change
2017-2018	3514	<1.95>%
2016-2017	3584	<1.94>%
2015-2016	3655	<2.53>%
2014-2015	3750	<1.73>%
2013-2014	3816	<0.93>%

PROJECTED STUDENT ENROLLMENT

Fiscal Year	Student Enrollment	Percent Change
2018-2019	3,530	<1.06>%
2019-2020	3,500	<0.85>%
2020-2021	3,500	<0.00>%

2) ECONOMIC CONDITION AND OUTLOOK: Housing in Ocean Township has been affected by the economy and the conversion of former year round residences to summer living and winter rentals which have contributed to student enrollment decreases. The real estate market continues to slowly rebound from the economic downturn.

3) MAJOR INITIATIVES: The Township of Ocean Schools strives to meet the educational needs of all students. The District has increased the instructional technology available to students by providing all students in grades kindergarten through twelve with Chromebook computers. With these devices, students conduct research, develop 21st century skills and take assessments. In addition, the District is in the beginning stages of major programmatic advances in the areas of 1) visual and performing arts with the implementation of the Spartan School of Visual and Performing Arts Academy, 2) science, technology, engineering and math (STEM) education, 3) career and technical education, and 4) elementary literacy. Major facility upgrades have been completed to address growth in these areas. As always, we encourage our students and staff to be innovative and creative. We foster a climate of discovery. We are proud of our diversity and the rich culture of our schools.

4) FACILITIES: The Township of Ocean School District operates 6 buildings as follows:

Building	Address	Year Built	Approximate Square Footage
Ocean Twp. High School	550 West Avenue	1964	224,295
Twp. of Ocean Intermediate School	1200 West Park Ave	1974	231,031
Wayside Elementary School	733 Bowne Road	1969	96,987
Ocean Twp. Elementary School	555 Dow Avenue	1957	77,797
Wanamassa Elementary School	901 Bendermere Ave	1930	80,529
Administration Office Bldg.	163 Monmouth Road	1900	46,850

On December 9, 2014, the Township of Ocean and Village of Loch Arbour residents approved a \$28.9 million dollar school construction referendum. Renovations and additions have occurred at each of the district's five schools. Construction began in the summer of 2015 and was completed in Spring of 2018.

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

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the BOE and/or voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balances at June 30, 2018.

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

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

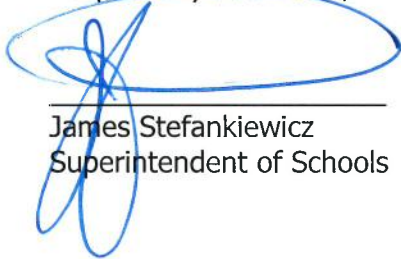
8) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found in Exhibit J-20.

9) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of Smolin, Lupin & Co., P.A. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Uniform Guidance and New Jersey OMB's Circular 15-08. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

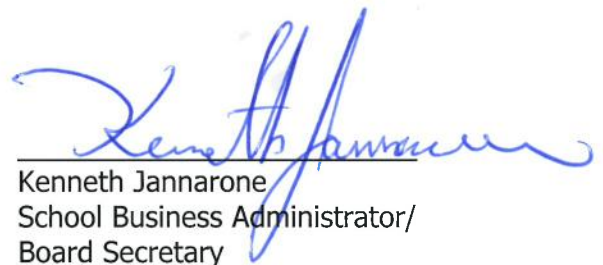
10) ACKNOWLEDGEMENTS:

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

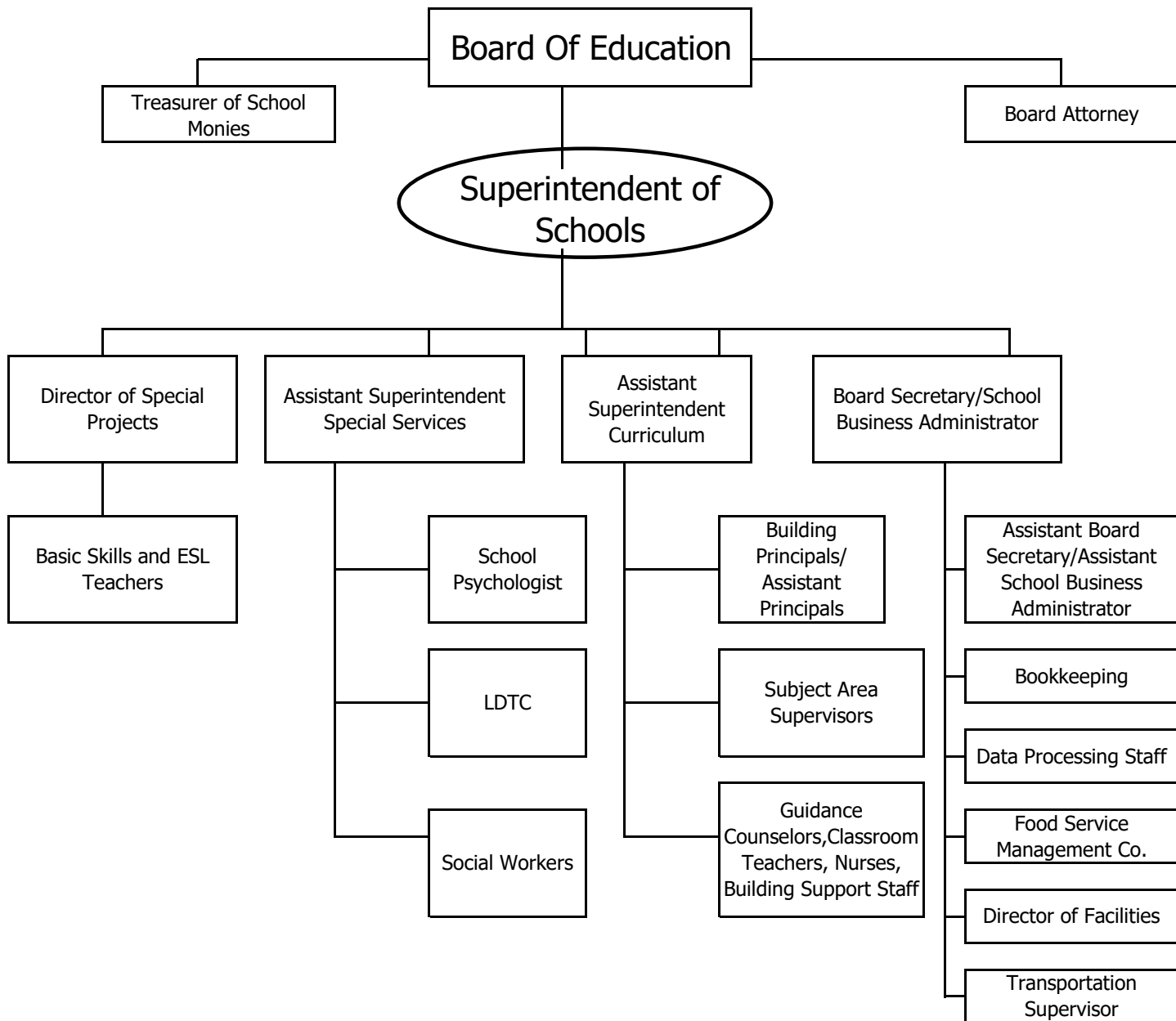
Respectfully submitted,



James Stefankiewicz
Superintendent of Schools



Kenneth Jannarone
School Business Administrator/
Board Secretary



OCEAN TOWNSHIP BOARD OF EDUCATION

BOARD MEMBERS 2018

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Michael Palutis, President	2018
Denise Parlamas, Vice President	2018
Steven Clayton	2018
Amy McGovern	2019
Janice Fuller	2019
Vacancy	2019
James Dietrich	2020
Joseph Hadden	2020
David Marshall	2020

Emily Dorony - Student Representative

Jessica Weinstein - Student Representative

Other Officials

James Stefankiewicz, Superintendent of Schools

Kenneth Jannarone, Board Secretary/School Business Administrator

George Stone, Assistant School Business Administrator

Meredith Leming-Nelson, Treasurer

OCEAN TOWNSHIP SCHOOL DISTRICT
Consultants, Independent Auditor and Advisors
June 30, 2018

Board Attorney

Cleary, Giacobbe, Alfieri, Jacobs, LLC
5 Ravine Drive
Matawan, NJ 07747

Kenney, Gross, Kovats and Parton
130 Maple Avenue
Red Bank, NJ 07701

Board Auditor

Smolin, Lupin & Co., P.A.
331 Newman Springs Road
Suite 145
Red Bank, NJ 07701

Official Depository

Santander Bank
57 Monmouth Road
Oakhurst, NJ 07755

FINANCIAL SECTION

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ocean Township School District (the "District"), in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ocean Township School District, in the County of Monmouth, State of New Jersey, as of June 30, 2018, 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.

Emphasis of Matters

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2018, Ocean Township School District adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinions are not modified with respect to this matter.

Restatement

As described in Note 19 to the financial statements, the financial statements for June 30, 2017 and 2016 have been restated to reflect an updated inventory of the District's capital assets as provided by an independent consultant.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ocean Township School District's basic financial statements. The introductory section, combining and individual fund financial statements, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and schedule of expenditures of state financial assistance as required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance 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 and individual fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section 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 February 25, 2019 on our consideration of the Ocean Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Ocean Township School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ocean Township School District's internal control over financial reporting and compliance.

Smolin, Lupin & Co., P.A.

SMOLIN, LUPIN & CO., P.A.
Certified Public Accountants

Laura DiTommaso

Laura DiTommaso
Public School Accountant
License #20CS-00164

Red Bank, New Jersey
February 25, 2019

REQUIRED SUPPLEMENTARY INFORMATION - PART I

**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED**

The management's discussion and analysis of the Township of Ocean School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic annual financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- In total, net position decreased \$404,056, which represents a 4.62 percent decrease from 2017.
- General revenues accounted for \$73,694,710 in revenue or 73 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 \$27,860,463 or 27 percent of total revenues of \$101,555,175.
- Total assets of governmental activities decreased by \$1,525,160 as cash and cash equivalents decreased by \$7,507,485, receivables increased by \$1,891,895, and net capital assets increased by \$4,090,430.
- The School District had \$101,991,946 in expenses; only \$27,860,465 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$73,694,710 were adequate to provide for these programs.
- Among major funds, the General Fund had \$81,980,954 in revenues and \$82,073,369 in expenditures. The General Fund's balance decreased \$74,329 from 2017.
- Budgetary Fund Balance for the General Fund as of the fiscal year end was \$5,273,251. The undesignated portion of surplus was \$3,494,853. Based on our calculation of excess surplus, the maximum of undesignated fund balance (2%) is \$1,704,790. The excess \$1,790,063 must be utilized for tax relief in the succeeding year budget.
- The revenues for operating grants and contributions were recorded as an offset to expenses in this current year rather than as a general revenue on Schedule A-2.
- Effective July 1, 2017, the Township of Ocean School District adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. While there was no effect on net position as of June 30, 2018 and 2017 as a result of this adoption, state source revenue and expenses for the year ended June 30, 2018, include an additional \$6,997,480 in On-Behalf Postemployment Benefits Contributions.

**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED**

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2018?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the School District reports two types of activities:

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

Business-Type activities - This service is provided on a charge for goods or services basis to recover the expense of the goods or services provided. The Food Service fund is reported as a business activity.

**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED**

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 24. Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

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

Proprietary Funds

Proprietary funds include enterprise funds and fiduciary funds. The enterprise fund uses the same basis of accounting as business-type activities. Our school district uses the enterprise fund to report the Board's cafeteria operations. Fiduciary funds are used to account for assets held by the district on behalf of others and include the Student Activities Fund, Payroll and Agency Funds, and the Unemployment Trust Fund.

Long-Term Debt

A separate section is used to account for all Long-Term Debt including detail of serial bonds payable and Obligations under Capital Leases.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 32-64 of this report.

**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED**

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the School District's net position for 2018 and 2017.

**Table 1
Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2018</u>	<u>2017</u> (restated)	<u>2018</u>	<u>2017</u>
Assets				
Current and Other Assets	\$ 7,844,365	\$ 13,459,955	\$ 325,968	\$ 147,640
Capital Assets	<u>46,024,330</u>	<u>41,933,903</u>	<u>23,259</u>	<u>30,906</u>
Total Assets	<u>53,868,695</u>	<u>55,393,858</u>	<u>349,227</u>	<u>178,456</u>
Deferred Outflows	<u>7,364,131</u>	<u>9,700,846</u>	-	-
Liabilities				
Long-Term Liabilities	34,518,002	37,430,283	-	-
Current Portion of Long-Term Debt	3,067,516	2,994,186	-	-
Other Liabilities	<u>28,252,668</u>	<u>33,762,712</u>	<u>194,474</u>	<u>55,217</u>
Total Liabilities	<u>65,838,186</u>	<u>74,187,181</u>	<u>194,474</u>	<u>55,217</u>
Deferred Inflows	<u>5,284,595</u>	<u>360,706</u>	<u>570</u>	<u>1,862</u>
Net Assets				
Invested in Capital Assets, Net of Debt	10,878,904	3,982,607	23,259	30,906
Restricted	5,532,025	10,800,884	-	-
Unrestricted	<u>(26,300,884)</u>	<u>(24,236,674)</u>	<u>130,924</u>	<u>90,561</u>
Total Net Position	<u>\$ (9,889,955)</u>	<u>\$ (9,453,183)</u>	<u>\$ 154,183</u>	<u>\$ 121,467</u>

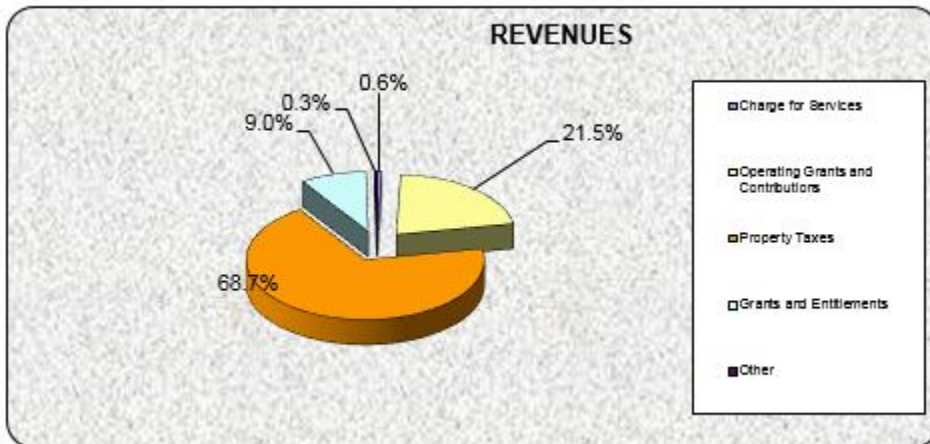
The District's combined net position of (\$ 9,735,772) on June 30, 2018 results in a decrease of 4.62 percent from the prior year.

**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED**

Table 2 shows the changes in net position for fiscal year 2018 and 2017.

**Table 2
Change in Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2018</u>	<u>2017</u> (restated)	<u>2018</u>	<u>2017</u>
Revenues				
Program Revenues:				
Charge for Services	\$ 546,926	\$ 456,874	\$ 582,923	\$ 543,772
Operating Grants and Contributions	27,313,539	20,846,204	582,093	576,504
General Revenues:				
Property Taxes	64,926,944	64,927,606	-	-
Grants and Entitlements	8,494,157	8,416,244	-	-
Other	273,609	142,441	-	-
Total Revenues	<u>\$101,555,175</u>	<u>\$ 94,789,369</u>	<u>\$ 1,165,016</u>	<u>\$ 1,120,276</u>
Program Expenses				
Instruction	\$ 64,063,569	\$ 58,522,062	\$ -	\$ -
Support Services:				
Pupils and Instructional Staff	17,548,856	16,980,985	-	-
General and School Administration	7,120,678	6,878,307	-	-
Business Operations and Maintenance of Facilities	7,639,931	7,510,703	-	-
Pupil Transportation	4,418,551	4,076,488	-	-
Interest on Debt	918,227	939,956	-	-
Food Service	-	-	1,132,300	1,089,540
Other	282,134	223,586	-	-
Total Expenses	<u>101,991,946</u>	<u>95,132,087</u>	<u>1,132,300</u>	<u>1,089,540</u>
Increase (decrease) in Net Position	(436,772)	(342,718)	32,716	30,736
Net Position - beginning (restated)	(9,453,183)	4,426,932	121,467	90,731
Effect of Restatement	-	(13,537,397)	-	-
Net Position - ending	<u>\$ (9,889,955)</u>	<u>\$ (9,453,183)</u>	<u>\$ 154,183</u>	<u>\$ 121,467</u>



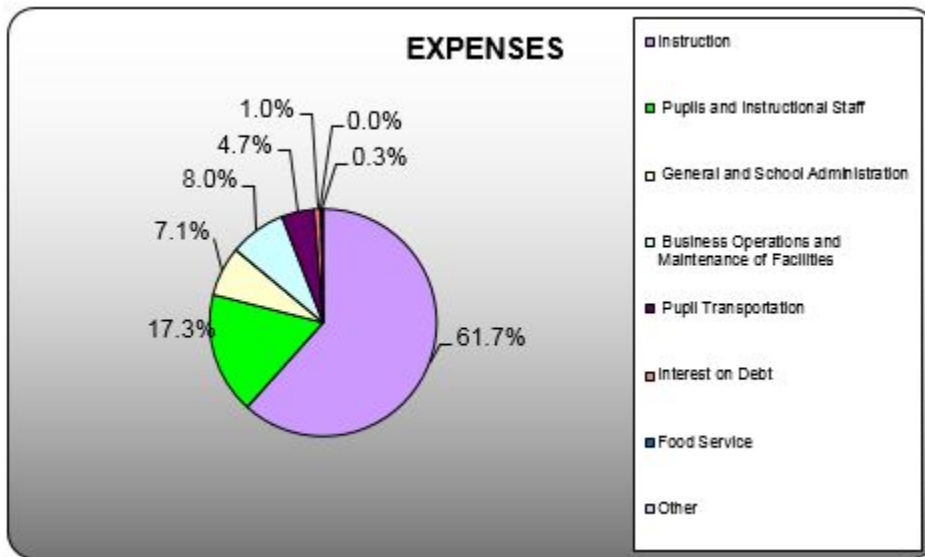
**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED**

Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the School District operations. Property taxes made up 69 percent of revenues for governmental activities for the Township of Ocean School District for fiscal year 2018 and 64 percent for fiscal year 2017. Property tax revenues decreased by \$662, which is a 0.0 percent change over the prior year. The decrease was not needed to fund the additional expenditures associated with higher operating costs and a decrease in state aid.

Federal and state grants accounted for another 21 percent of revenues.

Total expenses for the fiscal year were \$101,991,946.



Program expenses includes instruction which comprises 62 percent of total expenses.

Support services comprises 38 percent of total expenses.

Business-Type Activities are not shown above. Revenues for the Food Service Fund totaled \$1,165,016, which were comprised of charges for services in the amount of \$582,923 and federal and state reimbursements in the amount of \$582,093. Total operating expenses totaled \$1,132,300.

**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
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The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	<u>Total Cost of Services 2018</u>	<u>Net Cost of Services 2018</u>	<u>Total Cost of Services 2017</u>	<u>Net Cost of Services 2017</u>
Instruction	\$ 64,063,569	\$ 44,027,593	\$ 58,522,062	\$ 43,405,731
Support Services:				
Pupils and Instructional Staff	17,548,856	13,242,103	16,980,985	13,821,571
General and School Administration, and Business Services	7,120,678	5,289,638	6,878,307	5,412,935
Operation and Maintenance of Facilities	7,639,931	6,692,734	7,510,703	6,543,266
Pupil Transportation	4,418,551	3,912,148	4,076,488	3,620,053
Interest and Fiscal Charges	918,227	918,227	939,956	939,956
Other	<u>282,134</u>	<u>49,039</u>	<u>223,586</u>	<u>85,495</u>
Total Expenses	<u>\$101,991,946</u>	<u>\$ 74,131,482</u>	<u>\$ 95,132,087</u>	<u>\$ 73,829,007</u>

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

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

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, as well as to and from school activities, 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 School District.

Other includes special schools.

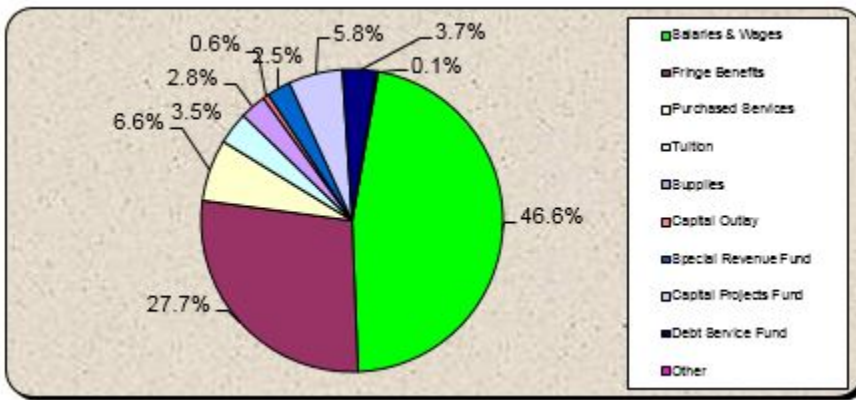
The dependence upon tax revenues is apparent. Over 99 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 99.9 percent. The community, as a whole, is the primary support for the Township of Ocean School District.

**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED**

The School District's Funds

Information about the School District's governmental funds starts on page 24. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$87,772,999 and expenditures of \$93,249,923. As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

As the graph and table below illustrates, the largest portion of General fund expenditures is for salaries. The district is a service entity and such is labor intensive.



**Table 4
Expenditures by Object for the Fiscal Year Ended June 30,**

	<u>2018</u>	<u>2017</u>	<u>% Change</u>
Salaries & Wages	\$ 43,461,646	\$ 42,455,334	2.37%
Fringe Benefits	25,872,166	23,449,484	10.36%
Purchased Services	6,178,044	6,202,220	-0.39%
Tuition	3,219,012	3,982,828	-19.18%
Supplies	2,617,763	2,290,549	-14.29%
Capital Outlay	591,050	557,312	-6.05%
Special Revenue Fund	2,373,378	2,421,208	-1.90%
Capital Projects Fund	5,394,988	14,103,014	-61.67%
Debt Service Fund	3,408,188	3,668,949	-7.11%
Other	<u>133,688</u>	<u>138,776</u>	-3.67%
Total	<u>\$93,249,923</u>	<u>\$99,269,674</u>	-6.05%

Expenditures are down \$6,084,096 or 6.12 percent from the prior year mostly due to decreases in Capital Projects.

General Fund Budgeting Highlights

The School District'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.

**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
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During the course of the fiscal 2018 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Revisions in the budget were made to recognize revenues and expenditures that were not anticipated and to prevent over expenditures in specific expense accounts. Significant revisions are noted below.

Salaries overall increased due to additional staff and wage increases that are based on the negotiated contracts.

There was an ongoing Construction Referendum Capital Projects (Fund 30) in the prior fiscal years for \$28,944,000. The projects are 99% complete at June 30, 2018.

Fringe benefits increased due to premium increases for Health Insurance.

Additional funds were transferred into Special Education salaries for instruction and supplies as the special education student population increases.

Additional funds were transferred into unused sick and vacation leave accounts due to a large number of retirements.

The most significant impact on the financial statements overall (GAAP) is the asset revaluation which reduced our overall assets by a large margin and resulted in a restatement of prior years' balances.

**Table 5
Capital Assets (Net Depreciation) at June 30,**

	<u>2018</u>	<u>2017</u> (restated)
Land and Construction in Progress	\$ 984,971	\$24,408,771
Site Improvements	2,115,082	2,269,149
Buildings and Improvements	37,320,977	9,683,732
Machinery and Equipment	<u>5,603,300</u>	<u>1,252,070</u>
Totals	<u>\$46,024,330</u>	<u>\$41,993,903</u>

Capital Assets

At the end of the fiscal year 2018, the School District had \$46,024,330 invested in land, buildings, furniture and equipment, and vehicles. Table 5 shows fiscal 2017 balances compared to 2018.

Capital assets increased \$4,030,403 from fiscal year 2017 to fiscal year 2018. The increase in capital assets is due to the completion of construction in progress. For more detailed information, please refer to the Notes to Financial Statements.

**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED**

Debt Administration

At June 30, 2018, the School District had \$37,915,446 as outstanding debt. Of this amount, \$2,440,092 is for compensated absences, \$2,675,425 is for capital leases payable, \$329,928 for accrued interest payable, and the \$32,470,000 is for bonds for school construction.

At June 30, 2018, the School District's overall legal debt margin was over \$130 million. For more detailed information, please refer to the Notes to Financial Statements.

For the Future

The Township of Ocean School District is in very good financial condition presently. There are no major concerns other than budgeting limits with S1701 and the increased reliance on local property taxes. However, future finances are not without challenges as the community continues to grow and state funding is decreased.

The Township of Ocean School District's budget for 2018-2019 was below the 2% cap on the tax Levy. Therefore, there was no election or vote for the budget in April 2018 as the district optioned to move the election of the board to November.

The Township of Ocean is primarily a residential community, with very few ratables; thus the burden is focused on homeowners to foot the tax burden.

The labor agreement for teachers, administrators, and several other employee groups has been negotiated through June 30, 2018. When renegotiated, each year of the new contract will have an impact on the District's future operating budgets.

The District routinely monitors the rules and regulations of the No Child Left Behind federal legislation to assess and ensure financial compliance.

The District had completed major capital improvement projects in 2018, and the ongoing Construction Referendum project for all school buildings for \$28,944,000 has essentially been completed. It is one of the District's goals and a budget priority to continue to upgrade and maintain the school facilities.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Kenneth Jannarone, School Business Administrator/Board Secretary at the Township of Ocean Board of Education, 163 Monmouth Road, Oakhurst, NJ 07755 or email kjannarone@oceanschools.org

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 4,340,945	\$ 181,879	\$ 4,522,824
Receivables, net	2,213,379	136,934	2,350,313
Inventory	-	7,155	7,155
Restricted assets:			
Cash and cash equivalents	332,438	-	332,438
Capital reserve account - cash	530,246	-	530,246
Intergovernmental receivable	427,357	-	427,357
Capital assets, net	46,024,330	23,259	46,047,589
Total assets	<u>53,868,695</u>	<u>349,227</u>	<u>54,217,922</u>
Deferred outflows:			
Deferred outflows related to pensions	7,364,131	-	7,364,131
Total deferred outflows	<u>7,364,131</u>	<u>-</u>	<u>7,364,131</u>
LIABILITIES			
Accounts payable	3,037,407	194,474	3,231,881
Contracts payable	204,466	-	204,466
Accrued interest	329,928	-	329,928
Payable to state government	43,674	-	43,674
Noncurrent liabilities:			
Due within one year	3,067,516	-	3,067,516
Due beyond one year	34,518,002	-	34,518,002
State pension liability	24,637,193	-	24,637,193
Total liabilities	<u>65,838,186</u>	<u>194,474</u>	<u>66,032,660</u>
Deferred inflows:			
Deferred commodities revenue	-	570	570
Deferred inflows related to pensions	5,057,257	-	5,057,257
Unamortized bond issuance premium	227,338	-	227,338
Total deferred inflows	<u>5,284,595</u>	<u>570</u>	<u>5,285,165</u>
NET POSITION			
Invested in capital assets, net of related debt	10,878,904	23,259	10,902,163
Restricted for:			
Other purposes	5,532,025	-	5,532,025
Unrestricted	(26,300,884)	130,924	(26,169,960)
Total net position	<u>\$ (9,889,955)</u>	<u>\$ 154,183</u>	<u>\$ (9,735,772)</u>

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

OCEAN TOWNSHIP SCHOOL DISTRICT
 Statement of Activities
 For the Fiscal Year Ended June 30, 2018

Functions/Programs	Program		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Revenues Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction:						
Regular	\$ 45,781,920	\$ -	\$ 14,399,393	\$ (31,382,527)	\$ -	\$ (31,382,527)
Special education	13,834,752	-	4,400,085	(9,434,667)	-	(9,434,667)
Other special instruction	2,621,320	-	878,007	(1,743,313)	-	(1,743,313)
Other instruction	1,825,577	-	282,303	(1,543,274)	-	(1,543,274)
Support services:						
Instruction	3,480,737	-	-	(3,480,737)	-	(3,480,737)
Student and instruction-related services	14,068,119	-	4,302,554	(9,765,565)	-	(9,765,565)
School administrative services	2,917,325	-	1,153,946	(1,763,379)	-	(1,763,379)
General administrative services	2,036,664	-	230,898	(1,805,766)	-	(1,805,766)
Central services and administrative information technology	2,166,689	-	462,596	(1,704,093)	-	(1,704,093)
Plant operations and maintenance	7,639,931	272,332	712,753	(6,654,846)	-	(6,654,846)
Pupil transportation	4,418,551	41,499	491,004	(3,886,048)	-	(3,886,048)
Special schools	239,036	233,095	-	(5,941)	-	(5,941)
Charter school	43,098	-	-	(43,098)	-	(43,098)
Interest on long-term debt	918,227	-	-	(918,227)	-	(918,227)
Total governmental activities	101,991,946	546,926	27,313,539	(74,131,481)	-	(74,131,481)
Business-type activities:						
Food service	1,132,300	582,923	582,093	-	32,716	32,716
Total business-type activities	1,132,300	582,923	582,093	-	32,716	32,716
Total primary government	\$ 103,124,246	\$ 1,129,849	\$ 27,895,632	(74,131,481)	32,716	(74,098,765)

General revenues:

Property Taxes Levied for:					
General purposes			62,765,948		62,765,948
Debt Service			2,160,996		2,160,996
Federal and State aid not restricted			8,494,157		8,494,157
Investment Earnings			95,283		95,283
Miscellaneous Income			178,326		178,326
Total general revenues, special items, extraordinary items and transfers			73,694,710		73,694,710
Change in Net Position			(436,771)	32,716	(404,055)
Net Position-beginning (restated)			(9,453,184)	121,467	(9,331,717)
Net Position-ending			\$ (9,889,955)	\$ 154,183	\$ (9,735,772)

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

OCEAN TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 3,508,165	\$ -	\$ -	\$ -	\$ 3,508,165
Receivables, net	11,775	-	-	-	11,775
Due from other funds	249,452	-	-	-	249,452
Receivables from other governments	2,141,146	427,357	-	60,458	2,628,961
Restricted cash and cash equivalents	530,246	-	332,438	-	862,684
Total assets	<u>\$ 6,440,784</u>	<u>\$ 427,357</u>	<u>\$ 332,438</u>	<u>\$ 60,458</u>	<u>\$ 7,261,037</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 963,067	\$ 183,604	\$ 21,572	\$ -	\$ 1,168,243
Contracts payable	204,466	-	-	-	204,466
Interfund payable	-	200,079	10,478	38,895	249,452
Payable to state government	-	43,674	-	-	43,674
Total liabilities	<u>1,167,533</u>	<u>427,357</u>	<u>32,050</u>	<u>38,895</u>	<u>1,665,835</u>
Fund balances:					
Restricted for:					
Excess surplus - current year	1,790,063	-	-	-	1,790,063
Excess surplus - prior year - designated for subsequent year's expenditures	2,100,362	-	-	-	2,100,362
Capital reserve	530,246	-	-	-	530,246
Capital projects	-	-	53,915	-	53,915
Assigned to:					
Designated by the BOE for subsequent year's expenditures	789,403	-	-	21,563	810,966
Capital projects	-	-	246,473	-	246,473
Unassigned:					
General Fund	63,177	-	-	-	63,177
Debt Service Fund	-	-	-	-	-
Total fund balances	<u>5,273,251</u>	<u>-</u>	<u>300,388</u>	<u>21,563</u>	<u>5,595,202</u>
Total liabilities and fund balances	<u>\$ 6,440,784</u>	<u>\$ 427,357</u>	<u>\$ 332,438</u>	<u>\$ 60,458</u>	

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

The premiums and discounts associated with the issuance of the various bonds are reflected as income in the year the bonds are issued but are capitalized on the statement of net position. The bond premium is \$692,118 and accumulated amortization is \$464,780.

(227,338)

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$81,402,183 and the accumulated depreciation is \$35,377,853.

46,024,330

Deferred pension costs in governmental activities are not financial resources and, therefore, not reported in the funds.

2,306,874

Accounts payable related to the April 1, 2019 required PERS pension contribution that is not liquidated with current financial resources

(1,036,384)

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

(37,915,446)

Net Pension Liability - PERS - June 30, 2018 is not reported as a liability in the funds.

(24,637,193)

\$ (9,889,955)

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local sources:					
Local tax levy	\$ 62,765,948	\$ -	\$ -	\$ 2,160,996	\$ 64,926,944
Tuition charges	233,095	-	-	-	233,095
Transportation fees	41,499	-	-	-	41,499
Rental fees	272,332	-	-	-	272,332
Interest earned on investments	84,805	-	10,478	-	95,283
Miscellaneous	170,718	-	-	-	170,718
Total - local sources	63,568,397	-	10,478	2,160,996	65,739,871
State sources	18,304,984	641,763	-	1,247,193	20,193,940
Federal sources	107,573	1,731,615	-	-	1,839,188
Total revenues	81,980,954	2,373,378	10,478	3,408,189	87,772,999
EXPENDITURES					
Current:					
Regular instruction	20,951,991	2,047,249	-	-	22,999,240
Special education instruction	6,837,150	-	-	-	6,837,150
Other special instruction	1,231,576	-	-	-	1,231,576
School-sponsored activities	1,350,530	-	-	-	1,350,530
Support services and undistributed costs:					
Instruction	3,175,913	304,824	-	-	3,480,737
Student and instruction-related services	7,221,656	-	-	-	7,221,656
General administrative services	1,075,568	-	-	-	1,075,568
School administrative services	2,066,397	-	-	-	2,066,397
Central services and Administrative Technology	1,407,589	-	-	-	1,407,589
Plant operations and maintenance	6,426,803	-	-	-	6,426,803
Pupil transportation	3,582,846	-	-	-	3,582,846
Employee benefits	25,872,166	-	-	-	25,872,166
Special schools	239,036	-	-	-	239,036
Transfer to charter school	43,098	-	-	-	43,098
Debt service:					
Principal	-	-	-	2,400,000	2,400,000
Interest and other charges	-	-	-	1,008,188	1,008,188
Capital outlay	591,050	21,305	5,394,988	-	6,007,343
Total expenditures	82,073,369	2,373,378	5,394,988	3,408,188	93,249,923
Excess (Deficiency) of revenues over expenditures	(92,415)	-	(5,384,510)	1	(5,476,924)
OTHER FINANCING SOURCES (USES)					
Transfers in	10,478	-	-	-	10,478
Transfers out	-	-	(10,478)	-	(10,478)
Proceeds from Sale of Assets	7,608	-	-	-	7,608
Capital leases (non-budgeted)	-	-	-	-	-
Total other financing sources (uses)	18,086	-	(10,478)	-	7,608
Net change in fund balances	(74,329)	-	(5,394,988)	1	(5,469,316)
Fund balance - beginning	5,347,580	-	5,695,376	21,562	11,064,518
Fund balance - ending	<u>\$ 5,273,251</u>	<u>\$ -</u>	<u>\$ 300,388</u>	<u>\$ 21,563</u>	<u>\$ 5,595,202</u>

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

OCEAN TOWNSHIP 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, 2018

Total net change in fund balances - governmental funds (from B-2) \$ (5,469,316)

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

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

Depreciation expense	\$ (1,916,916)	
Capital outlays	<u>6,007,343</u>	4,090,427

Repayment of long-term debt, i.e. 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.

2,400,000

Repayment of capital lease 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.

405,870

Bond premium is amortized over the lives of the bonds in the Statement of Activities but are recorded as an addition from the proceeds from sales of bonds in the government funds.

60,623

Interest on long-term debt in the Statement of Activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The decrease in accrued interest is an addition in the reconciliation.

29,339

Pension expense for PERS is reported in the Statement of Activities. However, does not require the use of current financial resources and therefore, is not reported as expenditures in the governmental funds.

(1,986,796)

In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition in the reconciliation.

33,082

Change in net position of governmental activities

\$ (436,771)

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Fund Net Position
Proprietary Funds
June 30, 2018

	Business-type Activities Enterprise Funds	Internal Service Funds Self- Insurance Activities
	Food Service Fund	Insurance Activities
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 181,879	\$ 832,780
Other receivables	136,934	-
Inventories	7,155	-
Total current assets	<u>325,968</u>	<u>832,780</u>
Capital assets:		
Furniture, machinery and equipment	497,070	-
Less: accumulated depreciation	<u>(473,811)</u>	<u>-</u>
Total capital assets	<u>23,259</u>	<u>-</u>
Total assets	<u>349,227</u>	<u>832,780</u>
LIABILITIES		
Current liabilities:		
Accounts payable	194,474	832,780
Unearned revenue	<u>-</u>	<u>-</u>
Total current liabilities	<u>194,474</u>	<u>832,780</u>
Deferred inflows	<u>570</u>	<u>-</u>
NET POSITION		
Invested in capital assets	23,259	-
Unrestricted	<u>130,924</u>	<u>-</u>
Total net position	<u>\$ 154,183</u>	<u>\$ -</u>

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2018

	Business-type Activities Enterprise Funds	Internal Service Funds
	Food Service Fund	Self- Insurance Activities
Operating Revenues		
Charges for services:		
Daily sales - reimbursable program	\$ 268,727	\$ -
Daily sales - non-reimbursable program	275,020	-
Special functions	39,176	-
Services provided to other funds	-	3,085,500
Total operating revenues	<u>582,923</u>	<u>3,085,500</u>
Operating Expenses		
Cost of sales-reimbursable programs	444,986	-
Cost of sales-non-reimbursable programs	132,918	-
Salaries	386,129	-
Employee benefits	99,641	-
Management fee	46,350	-
Insurance	14,628	-
Depreciation	7,648	-
Total operating expenses	<u>1,132,300</u>	<u>-</u>
Operating Income (Loss)	<u>(549,377)</u>	<u>3,085,500</u>
Non-operating Revenues		
State sources:		
School lunch program	10,268	-
Federal sources:		
National school lunch program	392,985	-
Breakfast program	87,159	-
Food distribution program	91,681	-
Total non-operating revenues	<u>582,093</u>	<u>-</u>
Change in Net Position before transfers	32,716	3,085,500
Total Net Position - Beginning	<u>121,467</u>	<u>-</u>
Total Net Position - Ending	<u>\$ 154,183</u>	<u>\$ -</u>

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2018

	Business-type Activities Enterprise Funds	Internal Service Funds
	Food Service Fund	Self- Insurance Activities
Cash Flows from Operating Activities		
Receipts from customers and other funds	\$ 568,487	\$ 3,085,500
Payments to employees	(386,129)	-
Payments for employee benefits	(99,641)	(2,862,324)
Payments to suppliers	(500,247)	-
Net cash provided by (used for) operating activities	(417,530)	223,176
Cash Flows from Non-capital Financing Activities		
State sources	9,919	-
Federal sources	563,287	-
Net cash provided by non-capital financing activities	573,206	-
Net Increase (Decrease) in Cash and Cash Equivalents	155,676	223,176
Balance - Beginning of Year	26,203	609,604
Balance - End of Year	\$ 181,879	\$ 832,780
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:		
Operating loss	\$ (549,377)	\$ -
Adjustments to reconcile operating income (loss) to net cash used for operating activities		
Depreciation	7,648	-
(Increase) decrease in accounts receivable, net	(14,436)	-
(Increase) decrease in inventories	670	-
Increase (decrease) in accounts payable	139,257	223,176
Increase (decrease) in deferred revenue	(1,292)	-
Total adjustments	131,847	223,176
Net Cash Provided by (Used for) Operating Activities	\$ (417,530)	\$ 223,176

Noncash noncapital financing activities:

The Board of Education received \$91,681 of food commodities from the US Department of Agriculture for the year ended June 30, 2018.

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and cash equivalents	\$ 474,077	\$ 35,582	\$ 2,248,857
Total Assets	<u>474,077</u>	<u>35,582</u>	<u>\$ 2,248,857</u>
LIABILITIES			
Payroll deductions and withholdings	15,529	-	\$ 1,928,478
Due to student groups	-	-	320,379
Total Liabilities	<u>15,529</u>	<u>-</u>	<u>\$ 2,248,857</u>
NET POSITION			
Held in trust for unemployment claims and other purposes	<u>\$ 458,548</u>		
Reserved for scholarships		<u>\$ 35,582</u>	

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2018

	Unemployment Compensation Trust	Private Purpose Scholarship Fund
ADDITIONS		
Contributions:		
Plan member	\$ 122,706	\$ -
Scholarship donations	-	19,648
Total Contributions	<u>122,706</u>	<u>19,648</u>
Investment Earnings:		
Interest	<u>5,560</u>	-
Net Investment Earnings	<u>5,560</u>	-
Total Additions	<u>128,266</u>	<u>19,648</u>
DEDUCTIONS		
Quarterly contribution reports & assessment	35,680	-
Unemployment claims	84,732	-
Scholarships awarded	-	5,600
Total Deductions	<u>120,412</u>	<u>5,600</u>
Change in Net Position	7,854	14,048
Net Position - Beginning of Year	<u>450,694</u>	<u>21,534</u>
Net Position - End of Year	<u>\$ 458,548</u>	<u>\$ 35,582</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of the Ocean Township School District (District) have been prepared in conformity with 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 District also applies Financial Accounting Standards Board (FASB) Statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The District's Proprietary Funds have elected not to apply the standards issued by FASB after November 30, 1989. The more significant of the Board's accounting policies are described below.

A. Reporting Entity

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. The operations of the District include the elementary schools, intermediate school and high school located in Ocean Township, New Jersey. The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The District, as the primary government for financial reporting entity purposes, has oversight responsibility and control over all activities related to the Township of Ocean Board of Education in Ocean Township, New Jersey. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding entities.

The District has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

B. District-Wide and Fund Financial Statements

The District-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, service, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. District-Wide and Fund Financial Statements (continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

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

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

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

Property taxes, interest and state equalization monies associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year.

The District has reported the following major government funds:

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

Special Revenue Fund: The District maintains one special revenue fund, primarily consisting of government grants, for which the proceeds of specific revenue sources (other than fiduciary funds or major capital projects) are legally restricted to expenditures for specified purposes.

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

Debt Service Fund: The debt service fund accounts for the resources accumulated and payment made for principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary fund:

Enterprise (Food Service) Fund: The enterprise fund accounts for all revenues and expenses pertaining to cafeteria operations. This fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods and services to the students or other entities on a continuing basis are financed or recovered primarily through user charges.

Internal Service Fund: The internal service fund may be used to report any activity that provides goods or services to other funds, departments or agencies of the primary entity on a cost-reimbursement basis. The District accounts for risk management and health insurance costs provided to the Board of Education employees through the internal service fund.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Additionally, the District reports the following fiduciary fund types:

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

Trust Funds: The unemployment compensation and private purpose scholarship funds are accounted for in essentially the same manner as governmental funds. The unemployment compensation fund is used to account for contribution from employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims. The private purpose scholarship fund is an expendable trust whereby principal and interest may be spent.

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

As a general rule, the effect of interfund activity has been eliminated from the District-wide financial statements.

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

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the enterprise fund includes the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The District reports unearned revenue on its balance sheet. Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Ad Valorem (Property) Taxes are susceptible to accrual as, under New Jersey State Statute, a municipality is required to remit to its 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 payments schedule and the unpaid amount is considered to be an "accounts receivable."

The following statutory dates are applicable to property taxes collected by the respective municipalities:

Levy date:	January 1
Lien Date:	January 1
Due Dates:	August 1, November 1, February 1, and May 1

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets, except for the special revenue fund, 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 details as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23. The over-expenditure in the general fund is due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures. All budget amendments/transfers must be approved by School Board resolution. Budgetary transfers were made during the current year and were within allowable limits permitted by the State. The District did not deem them to be significant or unusual in nature. 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 GAAP with the exception of the legally mandated revenue recognition of the one or more June state aid payments 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. Cash and Cash Equivalents

Cash and cash equivalents consist of petty cash, amounts on deposit, money market accounts and short-term investments with original maturities of three months or less from date of acquisition. Restricted cash is related to capital projects.

F. Interfund Receivable/Payable

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.

G. Inventories

Inventories that benefit future periods, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase.

Inventories in the enterprise fund are expensed using the consumption method. Enterprise fund inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. At June 30, 2018, the unused Food Donation Program commodities were \$570.

H. Capital Assets

Capital assets, which include land, property, plant and machinery, and equipment, are reported in the applicable governmental or business-type activities columns in the District-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date of donation. Capital assets are restated when the District engages an independent appraisal company to perform a new inventory of the District's capital assets and provide an updated accounting cost record to reflect the updated capital assets.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant and equipment of the District is depreciated using the straight-line method. The following estimated useful lives are used to compute depreciation:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School building	50
Building improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and 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.

I. Compensated Absences

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

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

For the District-wide *Statement of Net Position*, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and, therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, no material liability existed for compensated absences in the food service fund.

J. Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. 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. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

L. Unamortized Bond Premiums, Discounts and Bond Issuance Costs

Bond premiums are amortized using the effective interest method, over the life of the related issue. Bond issuance costs are treated as an expense.

M. Fund Balance Reporting

The District has adopted GASB 54 as part of its fiscal year reporting. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the District's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the users of those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Non spendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items and principal (corpus) of an endowment fund. The District does not have any prepaid item or nonspendable funds related to endowments.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints for the government from its highest level of decision making authority.
- Assigned: fund balances that contain self-imposed constraints of the government to the used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Fund Balance Reporting (continued)

The District has classified its fund balances with the following hierarchy:

Spendable: The District has classified the spendable fund balances as *Restricted, Committed, Assigned and Unassigned* and considered each to have been spent when expenditures are incurred.

- Restricted for Excess Surplus, Capital Reserve and Capital Projects:

New Jersey School Districts are required to reserve fund balance of the general fund if they did not appropriate a required minimum amount as budgeted fund balance. The capital reserve account is used to accumulate funds for use as capital outlay expenditures in subsequent fiscal years. The funds have been included in restricted category of fund balance. The restricted fund balances totaled \$4,474,586 and represented \$3,890,425 in excess surplus, \$530,246 in capital reserve and \$53,915 in capital projects.

- Assigned for District Operations and Capital Projects:

The District has set aside certain spendable fund balance for school operations and capital projects. At year end, the assigned fund balance is \$1,057,438, of which \$810,966 is for school operations and \$246,473 is for capital projects. The assigned fund balance for District operations includes \$239,679 for outstanding encumbrances. See Note 16.

- Unassigned:

The unassigned fund balance for the General Fund is \$63,177.

N. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for reserve fund balance - excess surplus is a required calculation pursuant to the New Jersey Comprehensive Education Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve fund balance of the general fund at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in the subsequent years' budget. The District has an excess fund balance generated during the 2018 fiscal year in the amount of \$1,790,063 which will be designated for tax relief in 2019-2020.

O. Net Position

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

P. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, pension, workers compensation, compensated absences, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

R. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category which relates to differences in experience, earnings and contributions of the net pension liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has items that qualify for reporting in this category, deferred commodities revenue, unamortized bond issuance premium and differences related to experience, earnings and contributions of the net pension liability.

S. Public Employees Retirement System (PERS) and Teachers Pensions and Annuity Fund (TPAF)

In the government-wide financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the PERS/TPAF and additions to/deductions from PERS/TPAF fiduciary net position have been determined on the same basis as they are reported by PERS/TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

T. Recent Accounting Pronouncements

During fiscal year 2018, the District adopted the following GASB statements:

GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, effective with fiscal year ended June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB provided by other entities.

GASB No. 85, *Omnibus 2017*, effective with fiscal year ended June 30, 2018. The objective of this Statement is to address various issues related to blending component units, goodwill, fair value measurement, and the timing of measurement of postemployment benefits recognized in the financial statements.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Recent Accounting Pronouncements (continued)

GASB No. 86, *Certain Debt Extinguishment Issues*, effective with fiscal year ended June 30, 2018. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources- resources other than the proceeds of refunding debt- are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on extinguished debt and notes to financial statements for debt that is in substance defeased.

Accounting standards not yet adopted that the District is currently reviewing for applicability and potential impact include:

GASB No. 84, *Fiduciary activities*- will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom the fiduciary relationship exists.

GASB No. 87, *Leases*- will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement user by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

GASB No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*- will be effective with the fiscal year ended June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated in changes in terms associated with debt will be disclosed.

GASB No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*- will be effective with the fiscal year ended June 30, 2021. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Recent Accounting Pronouncements (continued)

GASB No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61-* will be effective with the fiscal year ended June 30, 2020. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest, and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The requirements of this Statement improve financial reporting by providing users with essential information related to presentation of majority equity interest in legally separate organizations that previously was reported inconsistently.

Management has not yet determined the impact of implementing these pronouncements.

NOTE 2. RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the District-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable, capital leases and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.

The details of this \$37,915,446 difference are as follows:

Bonds payable	\$32,470,000
Capital leases payable	2,675,426
Accrued interest payable	329,928
Compensated absences	<u>2,440,092</u>
Net adjustments to reduce fund balance - total governmental funds	
To arrive at net position - governmental activities	<u>\$37,915,446</u>

NOTE 3. DEPOSITS AND INVESTMENTS

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:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

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 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 that deposits of which are federally insured. GUDPA requires that all public depositories must pledge collateral, having a market value of 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.

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund (NJCMF), New Jersey Arbitrage Rebate Management Fund (NJARM) and M.B.I.A. Class.

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

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

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

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

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, 2018, the carrying amount of the District's deposits was \$1,040,207 and the bank balance was \$1,320,848. The District also held \$1,400 in petty cash at June 30, 2018.

Based on levels of risk, \$250,000 of the District's cash deposits on June 30, 2018 were secured by federal depository insurance. The remaining bank balance of \$1,070,848 was covered by the New Jersey Governmental Unit Deposit Protection Act (GUDPA).

Pursuant to GASB No. 40, *Deposit and Investment Risk Disclosures*, 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, 2018, 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 the management of custodial credit risk, other than depositing all its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by financial institutions, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Investments

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bond of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the District.
- d. New Jersey Cash Management Fund, New Jersey Arbitrage Rebate Management Fund and M.B.I.A. Class.

The District participates in the New Jersey Asset and Rebate Management Program which is a joint investment trust for local government units in the State of New Jersey. It was formed to make available comprehensive investment management, accounting and rebate calculation services for the issuers of tax exempt bonds and complies with all New Jersey statutes and regulations for the allowable investment of public funds. The District participates in the joint investment account which provides a convenient method for local governments to pool funds for temporary investing. These investments consist of United States Treasury Bills and notes and other obligations guaranteed by the United States of America, Federal agency bonds and notes with a maturity not greater than 397 days, and fully collateralized repurchase agreements. The carrying amount and fair value as of June 30, 2018 was \$3,329,244.

Custodial Credit Risk: Pursuant to GASB No. 40, the NJARM, a pooled investment, is exempt from custodial credit risk disclosure. The District does not have a policy for custodial credit risk.

Credit Risk: The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The NJARM was comprised of investments rated by Standard and Poor's (S&P) as follows:

<u>S&P Rating</u>	<u>Percentage of Portfolio</u>
AA+	33.0%
A-1+	43.3%
Exempt*	23.7%

**Represents U.S. Treasury Securities, which are not considered to be exposed to overall credit risk per GASB.*

Interest Rate Risk: The District does not have a policy to limit interest rate risk. The weighted average maturity of the NJARM portfolio at December 31, 2017, was 50 days.

NOTE 4. RECEIVABLES

Receivables at June 30, 2018, 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 intergovernmental receivables are as follows:

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 4. RECEIVABLES (continued)

	<u>Governmental Fund</u> <u>Financial Statements</u>	<u>Governmental Wide</u> <u>Financial Statements</u>
State Aid	\$ 109,234	\$ 111,355
Federal Aid	383,683	484,239
Other	<u>2,147,819</u>	<u>2,182,076</u>
Gross Receivables	2,640,736	2,777,670
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>
Total Receivables, net	<u>\$ 2,640,736</u>	<u>\$ 2,777,670</u>

NOTE 5. CAPITAL ASSETS

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2018:

	<u>Beginning</u> <u>Balance</u> <u>(restated)</u>	<u>Additions</u>	<u>Reclassifications</u> <u>Retirements</u>	<u>Ending</u> <u>Balance</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 984,971	\$ -	\$ -	\$ 984,971
Construction in process	<u>23,423,830</u>	<u>5,394,988</u>	<u>(28,818,818)</u>	<u>-</u>
Total capital assets not being depreciated	<u>24,408,801</u>	<u>5,394,988</u>	<u>(28,818,818)</u>	<u>984,971</u>
Capital assets being depreciated:				
Site improvements	3,690,515	-	-	3,690,515
Building and building improvements	33,124,751	60,092	28,818,818	62,003,661
Vehicles	4,191,917	299,593	-	4,491,510
Capital lease	3,618,358	-	-	3,618,358
Furniture and equipment	<u>6,360,498</u>	<u>252,670</u>	<u>-</u>	<u>6,613,168</u>
Totals at historical cost	<u>50,986,039</u>	<u>612,355</u>	<u>28,818,818</u>	<u>80,417,212</u>
Less accumulated depreciation for:				
Site improvements	1,421,366	154,067	-	1,575,433
Building and building improvements	23,441,019	1,241,665	-	24,682,684
Vehicles	3,357,491	205,353	-	3,562,844
Capital lease	132,633	90,341	-	222,974
Furniture and equipment	<u>5,108,428</u>	<u>225,490</u>	<u>-</u>	<u>5,333,918</u>
	<u>33,460,937</u>	<u>1,916,916</u>	<u>-</u>	<u>35,377,853</u>
Total capital assets being depreciated, Net of accumulated depreciation	<u>17,525,102</u>	<u>(1,304,561)</u>	<u>28,818,818</u>	<u>45,039,359</u>
Governmental Activity Capital Assets, Net	<u>\$ 41,933,903</u>	<u>\$ 4,090,427</u>	<u>\$ -</u>	<u>\$ 46,024,330</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 5. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions/programs of the District as follows:

Instruction	\$ 1,148,599
Student and instruction related services	285,823
General and Business Administrative Services	180,065
Plant Operations and Maintenance	81,330
Pupil Transportation	167,647
Support Services - Students and Staff	<u>53,452</u>
Total	<u>\$ 1,916,916</u>

The following is a summary of the business-type capital assets for the year ended June 30, 2018:

	<u>Beginning Balance</u>	<u>Transfers or Additions</u>	<u>Transfers or Retirements</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets being depreciated:				
Equipment	\$ 497,070	\$ -	\$ -	\$ 497,070
Less accumulated depreciation	<u>466,163</u>	<u>7,648</u>	<u>-</u>	<u>473,811</u>
Enterprise fund capital assets, net	<u>\$ 30,907</u>	<u>\$ 7,648</u>	<u>\$ -</u>	<u>\$ 23,259</u>

NOTE 6. LONG-TERM LIABILITIES

Bonds Payable

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

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,440,000	\$ 939,923	\$ 3,379,923
2020	2,470,000	877,164	3,347,164
2021	2,515,000	813,896	3,328,896
2022	2,535,000	750,029	3,285,029
2023	1,745,000	677,956	2,422,956
2024 - 2036	<u>20,765,000</u>	<u>4,825,125</u>	<u>25,590,125</u>
	<u>\$32,470,000</u>	<u>\$ 8,884,093</u>	<u>\$41,354,093</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 6. LONG-TERM LIABILITIES (continued)

Bonds Authorized But Not Issued

As of June 30, 2018, the District had no authorized but not issued bonds.

Capital Lease Payable

The District is leasing equipment totaling \$4,778,564 under capital leases. The capital leases are for terms of no more than five years except for the lease related to the Energy Savings Improvement Program which cannot exceed fifteen years.

The following is a schedule of minimum lease payments under the capital leases and the present value of the net minimum lease payments at June 30, 2018.

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2019	\$ 484,827
2020	236,172
2021	241,583
2022	247,120
2023	252,785
Thereafter	<u>1,609,173</u>
Total	3,071,660
Less: Amount representing interest	<u>(396,234)</u>
Present value of minimum lease payments	<u>\$ 2,675,426</u>

Unamortized Bond Premium

Unamortized bond premium as of June 30, 2018 and 2017, is \$227,338 and \$287,962, respectively.

Changes in Long-Term Liabilities

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Within</u> <u>One Year</u>
Compensated absences payable	\$ 2,473,173	\$ 168,672	\$ 201,753	\$ 2,440,092	\$ 208,368
Capital leases payable	3,081,296	-	405,870	2,675,426	419,148
Serial bonds payable with Interest rates of 1.45% to 4.00%	<u>34,870,000</u>	<u>-</u>	<u>2,400,000</u>	<u>32,470,000</u>	<u>2,440,000</u>
Subtotal	40,424,469	168,672	3,007,623	37,585,518	3,067,516
Net pension liability	<u>31,008,009</u>	<u>-</u>	<u>6,370,816</u>	<u>24,637,193</u>	<u>-</u>
Total governmental activities Long-term liabilities	<u>\$71,432,478</u>	<u>\$ 168,672</u>	<u>\$ 9,378,439</u>	<u>\$62,222,711</u>	<u>\$ 3,067,516</u>

Compensated absences and capital lease liabilities are liquidated by expenditures charged to the general fund. Serial bonds payable are liquidated by expenditures charged to the debt service fund.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 7. PENSION PLANS

Descriptions of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employees retirement systems which have been established by State statute: The Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund Retirement System 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 Board and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011.

Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60 and 62, respectively, with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service.

Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

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 coverage including post-retirement health care to substantially all full time employees of the State of any county, municipality, school Board, or public agency, provided the employee is not required to be a member of another state-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60 and 62, respectively, with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 7. PENSION PLANS (continued)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or at www.state.nj.us/treasury/pensions. According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

Funding Policy

The contribution policy is set by New Jersey State statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% percent of employees' annual compensation. An additional increase will be phased in over the next few years that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute, the Board is a non-contributing employer of the TPAF.

During the year ended June 30, 2018, the State of New Jersey contributed \$6,342,185 to the TPAF for post-retirement medical benefits, disability and normal costs of pension on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,222,674 during the fiscal year ended June 30, 2018 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. These amounts have been included in the government-wide and fund financial statements.

The Board's actuarially determined contributions to PERS for each of the years ended June 30, 2018, 2017 and 2016 were \$980,468, \$942,194 and \$930,106 respectively, equal to the required contributions for each year.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employee's Retirement System (PERS)

At June 30, 2018, the District reported a liability of \$24,637,193 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2016, which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the District's proportion was .05035807%, which was a decrease of .00219092% from its proportion measured as of June 30, 2016.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 7. PENSION PLANS (continued)

Public Employee's Retirement System (PERS) (continued)

For the year ended June 30, 2018, the District recognized full accrual pension expense of \$1,986,796 in the district financial statements. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ 580,121	\$ 82,848
Changes of assumptions	4,963,545	4,945,348
Net difference between projected and actual earnings on pension plan investments	167,763	-
Changes in proportion and differences between District contributions and proportionate share of contributions	616,318	29,061
District contributions subsequent to the measurement date	<u>1,036,384</u>	<u>-</u>
Total	<u>\$ 7,364,131</u>	<u>\$ 5,057,257</u>

\$1,036,384 is reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	
2018	\$ 480,013
2019	697,388
2020	414,246
2021	(553,823)
2022	<u>(434,469)</u>
Total	<u>\$ 603,355</u>

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following key actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.25%
Salary increases:	
Through 2026	1.65 - 4.15%
Thereafter	Based on age 2.65 - 5.15%
	Based on age
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2016 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 in the 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.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 7. PENSION PLANS (continued)

Public Employee's Retirement System (PERS) (continued)

Mortality Rates

Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 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. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females).

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	<u>8.25%</u>	13.08%
	<u>100.00%</u>	

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 7. PENSION PLANS (continued)

Public Employee's Retirement System (PERS) (continued)

Discount Rate

The discount rate used to measure the total pension liability for PERS was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability as of June 30, 2017 calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	<u>At 1% Decrease (4.00%)</u>	<u>Discount Rate (5.00%)</u>	<u>At 1% Increase (6.00%)</u>
District's proportionate share of the net pension liability	<u>\$29,558,684</u>	<u>\$24,637,193</u>	<u>\$20,542,293</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Additional Information

Collective balances at June 30, 2017 are as follows:

Collective deferred outflows of resources	\$ 9,501,490,051
Collective deferred inflows of resources	\$ 8,303,360,412
Collective net pension liability- Local Group	\$ 23,278,401,588
 District's proportion	 .050358067%

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 7. PENSION PLANS (continued)

Public Employee's Retirement System (PERS) (continued)

The components of the net pension liability of the participating employers for PERS as of June 30, 2017, are as follows:

	State	Local	Total
Total pension liability	\$ 32,535,896,852	\$ 44,852,367,051	\$ 77,388,263,903
Plan fiduciary net position	6,890,274,055	21,573,965,463	28,464,239,518
	\$ 25,645,622,797	\$ 23,278,401,588	\$ 48,924,024,385
District's net pension liability (as reported on June 30, 2017)			\$ 24,637,193

Collective pension expense for the Local Group for the measurement period ended June 30, 2017 is \$1,679,030,145.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) is 5.48, 5.57, 5.72 and 6.44 years for 2017, 2016, 2015 and 2014, respectively.

Teachers' Pensions and Annuity Fund (TPAF)

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

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2017 was \$207,200,489. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2016, which was rolled forward to June 30, 2017. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the State's proportionate share of the TPAF net pension liability associated with the District was .3073114924%, which was a decrease of .0047817977% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$14,353,801 for contributions incurred by the State.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 7. PENSION PLANS (continued)

Teachers' Pensions and Annuity Fund (TPAF) (continued)

Actuarial Assumptions

The actuarial valuation used the following assumptions, applied to all periods included in the measurement:

Inflation rate	2.25%
Salary increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.00%

Mortality Rates

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953-2013.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 7. PENSION PLANS (continued)

Teachers' Pensions and Annuity Fund (TPAF) (continued)

Long-Term Expected Rate of Return (continued)

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	<u>8.25%</u>	13.08%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate of the most recent fiscal year. 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 7. PENSION PLANS (continued)

Teachers' Pensions and Annuity Fund (TPAF) (continued)

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2017 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage point lower (3.25%) or 1-percentage point higher (5.25%) than the current rate:

	<u>At 1% Decrease (3.25%)</u>	<u>At Current Discount Rate (4.25%)</u>	<u>At 1% Increase (5.25%)</u>
State's proportionate share of the net pension liability associated with the district	<u>\$246,160,681</u>	<u>\$207,200,489</u>	<u>\$175,104,914</u>

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Plan Fiduciary Net Position

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

Additional Information

Collective balances at June 30, 2017 are as follows:

Collective deferred outflows of resources	\$	14,353,461,035
Collective deferred inflows of resources	\$	11,992,821,439
Collective net pension liability- Local Group	\$	67,423,605,859
State's proportionate share associated with the District		.3073114924%

Collective pension expense for the plan measurement period ended June 30, 2017 is \$4,688,207,089.

Additional Information

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees, which include those District employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP)

Established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 as a cost-sharing multiple employer defined contribution pension fund. The DCRP provides eligible members and their beneficiaries with a tax sheltered defined contribution retirement benefit, along with life insurance and disability coverage. In the DCRP, employee contributions are 5.5%. Employee contributions are matched by a 3% employer contribution. The District contributed \$75,235 to the DCRP for the year ended June 30, 2018.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 7. PENSION PLANS (continued)

Supplemental Annuity Collective Trust Fund (SACT)

The State established and administers a SACT, which is available to active members of the State-administered retirement system to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The State or local government employers do not appropriate funds to SACT.

NOTE 8. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

Plan description and benefits provided

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

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service. (GASB Cod. Sec. 2300. 106(g)).

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2016:

Active plan members	223,747
Inactive plan members or beneficiaries currently receiving benefits	142,331
Inactive plan members entitled to but not yet receiving benefits	-
	366,078

Post Retirement Medical benefits contributions

At June 30, 2017, the following employees were covered by the benefit terms:

TPAF participant retirees

As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State contributed \$1.39 billion on their behalf.

PERS participant retirees

The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 8. POST-RETIREMENT BENEFITS (continued)

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education/board of trustees. Note that actual numbers will be published in the NJ State's CAFR (<https://www.nj.gov/treasury/omb/publications/archives.shtml>)

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2017 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%		
Salary increases:	TPAF/ABP	PERS	PFRS
Through 2026	1.55%-4.55%	2.15%-4.15%	2.10%-8.98%
	based on years of service	based on age	based on age
Thereafter	2.00%-5.45%	3.15%-5.15%	3.10%-9.98%
	based on years of service	based on age	based on age
Discount rate	3.58%		

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond index.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Retirees' share of benefit related cost are based on 1.5% of projected health insurance premiums for retirees.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012- June 30, 2015 and July 1, 2011-June 30, 2014 for TPAF and PERS, respectively.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 8. POST-RETIREMENT BENEFITS (continued)

Total OPEB Liability (continued)

Changes in the Total OPEB Liability reported by the State of New Jersey:

	<u>Total OPEB Liability</u>
Balance at 6/30/2016	\$ 57,831,784,184
Changes for the year:	
Service cost	2,391,878,884
Interest	1,699,441,736
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(7,086,599,129)
Benefit payments	(1,242,412,566)
Contributions from the members	<u>45,748,749</u>
Balance at 6/30/2017	<u>\$ 53,639,841,858</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% in 2016 to 3.58% in 2017.

There were no changes in assumptions in benefit terms.

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the State for school board retirees, as well as what the State's total OPEB liability for school board retirees would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>1% Decrease (2.58%)</u>	<u>Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
Total OPEB Liability (School Retirees)	<u>\$63,674,362,200</u>	<u>\$53,639,841,858</u>	<u>\$45,680,364,953</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trends

The following presents the total OPEB liability of the State, as well as what the State's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability (School Retirees)	<u>\$44,113,584,560</u>	<u>\$53,639,841,858</u>	<u>\$66,290,599,457</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 8. POST-RETIREMENT BENEFITS (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB revenue and expense of \$9,968,639 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75 the District's proportionate share of school retirees OPEB is zero, and there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual Experience	\$ -	\$ -
Changes of assumptions or other inputs	-	(6,343,769,032)
Contributions made in fiscal year ending 2018		
After the June 30, 2017 measurement date	<u>1,190,373,242</u>	<u>-</u>
Total	<u>\$ 1,190,373,242</u>	<u>\$(6,343,769,032)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employees OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	
2018	\$ (742,830,097)
2019	(742,830,097)
2020	(742,830,097)
2021	(742,830,097)
2022	(742,830,097)
Thereafter	<u>(2,629,618,547)</u>
Total	<u>\$(6,343,769,032)</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 9. RISK MANAGEMENT AND HEALTH INSURANCE

The District is exposed to various risks of loss related to torts; theft, damage, or destruction of assets; errors and omissions; employee health and accident claims; and natural disasters.

Property and Liability Insurance

The District maintains commercial insurance coverage for property, liability, student accident, and surety bonds and does not retain risk of loss. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. There have been no significant reductions in insurance coverage from the prior year and no settlements that have exceeded insurance coverage for the last three years.

New Jersey Unemployment Compensation Insurance

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

The table below is a summary of the district contributions, employee contributions, reimbursements to the state for benefits paid and the ending balance of the district's trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Interest</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017-2018	\$ 5,560	\$ -	\$ 122,706	\$ (120,412)	\$ 458,548
2016-2017	2,037	-	125,199	(78,410)	450,694
2015-2016	655	-	123,881	(71,693)	401,868

Health Insurance

Beginning in the fiscal year 2009, the District began to self-insure for employee prescription plans. Costs associated with these risks are reported in the internal service fund.

Liabilities for unpaid claims are based on recommendations by third-party administrators. There have been no significant reductions in insurance coverage from coverage in prior years. The amounts of settlements have not exceeded insurance coverage in any of the past three fiscal years.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 9. RISK MANAGEMENT AND HEALTH INSURANCE (continued)

Health Insurance (continued)

The following schedule represents the changes in claims liability for the past three fiscal years for the District's Self Insurance Program:

<u>Fiscal Year</u>	<u>Beginning of Fiscal year liability</u>	<u>Current year claims Changes in estimates</u>	<u>Claims Payments</u>	<u>Balance at fiscal Year end</u>
2017-2018	\$ 609,604	\$ 3,085,500	\$(2,862,324)	\$ 832,780
2016-2017	624,520	2,841,960	(2,856,876)	609,604
2015-2016	616,997	2,229,200	(2,221,677)	624,520

NOTE 10. DEFERRED COMPENSATION

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan, which is administered by various insurance companies, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits participants to defer a portion of their salary until future years. All amounts of compensation deferred are held for the exclusive benefit of plan participants and beneficiaries. Amounts deferred under the plan are distributable upon separation from service, death or unforeseeable emergency.

Participants' rights under the plan are equal to the fair market value of the deferred account for each participant. The District has no liability for losses under the plan and is not the plan trustee.

The plan administrators are AXA- Equitable, Metropolitan Life, Ameriprise, VALIC (Variable Annuity Life Insurance Co.), Aspire, VOYA Annuities, and Lincoln Investments.

NOTE 11. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2018, the interfund receivables and payables that resulted from regularly recurring operational transfers are detailed below:

Due to the General Fund from the Special Revenue Fund to cover Cash overdraft \$238,974

The interfund between the capital projects fund and debt service fund represent interest earned on investments in the capital projects fund that must be transferred to the general fund. The interfund between the general fund and the capital projects and special revenue funds represents loans between the funds. All interfunds are expected to be paid within one year.

Interfund transfers during the year were as follows:

	<u>Transfers from Other funds</u>	<u>Transfers to Other funds</u>
General fund	\$ 10,478	\$ -
Capital projects	<u>-</u>	<u>10,478</u>
	<u>\$ 10,478</u>	<u>\$ 10,478</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 12. ECONOMIC DEPENDENCY

The District is dependent on the State of New Jersey for a substantial portion of its operating funds. Due to additional funding uncertainties at the State level, funding for school districts was reduced. The ultimate effect of possible reductions in funding on the District's future operations is not yet determinable.

NOTE 13. CONTINGENT LIABILITIES

Litigation

The Board is involved in a few claims 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 District.

Grant Programs

The District participates in federal and state grant assistance programs. These programs are subject to program compliance audits by the grantors or their representatives. The 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.

Construction Projects

The District has completed major additions and renovations to all its school buildings totaling over \$23,400,000 as of June 30, 2018. The total estimated cost to complete construction is approximately \$300,000 of which the District has committed to contracts with a balance remaining of approximately \$246,500.

NOTE 14. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$400,000 during 2000-2001 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$ 329,754
Interest earnings	492
Deposits per board resolution	200,000
Withdrawals per board resolution	
Board resolution (per approved budget)	323,000
Reversal of withdrawal	<u>(323,000)</u>
Ending balance, June 30, 2018	<u>\$ 530,246</u>

The June 30, 2018 LRFP balance of local support costs of uncompleted capital projects is \$4,236,976.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 15. DEFICIT FUND BALANCES

As reflected on Exhibit A-1, Statement of Net Position, a deficit in unrestricted net position of \$26,300,884 existed as of June 30, 2018 for governmental activities. The primary cause of this deficit is the recognition of the net pension liability as well as the District not recognizing the receivable for state aid payments and the recording of the long-term liability for compensated absences. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net Position, such liabilities are required to be recorded in the period in which they are incurred.

However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place, and pension costs are recorded when due. Therefore, this deficit in unrestricted net position for governmental activities does not indicate that the District is facing financial difficulties.

NOTE 16. FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1)

Of the \$5,273,251 General Fund balance in the fund financial statements at June 30, 2018, \$239,679 is reserved for encumbrances; \$1,790,063 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$2,100,362 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2018; \$530,246 has been reserved in the Capital Reserve Account, \$399,724 has been appropriated and included as anticipated revenue for the year ending June 30, 2019 and \$63,177 is unreserved and undesignated.

Debt Service Fund

Of the Debt Service Fund balance at June 30, 2018, \$21,563, \$21,562 has been appropriated and included as anticipated revenue for the year ending June 30, 2019 and \$1 is reserved in accordance with N.J.S.A. 7F - 41c(2).

NOTE 17. RELATED PARTIES AND ORGANIZATIONS

Not included in the District's financial statements are certain Parent-Teacher Associations (PTAs), Parent-Teacher-Student Associations (PTSAs), athletic and band booster clubs. These agencies provide services to students and employees of the District but are separate legal entities having sufficient autonomy in the management of the own affairs to distinguish them as separate from the administrative organization of the District. The District does not account for these entities as component units or joint ventures; it does not maintain an ongoing financial interest or have responsibility for these entities.

NOTE 18. TAX ABATEMENTS

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 accounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2018

NOTE 19. RESTATEMENT

The financial statements for June 30, 2017 and 2016 have been restated to reflect an updated inventory of the District's capital assets as provided by an independent consultant. During 2018, the District engaged an independent appraisal company to perform a new inventory of the District's capital assets and provide an updated accounting cost record to reflect the updated capital assets as a result of the referendum capital projects begun in 2015 and materially completed through 2018.

The effect of this restatement resulted in a decrease at June 30, 2017 and 2016 of \$22,562,329 and \$9,024,932, respectively, in governmental activities capital assets with a corresponding decrease in the investment in capital assets, net of debt component of net position. In the District-wide financial statements, the restatement reduced total net position at June 30, 2017, from \$13,260,613 as originally reported to \$(9,331,716), and at June 30, 2016, from \$13,542,595 as originally reported to \$4,517,663.

NOTE 20. SUBSEQUENT EVENTS

Loch Arbour petition

On May 31, 2016, the Village of Loch Arbour, petitioned the State of New Jersey Commissioner of Education for approval to submit the question of separation from the Ocean Township School District to its voters. The acting commissioner ruled to grant this request and the voters of Loch Arbour voted not to remain part of the Ocean Township School District. This action created an estimated \$2,000,000 gap in budget that was addressed by increased taxes to all Ocean Township residents and/or decreased educational programs. The Ocean Township Board of Education appealed the decision of the acting commissioner to allow Loch Arbour to form an independent school district. The issue of the appeal surrounded the formula of how each family or small town pays school taxes in order to provide equitable and fair support to all New Jersey public schools. On October 18, 2018, a state appellate court denied the appeal to force the Village of Loch Arbour to return to the school district.

Contract Negotiations

The Board of Education and the Township of Ocean Education Association ("Association") are presently negotiating a three-year contract to succeed the agreement which expired June 30, 2018. The Board of Education and the Association agreed to a memorandum of understanding on December 11, 2018. The memorandum was approved by the members of the Association on January 17, 2019.

Reduction in State Aid

On July 13, 2018, the Department of Education revised 2018-19 state aid, which resulted in a decrease of \$606,928 to the District as compared to the state aid notice issued by the Department of Education in March 2018, which the Board utilized to prepare the 2018-2019 approved District budget. The Board provided for this shortfall by appropriating an additional \$150,000 from fund balance, revising the projected revenue from extraordinary special education aid by \$100,000, and reducing budgeted expenses by \$356,928. Although the District applied to the Executive County Superintendent for Emergency Aid to cover the reduction in funding, the application was denied.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 62,765,948	-	\$ 62,765,948	\$ 62,765,948	-
Tuition	199,501	-	199,501	233,095	33,594
Transportation fees	-	-	-	41,499	41,499
Interest on investments	-	-	-	84,312	84,312
Capital reserve interest	500	-	500	493	(7)
Miscellaneous	215,000	-	215,000	170,718	(44,282)
Rental fee	270,000	-	270,000	272,332	2,332
Total - local sources	63,450,949	-	63,450,949	63,568,397	117,448
State sources:					
Categorical special education aid	2,331,447	-	2,331,447	2,331,447	-
Categorical security aid	416,454	-	416,454	416,454	-
Adjustment aid	3,575,884	(155,404)	3,420,480	3,420,480	-
Categorical transportation aid	1,335,875	-	1,335,875	1,335,875	-
PARCC readiness aid	37,230	-	37,230	37,230	-
Per pupil growth Aid	37,230	-	37,230	37,230	-
Professional leering community aid	36,080	-	36,080	36,080	-
Extraordinary aid	475,000	155,404	630,404	824,140	193,736
Aid in lieu adjustment	-	-	-	65,803	65,803
On-behalf TPAF post retirement medical (non-budgeted)	-	-	-	2,971,159	2,971,159
On-behalf TPAF pension contributions (non-budgeted)	-	-	-	4,600,181	4,600,181
On-behalf TPAF long term disability insurance (non-budgeted)	-	-	-	5,374	5,374
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	2,234,113	2,234,113
Total - state sources	8,245,200	-	8,245,200	18,315,566	10,070,366

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Federal sources:					
Medical assistance program	\$ 77,587	-	\$ 77,587	\$ 107,573	\$ 29,986
Total - federal sources	<u>77,587</u>	<u>-</u>	<u>77,587</u>	<u>107,573</u>	<u>29,986</u>
Total revenues	<u>71,773,736</u>	<u>-</u>	<u>71,773,736</u>	<u>81,991,536</u>	<u>10,217,800</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Regular programs - instruction:					
Salaries of teachers:					
Preschool/kindergarten	984,650	(26,766)	957,884	957,884	-
Grades 1-5	6,697,019	54,136	6,751,155	6,720,620	30,535
Grades 6-8	4,889,330	(69,470)	4,819,860	4,799,691	20,169
Grades 9-12	6,399,098	20,000	6,419,098	6,381,151	37,947
Regular programs - home instruction:					
Salaries of teachers	39,000	40,200	79,200	77,316	1,884
Purchased professional educational services	35,000	(10,100)	24,900	20,723	4,177
Regular programs - undistributed instruction:					
Other salaries for instruction	233,451	-	233,451	228,209	5,242
Purchased professional educational services	9,810	(358)	9,452	4,641	4,811
Purchased technical services	238,920	(12,350)	226,570	225,215	1,355
Other purchased services (400 - 500 series)	64,442	6,520	70,962	68,362	2,600
General supplies	1,261,302	19,421	1,280,723	1,146,785	133,938
Textbooks	341,589	(6,233)	335,356	304,845	30,511
Other objects	24,240	1,025	25,265	16,549	8,716
Total regular programs	<u>21,217,851</u>	<u>16,025</u>	<u>21,233,876</u>	<u>20,951,991</u>	<u>281,885</u>

See management's discussion and analysis section of this report for explanation of significant budget variances.

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Special education - instruction:					
Learning and/or language disabilities:					
Salaries of teachers	\$ 1,006,137	\$ (4,300)	\$ 1,001,837	\$ 943,893	\$ 57,944
Other salaries for instruction	212,021	87,051	299,072	299,053	19
General supplies	17,076	1,750	18,826	18,095	731
Textbooks	-	-	-	-	-
Total learning and/or language disabilities	1,235,234	84,501	1,319,735	1,261,041	58,694
Behavioral disabilities:					
Salaries of teachers	122,581	-	122,581	121,610	971
Other salaries for instruction	48,190	(48,190)	-	-	-
General supplies	1,457	-	1,457	952	505
Textbooks	-	-	-	-	-
Total behavioral disabilities	172,228	(48,190)	124,038	122,562	1,476
Multiple disabilities:					
Salaries of teachers	502,291	(13,443)	488,848	477,160	11,688
Other salaries for instruction	205,979	209,441	415,420	405,409	10,011
Other Purchased Services (400-500 series)	23,585	-	23,585	22,815	770
General supplies	9,243	3,526	12,769	11,515	1,254
Textbooks	1,163	(460)	703	702	1
Other objects	-	234	234	234	-
Total multiple disabilities	742,261	199,298	941,559	917,835	23,724
Resource room:					
Salaries of teachers	3,405,593	(58,223)	3,347,370	3,330,758	16,612
Other Salaries for Instruction	175,248	163,265	338,513	337,422	1,091
General supplies	34,678	6,800	41,478	38,789	2,689
Textbooks	4,071	327	4,398	3,917	481
Total resource room	3,619,590	112,169	3,731,759	3,710,886	20,873

See management's discussion and analysis section of this report for explanation of significant budget variances.

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Preschool disabilities - part-time:					
Salaries of teachers	\$ 375,050	-	\$ 375,050	\$ 371,613	\$ 3,437
Other salaries for instruction	145,950	56,420	202,370	202,369	1
General supplies	3,995	(1,300)	2,695	2,173	522
Total preschool disabilities - part-time	524,995	55,120	580,115	576,155	3,960
Preschool disabilities - full-time:					
Salaries of teachers	148,640	-	148,640	148,640	-
Other salaries for instructions	87,531	12,500	100,031	100,031	-
Total preschool disabilities - full time	236,171	12,500	248,671	248,671	-
Total special education - instruction	6,530,479	415,398	6,945,877	6,837,150	108,727
Basic skills/remedial - instruction:					
Salaries of teachers	580,571	(19,712)	560,859	496,441	64,418
Other salaries for instruction	16,546	-	16,546	16,455	91
Other purchased services (400 - 500 series)	200	-	200	-	200
General supplies	31,931	-	31,931	30,511	1,420
Total basic skills/remedial - instruction	629,248	(19,712)	609,536	543,407	66,129
Bilingual education - instruction:					
Salaries of teachers	698,510	(41,457)	657,053	652,048	5,005
Other salaries for instruction	22,012	8,062	30,074	23,147	6,927
Other Purchased Services (400-500 series)	1,000	-	1,000	1,000	1,000
General supplies	30,805	(8,062)	22,743	12,974	9,769
Total bilingual education - instruction	752,327	(41,457)	710,870	688,169	22,701

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
School sponsored cocurricular activities - instruction:					
Salaries	\$ 332,697	-	\$ 332,697	\$ 311,139	\$ 21,558
Purchased services (300 - 500 series)	41,150	-	41,150	35,610	5,540
Supplies and materials	20,394	-	20,394	16,386	4,008
Other objects	1,783	-	1,783	390	1,393
Transfers to cover deficit	3,000	-	3,000		3,000
Total school sponsored cocurricular activities - instruction	399,024	-	399,024	363,525	35,499
School sponsored athletics - instruction:					
Salaries	726,595	-	726,595	700,172	26,423
Purchased services (300 - 500 series)	190,430	475	190,905	151,917	38,988
Supplies and materials	73,371	(5,068)	68,303	63,394	4,909
Other objects	10,780	(785)	9,995	6,949	3,046
Transfers to cover deficit	89,750	-	89,750	64,573	25,177
Total school sponsored athletics - instruction	1,090,926	(5,378)	1,085,548	987,005	98,543
Total - instruction	30,619,855	364,876	30,984,731	30,371,247	613,484
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within state - regular	55,000	-	55,000	3,138	51,862
Tuition to other LEAs within state - special	669,632	(250,000)	419,632	308,856	110,776
Tuition to county vocational school districts - regular	595,840	-	595,840	509,719	86,121
Tuition to county vocational school districts - special	116,000	-	116,000	87,415	28,585
Tuition to private schools for disabled within state	3,391,421	(1,118,238)	2,273,183	2,190,288	82,895
Tuition to private schools for disabled and other LEA's outside state	-	76,498	76,498	76,497	1
Total undistributed expenditures - instruction	4,827,893	(1,291,740)	3,536,153	3,175,913	360,240

See management's discussion and analysis section of this report for explanation of significant budget variances.

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Attendance and social work services:					
Salaries	\$ 72,168	244	\$ 72,412	\$ 72,160	\$ 252
Other purchased services	200	-	200	-	200
Supplies and materials	-	-	-	-	-
Total attendance and social work services	72,368	244	72,612	72,160	452
Health services:					
Salaries	498,174	(62,000)	436,174	397,497	38,677
Purchased professional and technical services	88,000	-	88,000	76,943	11,057
Supplies and materials	17,387	-	17,387	14,735	2,652
Total health services	603,561	(62,000)	541,561	489,175	52,386
Speech, occupational therapy, physical therapy, related services:					
Salaries	964,778	-	964,778	929,635	35,143
Purchased professional educational services	153,493	22,000	175,493	146,349	29,144
Supplies and materials	10,455	(2,300)	8,155	5,498	2,657
Other objects	600	-	600	172	428
Total speech, occupational therapy, physical therapy, related services	1,129,326	19,700	1,149,026	1,081,654	67,372
Other support services - students - extra services:					
Salaries	750,446	71,722	822,168	818,911	3,257
Total other support services - students - extra services	750,446	71,722	822,168	818,911	3,257

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Other support services - guidance:					
Salaries of other professional staff	\$ 1,069,799	\$ (27,575)	\$ 1,042,224	\$ 1,028,312	\$ 13,912
Salaries of secretarial and clerical assistants	121,177	-	121,177	121,176	1
Other purchased services (400 - 500 series)	2,420	-	2,420	1,725	695
Supplies and materials	53,175	8,832	62,007	61,394	613
Other objects	10,900	-	10,900	8,820	2,080
Total other support services - guidance	1,257,471	(18,743)	1,238,728	1,221,427	17,301
Other support services - child study team:					
Salaries of other professional staff	1,577,554	(39,403)	1,538,151	1,514,994	23,157
Salaries of secretarial and clerical assistants	72,398	124,022	196,420	196,419	1
Purchased professional-educational services	36,460	4,000	40,460	39,245	1,215
Other purchased professional and technical services	48,775	1,500	50,275	42,714	7,561
Miscellaneous purchased services (400 - 500 series)	15,000	4,500	19,500	14,331	5,169
Supplies and materials	19,033	5,050	24,083	22,383	1,700
Other objects	5,100	-	5,100	4,454	646
Total other support services - child study team	1,774,320	99,669	1,873,989	1,834,540	39,449
Improvement of instructional services:					
Salaries of supervisors of instruction	821,011	-	821,011	797,973	23,038
Salaries of other professional staff	108,551	-	108,551	107,910	641
Salaries of secretarial and clerical assistants	138,860	-	138,860	138,125	735
Other purchased services (400 - 500 series)	20,500	6,140	26,640	25,467	1,173
Supplies and materials	5,866	-	5,866	3,286	2,580
Other objects	5,880	-	5,880	5,318	562
Total improvement of instructional services	1,100,668	6,140	1,106,808	1,078,079	28,729

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Educational media services/school library:					
Salaries	\$ 449,756	-	\$ 449,756	\$ 442,124	\$ 7,632
Purchased professional and technical services	3,750	-	3,750	3,750	-
Other purchased services (400 - 500 series)	-	150	150	69	81
Supplies and materials	86,976	-	86,976	83,007	3,969
Other objects	400	-	400	165	235
Total educational media services/school library	540,882	150	541,032	529,115	11,917
Instructional staff training services:					
Salaries of other professional staff	61,034	-	61,034	60,588	446
Salaries of secretarial and clerical assistants	8,365	-	8,365	8,365	-
Purchased professional educational services	3,000	-	3,000	250	2,750
Other purchased services (400 - 500 series)	24,750	3,706	28,456	27,392	1,064
Total instructional staff training services	97,149	3,706	100,855	96,595	4,260
Support services - general administration:					
Salaries	496,403	12,893	509,296	508,615	681
Legal services	174,450	50,000	224,450	207,203	17,247
Audit fees	39,000	-	39,000	35,500	3,500
Architectural/Engineering services	20,000	-	20,000	-	20,000
Other purchased professional services	92,375	(3,750)	88,625	44,823	43,802
Purchased technical services	22,300	5,550	27,850	27,348	502
Communications/telephone	220,381	(1,800)	218,581	188,681	29,900
BOE other purchased professional services	2,200	3,800	6,000	4,068	1,932
Other purchased services (400 - 500 series)	22,000	100	22,100	17,792	4,308
General supplies	10,200	(1,000)	9,200	7,528	1,672
BOE in-house training/meeting supplies	3,000	-	3,000	2,939	61
Miscellaneous expenditures	41,000	-	41,000	30,997	10,003
BOE membership dues and fees	500	-	500	74	426
Total support services - general administration	1,143,809	65,793	1,209,602	1,075,568	134,034

See management's discussion and analysis section of this report for explanation of significant budget variances.

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Support services - school administration:					
Salaries of principals/assistant principals	\$ 1,094,319	6,600	\$ 1,100,919	\$ 1,100,918	\$ 1
Salaries of other professional staff	241,076	110	241,186	241,186	-
Salaries of secretarial and clerical assistants	559,441	7,760	567,201	566,840	361
Other purchased services (400 - 500 series)	138,181	(13,000)	125,181	102,631	22,550
Supplies and materials	37,893	(1,057)	36,836	34,631	2,205
Other objects	25,500	4,500	30,000	20,191	9,809
Total support services - school administration	2,096,410	4,913	2,101,323	2,066,397	34,926
Central services:					
Salaries	576,329	-	576,329	574,045	2,284
Purchased professional services	70,000	-	70,000	64,485	5,515
Purchased technical services	53,000	-	53,000	45,060	7,940
Other purchased services (400 - 500 series)	13,900	-	13,900	9,351	4,549
Supplies and materials	10,800	3,143	13,943	12,572	1,371
Miscellaneous expenditures	8,000	-	8,000	5,806	2,194
Total central services	732,029	3,143	735,172	711,319	23,853
Administrative information technology:					
Salaries	693,669	-	693,669	667,890	25,779
Other purchased services (400 - 500 series)	70,719	(3,180)	67,539	28,380	39,159
Total administrative information technology	764,388	(3,180)	761,208	696,270	64,938
Required allowable maintenance for school facilities:					
Salaries	551,260	-	551,260	522,564	28,696
Cleaning, repair and maintenance services	301,500	22,000	323,500	308,260	15,240
General supplies	228,435	(14,000)	214,435	157,181	57,254
Total required allowable maintenance for school facilities	1,081,195	8,000	1,089,195	988,005	101,190

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Custodial services:					
Salaries	\$ 2,126,354	\$ (16,000)	\$ 2,110,354	\$ 2,032,547	\$ 77,807
Salaries of non-instructional aids	80,000	16,000	96,000	93,798	2,202
Purchased professional and technical services	39,300	(8,000)	31,300	16,733	14,567
Cleaning, repair and maintenance services	165,200	24,175	189,375	150,433	38,942
Rental of land and buildings other than lease purchase agreements	267,529	2,000	269,529	269,390	139
Lease purchase agreements	225,717	-	225,717	225,716	1
Other purchased property services	235,500	(5,000)	230,500	216,569	13,931
Insurance	427,838	(30,000)	397,838	397,176	662
Miscellaneous Purchased Services	500	-	500	474	26
General supplies	384,390	(18,579)	365,811	330,114	35,697
Energy (natural gas)	490,000	(34,000)	456,000	431,833	24,167
Energy (electricity)	787,151	61,000	848,151	784,304	63,847
Other objects	26,000	-	26,000	23,432	2,568
Total custodial services	5,255,479	(8,404)	5,247,075	4,972,519	274,556
Care and upkeep of grounds:					
Salaries	162,580	-	162,580	162,335	245
Cleaning, repair and maintenance services	18,450	(4,500)	13,950	9,854	4,096
General supplies	79,000	(14,340)	64,660	50,987	13,673
Total care and upkeep of grounds	260,030	(18,840)	241,190	223,176	18,014
Security:					
Salaries	243,490	-	243,490	242,955	535
General supplies	600	-	600	148	452
Total security	244,090	-	244,090	243,103	987

See management's discussion and analysis section of this report for explanation of significant budget variances.

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Student transportation services:					
Salaries of non-instructional aids	\$ 101,605	\$ 18,384	\$ 119,989	\$ 119,986	\$ 3
between home and school - regular	1,353,205	8,900	1,362,105	1,360,213	1,892
between home and school - special education	256,504	11,600	268,104	268,035	69
other than between home and school	35,000	21,400	56,400	54,548	1,852
Other purchased professional and technical services	73,500	11,216	84,716	83,913	803
Cleaning, repair and maintenance services	470,000	8,000	478,000	469,626	8,374
Contracted services aid-in-lieu payments	120,000	7,000	127,000	126,906	94
Contracted services (between home and school) - vendors	600,000	(5,000)	595,000	594,427	573
Contracted services (between home and school) - joint ventures	15,000	(14,000)	1,000	-	1,000
Contracted services (special education) - vendors	165,000	61,000	226,000	225,584	416
Contracted services (special education) - joint agreements	1,500	-	1,500	-	1,500
Miscellaneous purchased services - transportation	112,807	(12,500)	100,307	94,010	6,297
General supplies	5,000	-	5,000	3,871	1,129
Transportation supplies	154,000	24,340	178,340	171,357	6,983
Other Objects	12,000	-	12,000	10,370	1,630
Total student transportation services	3,475,121	140,340	3,615,461	3,582,846	32,615
Personal services - employee benefits:					
Unallocated benefits:					
Group insurance	14,000	-	14,000	12,192	1,808
Social security contributions	928,000	-	928,000	914,161	13,839
Other retirement contribution - PERS	1,063,796	(74,150)	989,646	989,645	1
Other retirement contribution - ERIP	38,000	-	38,000	36,838	1,162
Other retirement contribution - regular	66,000	10,000	76,000	75,235	765
Workmen's compensation	618,000	-	618,000	531,358	86,642
Health benefits	12,828,000	427,350	13,255,350	13,156,027	99,323
Tuition reimbursement	130,000	10,000	140,000	133,231	6,769
Other employee benefits	141,700	71,800	213,500	212,652	848
Total unallocated benefits	15,827,496	445,000	16,272,496	16,061,339	211,157

See management's discussion and analysis section of this report for explanation of significant budget variances.

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
On-behalf contributions:					
On- behalf TPAF post retirement medical (non-budgeted)	\$ -	\$ -	\$ -	\$ 2,971,159	\$ (2,971,159)
On- behalf TPAF pension contributions (non-budgeted)	-	-	-	4,600,181	(4,600,181)
On- behalf TPAF long-term disability Insurance (non-budgeted)	-	-	-	5,374	(5,374)
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	2,234,113	(2,234,113)
Total on-behalf contributions	-	-	-	9,810,827	(9,810,827)
Total personal services - employee benefits	15,827,496	445,000	16,272,496	25,872,166	(9,599,670)
Total undistributed expenditures	43,034,131	(534,387)	42,499,744	50,828,938	(8,329,194)
Total general current expense	73,653,986	(169,511)	73,484,475	81,200,185	(7,715,710)
CAPITAL OUTLAY:					
Equipment:					
Regular programs - instruction:					
Grades 1-5	-	-	-	-	-
Grades 9-12	-	-	-	-	-
Undistributed expenditures:					
General administration	2,495	(2,495)	-	-	-
School administration	87,983	9,052	97,035	93,265	3,770
Required maintenance school facilities	47,545	5,262	52,807	35,917	16,890
Custodial services	11,000	(421)	10,579	10,578	1
Care and upkeep of grounds	83,372	8,233	91,605	91,605	-
School Buses Regular	300,000	-	300,000	299,593	407
Total equipment	532,395	19,631	552,026	530,958	21,068

See management's discussion and analysis section of this report for explanation of significant budget variances.

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Facilities acquisition and construction services:					
Assessment for debt service on SDA funding	\$ 60,092	-	\$ 60,092	\$ 60,092	-
Capital reserve transfer to Capital projects	423,000	-	423,000	-	423,000
	483,092	-	483,092	60,092	423,000
Total facilities acquisition and construction services					
Total capital outlay	<u>1,015,487</u>	<u>19,631</u>	<u>1,035,118</u>	<u>591,050</u>	<u>444,068</u>
SPECIAL SCHOOLS:					
Summer school - instruction:					
Salaries of teachers	128,522	4,596	133,118	116,103	17,015
Other salaries for instruction	51,380	57,779	109,159	109,103	56
Purchased professional and technical services	17,250	-	17,250	8,970	8,280
General supplies	5,000	-	5,000	4,860	140
	202,152	62,375	264,527	239,036	25,491
Total summer school - instruction					
Total special schools	<u>202,152</u>	<u>62,375</u>	<u>264,527</u>	<u>239,036</u>	<u>25,491</u>
Transfer of funds to Charter School	-	87,505	87,505	43,098	44,407
Total expenditures	<u>74,871,625</u>	<u>-</u>	<u>74,871,625</u>	<u>82,073,369</u>	<u>(7,201,744)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,097,889)</u>	<u>-</u>	<u>(3,097,889)</u>	<u>(81,833)</u>	<u>3,016,056</u>

See management's discussion and analysis section of this report for explanation of significant budget variances.

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Operating transfers in:					
Transfer from other funds	\$ -	\$ -	\$ -	\$ 10,478	\$ 10,478
Capital reserve transfer to capital projects fund					
Capital leases (non-budgeted)					
Sale of Assets					
Sale of fixed assets	-	-	-	7,608	7,608
Total other financing sources (uses)	-	-	-	18,086	18,086
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	(3,097,889)	-	(3,097,889)	(63,747)	3,034,142
Fund balance, July 1	6,978,611		6,978,611	6,978,611	-
Fund balance, June 30	<u>\$ 3,880,722</u>	<u>\$ -</u>	<u>\$ 3,880,722</u>	<u>\$ 6,914,864</u>	<u>\$ 3,034,142</u>
Recapitulation					
Restricted fund balance:					
Capital reserve				\$ 530,246	
Excess surplus - designated for subsequent year's expenditures				2,100,362	
Excess surplus - current year				1,790,063	
Assigned fund balances:					
Designated for subsequent year's expenditures				789,403	
Unassigned fund balances				<u>1,704,790</u>	
Reconciliation to governmental funds statements (GAAP)				<u>6,914,864</u>	
Last state aid payment not recognized on GAAP basis				<u>(1,641,613)</u>	
Fund Balance per governmental funds (GAAP)				<u>\$ 5,273,251</u>	

See management's discussion and analysis section of this report for explanation of significant budget variances.

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State sources	\$ 535,191	\$ 150,246	\$ 685,437	\$ 641,763	\$ (43,674)
Federal sources	1,533,985	248,216	1,782,201	1,704,535	(77,666)
Total Revenues	<u>2,069,176</u>	<u>398,462</u>	<u>2,467,638</u>	<u>2,346,298</u>	<u>(121,340)</u>
EXPENDITURES:					
Instruction					
Salaries of teachers	658,725	(188,954)	469,771	464,941	4,830
Other salaries for instruction	875,260	(875,260)	-	-	-
Purchased professional and technical services	82,268	922,678	1,004,946	993,158	11,788
General supplies	-	44,917	44,917	17,660	27,257
Textbooks	37,040	6,729	43,769	43,596	173
Other purchased services	415,883	110,183	526,066	492,044	34,022
Total Instruction	<u>2,069,176</u>	<u>20,293</u>	<u>2,089,469</u>	<u>2,011,399</u>	<u>78,070</u>
Support Services					
Salaries of secretaries and clerical assistants	-	42,138	42,138	23,889	18,249
Personal services - employee benefits	-	149,481	149,481	147,714	1,767
Purchased professional services	-	143,743	143,743	129,490	14,253
General supplies	-	4,865	4,865	2,884	1,981
Travel	-	634	634	204	430
Total Support Services	<u>-</u>	<u>340,861</u>	<u>340,861</u>	<u>304,181</u>	<u>36,680</u>
Instructional equipment	<u>-</u>	<u>37,308</u>	<u>37,308</u>	<u>30,718</u>	<u>6,590</u>
Total Expenditures	<u>2,069,176</u>	<u>398,462</u>	<u>2,467,638</u>	<u>2,346,298</u>	<u>121,340</u>
Total Outflows	<u>2,069,176</u>	<u>398,462</u>	<u>2,467,638</u>	<u>2,346,298</u>	<u>121,340</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See management's discussion and analysis section of this report for explanation of significant budget variances.

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION -
PART II**

**OCEAN TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Budget-to-GAAP Reconciliation
Fiscal Year Ended June 30, 2018**

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 81,991,536	\$ 2,346,298
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	27,080
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until subsequent year.	(1,641,613)	-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,631,031	-
 Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 81,980,954</u>	<u>\$ 2,373,378</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 82,073,369	\$ 2,346,298
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.	-	27,080
 Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 82,073,369</u>	<u>\$ 2,373,378</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**SCHEDULES RELATED TO ACCOUNTING
AND REPORTING FOR PENSIONS AND POSTEMPLOYMENT
BENEFITS OTHER THAN PENSIONS**

OCEAN TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees Retirement System
Required Supplementary Information*
Last Five Years *

	Fiscal Year Ended June 30,				
	2018	2017	2016	2015	2014
District's proportion of the Net Pension Liability	0.05035807%	0.05254898%	0.05101445%	0.04984458%	0.04956637%
Employer's proportionate share of the Net Pension Liability	\$ 24,637,193	\$ 31,008,009	\$ 23,553,440	\$ 19,364,539	\$ 19,038,744
District's covered-employee payroll	\$ 7,335,862	\$ 7,130,014	\$ 7,219,151	\$ 7,306,958	\$ 6,924,348
District's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	335.85%	434.89%	326.26%	265.02%	274.95%
Plan Fiduciary Net Position as a percentage of the total pension liability (local)	48.10%	40.14%	47.93%	52.08%	48.72%

*The information presented was determined based on the prior fiscal-year end.

Note: Until a full ten-year trend is completed, information will be presented for years for which information is available.

OCEAN TOWNSHIP SCHOOL DISTRICT
Schedule of District Contributions
Public Employees Retirement System
Required Supplementary Information
Last Five Years

	Fiscal Year Ended June 30,				
	2018	2017	2016	2015	2014
Contractually-required contribution	\$ 980,468	\$ 930,106	\$ 902,069	\$ 852,645	\$ 750,592
Contributions in relation to the contractually-required contribution	(980,468)	(930,106)	(902,069)	(852,645)	(750,952)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 7,335,862	\$ 7,130,014	\$ 7,219,151	\$ 7,306,958	\$ 6,924,348
Contributions as a percentage of covered-employee payroll	13.37%	13.04%	12.50%	11.67%	10.85%

Note: Until a full ten-year trend is completed, information will be presented for years for which information is available.

OCEAN TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity System
Required Supplementary Information *
Last Five Years *

	Fiscal Year Ended June 30,				
	2018	2017	2016	2015	2014
District's proportion of the Net Pension Liability**	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportion of the net pension liability associated to the District **	0.30731149%	0.31209329%	0.30429849%	0.30006102%	0.30554180%
State's proportionate share of the Net Pension Liability associated with the employer*	\$ 207,200,489	\$ 245,512,453	\$ 192,329,639	\$ 160,666,363	\$ 154,418,423
District's covered-employee payroll	\$ 31,635,815	\$ 31,553,108	\$ 31,415,277	\$ 30,953,607	\$ 29,765,972
District's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	654.96%	778.09%	612.22%	519.06%	518.78%
Plan Fiduciary Net Position as a percentage of the total pension liability (local)	25.41%	22.33%	28.71%	33.64%	33.76%

* The amounts presented were determined as of the prior fiscal year end.

** Note: TPAF is a special funding situation defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the District (employer) does not contribute directly to the plan, there is no net pension liability to report in the financial statements of the District.

Note: Until a full ten-year trend is completed, information will be presented for years for which information is available.

OCEAN TOWNSHIP SCHOOL DISTRICT
Schedule of Changes in the District's OPEB Liability and Related Ratios
Required Supplementary Information*
For the Fiscal Year Ended June 30, 2018

Total OPEB Liability:

Service Cost	\$ 6,834,986
Interest	5,624,888
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(22,869,891)
Contributions from the members	151,915
Benefit payments	<u>(4,125,607)</u>
Net change in total OPEB Liability	(14,383,709)
Total OPEB liability, beginning	<u>192,502,404</u>
Total OPEB liability- ending	<u><u>\$ 178,118,695</u></u>
District's Proportionate Share of OPEB Liability	\$ -
State's Proportionate Share of OPEB Liability	<u>178,118,695</u>
Total OPEB liability- Ending	<u><u>\$ 178,118,695</u></u>
District's Covered-Employee Payroll	<u><u>\$ 38,971,677</u></u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	<u><u>0%</u></u>

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75

*The information presented was determined based on the prior fiscal-year end.

Note: Until a full ten-year trend is completed, information will be presented for years for which information is available.

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to Required Supplementary Information - Part III
Schedule of the District's Proportionate Share of the Net Pension Liability
and Schedule of District Contributions
For the Fiscal Year Ended June 30, 2018

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017 in accordance with Paragraph 44 of GASB Statement No. 67.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.22% as of June 30, 2016 to 4.25% as of June 30, 2017 in accordance with Paragraph 44 of GASB Statement No. 67.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

OCEAN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

	I. D. E. A Part B		Title I Basic 2017-2018	Total Other Special Projects (Ex. E-1a)	Total Nonpublic Programs (Ex. E-1b)	Totals 2018
	Regular 2016-2017	Preschool 2017-2018				
REVENUES:						
State sources	\$ -	\$ -	\$ -	\$ -	\$ 641,763	\$ 641,763
Federal sources	957,437	41,046	495,829	209,580	-	1,704,535
Total revenues	\$ 957,437	\$ 41,046	\$ 495,829	\$ 209,580	\$ 641,763	\$ 2,346,298
EXPENDITURES:						
Instruction:						
Salaries of teachers	\$ -	\$ -	\$ 374,951	\$ 89,990	\$ -	\$ 464,941
Purchased professional and technical services	831,432	41,046	-	5,766	114,914	993,158
General supplies	-	-	-	17,660	-	17,660
Textbooks	-	-	-	-	43,596	43,596
Other purchased services	-	-	-	8,791	483,253	492,044
Total instruction	831,432	41,046	374,951	122,207	641,763	2,011,399
Support services:						
Other salaries for instruction	-	-	-	23,889	-	23,889
Personal services - employee benefits	-	-	118,109	29,605	-	147,714
Purchased professional and technical services	126,005	643	1,019	1,823	-	129,490
General supplies	-	-	1,750	1,134	-	2,884
Travel	-	-	-	204	-	204
Total support services	126,005	643	120,878	56,655	-	304,181
Instructional equipment	-	-	-	30,718	-	30,718
Total expenditures	\$ 957,437	\$ 41,046	\$ 495,829	\$ 209,580	\$ 641,763	\$ 2,346,298

OCEAN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis (Continued)
For the Fiscal Year Ended June 30, 2018

	Title II, Part A Teacher and Principal Training & Recruiting 2017-2018	Title III Part A 2017-2018	Title III Immigrant 2017-2018	Career Pathways 2019	Career Pathways 2018	Carry forward to E-1 Total Other Special Projects
REVENUES:						
Federal sources	\$ 57,916	\$ 57,412	\$ 9,201	\$ 32,647	\$ 52,404	\$ 209,580
Total revenues	\$ 57,916	\$ 57,412	\$ 9,201	\$ 32,647	\$ 52,404	\$ 209,580
EXPENDITURES:						
Instruction:						
Salaries of teachers	\$ 44,043	\$ 43,562	\$ -	\$ -	\$ 2,385	\$ 89,990
Purchased professional and technical services	-	-	-	-	5,766	\$ 5,766
General supplies	-	-	-	1,279	16,381	17,660
Other purchased services	-	-	8,791	-	-	8,791
Total instruction	44,043	43,562	8,791	1,279	24,532	122,207
Support services:						
Other salaries for instruction	-	-	-	-	23,889	23,889
Personal services - employee benefits	13,873	13,722	-	-	2,010	29,605
Purchased professional and technical services	-	128	410	650	635	1,823
General supplies	-	-	-	-	1,134	1,134
Travel	-	-	-	-	204	204
Total support services	13,873	13,850	410	650	27,872	56,655
Instructional equipment	-	-	-	30,718	-	30,718
Total expenditures	\$ 57,916	\$ 57,412	\$ 9,201	\$ 32,647	\$ 52,404	\$ 209,580

OCEAN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis (Continued)
For the Fiscal Year Ended June 30, 2018

	N.J. Nonpublic Handicapped Services Ch. 193		N.J. Nonpublic Auxiliary Services Ch. 192		N.J. Nonpublic Auxiliary Services Ch. 192		Nonpublic Textbooks	Nonpublic Technology	Nonpublic Security Aid	Carry forward to E-1 Total Nonpublic Programs
	Examination and Classification	Corrective Speech	Supplemental Instruction	Auxiliary Services Ch. 192 Compensatory	Auxiliary Services Ch. 192 ESL	Nonpublic Nursing				
REVENUES:										
State sources	\$ 125,235	\$ 41,962	\$ 91,983	\$ 152,365	\$ 5,420	\$ 85,435	\$ 43,596	\$ 29,479	\$ 66,288	\$ 641,763
Total revenues	\$ 125,235	\$ 41,962	\$ 91,983	\$ 152,365	\$ 5,420	\$ 85,435	\$ 43,596	\$ 29,479	\$ 66,288	\$ 641,763
EXPENDITURES:										
Instruction:										
Purchased professional and technical services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,435	\$ -	\$ 29,479	\$ -	\$ 114,914
Textbooks	-	-	-	-	-	-	43,596	-	-	43,596
Other purchased services	125,235	41,962	91,983	152,365	5,420	-	-	-	66,288	483,253
Total instruction	125,235	41,962	91,983	152,365	5,420	85,435	43,596	29,479	66,288	641,763
Total expenditures	\$ 125,235	\$ 41,962	\$ 91,983	\$ 152,365	\$ 5,420	\$ 85,435	\$ 43,596	\$ 29,479	\$ 66,288	\$ 641,763

CAPITAL PROJECTS FUND DETAIL STATEMENTS

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

OCEAN TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2018

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations June 30, 2018
			Prior Years	Current Year	
2015 Referendum	3/12/2015	\$ 28,944,000	\$ 23,248,624	\$ 5,394,988	\$ 300,388
Totals		<u>\$ 28,944,000</u>	<u>\$ 23,248,624</u>	<u>\$ 5,394,988</u>	<u>\$ 300,388</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

Revenues and Other Financing Sources

State sources	\$	-
Bond proceeds		-
Total revenues		<u>-</u>

Expenditures and Other Financing Uses

Purchased professional and technical services		85,938
Construction services		4,142,829
Other objects		<u>1,166,221</u>
Total expenditures		<u>5,394,988</u>

Excess (deficiency) of revenues over (under) expenditures (5,394,988)

Fund balance - Beginning 5,695,376

Fund balance - Ending \$ 300,388

OCEAN TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
2015 Bond Referendum
For the Fiscal Year Ended June 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond proceeds and transfers	\$ 28,944,000	\$ -	\$ 28,944,000	\$ 28,944,000
Total revenues	<u>28,944,000</u>	<u>-</u>	<u>28,944,000</u>	<u>28,944,000</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	1,914,660	85,938	2,000,598	1,534,623
Construction services	21,218,808	4,423,032	25,641,840	26,990,602
Other objects	115,156	886,018	1,001,174	418,775
Total expenditures	<u>23,248,624</u>	<u>5,394,988</u>	<u>28,643,612</u>	<u>28,944,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,695,376</u>	<u>\$ (5,394,988)</u>	<u>\$ 300,388</u>	<u>\$ -</u>
Additional project information				
Bond Issue Date	3/12/2015			
Original authorized cost	\$ 28,944,000			
Revised authorized cost	\$ 28,944,000			
Percentage increase over original authorized cost	0%			
Percentage completion	99%			
Original target completion date	September 2017			
Revised target completion date	September 2018			

PROPRIETARY FUNDS DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the District's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund - This fund provides for the operation of food services in all schools within the school district.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5, AND B-6.

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose:

Private Purpose Scholarship Funds - These are funds used to account for assets held by the district for scholarships or awards to students.

Unemployment Compensation Insurance Trust Fund - This fund is used to pay employees unemployment compensation claims.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds:

Student Activity Fund - This agency fund is used to account for student funds held at the schools.

Payroll and Payroll Agency Funds - These agency funds are used to account for the payroll transactions of the school district.

OCEAN TOWNSHIP SCHOOL DISTRICT
Combining Statement of Fiduciary Net Position
Trust and Agency Funds
June 30, 2018

	<u>Unemployment Compensation</u>	<u>Trust Private Purpose</u>	<u>Total Trust Fund</u>	<u>Student Activity</u>	<u>Agency Payroll</u>	<u>Total Agency Fund</u>
ASSETS:						
Cash and cash equivalents	\$ 474,077	\$ 35,582	\$ 509,659	\$ 320,379	\$ 1,928,478	\$ 2,248,857
Total assets	<u>474,077</u>	<u>35,582</u>	<u>509,659</u>	<u>320,379</u>	<u>1,928,478</u>	<u>2,248,857</u>
LIABILITIES:						
Payroll deductions and withholdings	15,529	-	15,529	-	1,928,478	1,928,478
Due to student groups	-	-	-	320,379	-	320,379
Total liabilities	<u>15,529</u>	<u>-</u>	<u>15,529</u>	<u>320,379</u>	<u>1,928,478</u>	<u>2,248,857</u>
NET POSITION:						
Reserved	458,548	35,582	494,130			
Total net position	<u>\$ 458,548</u>	<u>\$ 35,582</u>	<u>\$ 494,130</u>			

OCEAN TOWNSHIP SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2018

	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Total Trusts
ADDITIONS:			
Contributions:			
Plan member	\$ 122,706	\$ -	\$ 122,706
Other	-	19,648	19,648
Total contributions	<u>122,706</u>	<u>19,648</u>	<u>142,354</u>
Investment earnings:			
Interest	<u>5,560</u>	-	<u>5,560</u>
Net investment earnings	<u>5,560</u>	-	<u>5,560</u>
Total Additions	<u>128,266</u>	<u>19,648</u>	<u>147,914</u>
DEDUCTIONS:			
Quarterly contribution reports	35,680	-	35,680
Unemployment claims	84,732	-	84,732
Scholarships awarded	-	5,600	5,600
Total Deductions	<u>120,412</u>	<u>5,600</u>	<u>126,012</u>
Change in Net Position	7,854	14,048	21,902
Net Position - Beginning of Year	<u>450,694</u>	<u>21,534</u>	<u>472,228</u>
Net Position - End of Year	<u><u>\$ 458,548</u></u>	<u><u>\$ 35,582</u></u>	<u><u>\$ 494,130</u></u>

**OCEAN TOWNSHIP SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2018**

	<u>Balance July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2018</u>
ELEMENTARY SCHOOLS:				
Ocean Township Elementary	\$ 1,567	\$ 12,812	\$ 13,065	\$ 1,314
Wayside Elementary	13,952	47,174	8,119	53,007
Wanamassa Elementary	4,206	6,109	8,984	1,331
Total elementary schools	<u>19,725</u>	<u>66,095</u>	<u>30,168</u>	<u>55,652</u>
INTERMEDIATE SCHOOL	<u>73,072</u>	<u>48,419</u>	<u>63,779</u>	<u>57,712</u>
HIGH SCHOOL	<u>192,264</u>	<u>505,031</u>	<u>490,280</u>	<u>207,015</u>
Total all schools	<u>\$ 285,061</u>	<u>\$ 619,545</u>	<u>\$ 584,227</u>	<u>\$ 320,379</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2018

	<u>Balance July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2018</u>
ASSETS:				
Cash and cash equivalents	\$ 1,865,788	\$ 23,187,583	\$ 23,124,893	\$ 1,928,478
Total assets	<u>\$ 1,865,788</u>	<u>\$ 23,187,583</u>	<u>\$ 23,124,893</u>	<u>\$ 1,928,478</u>
LIABILITIES:				
Payroll deductions and withholdings	\$ 1,865,788	\$ 23,187,583	\$ 23,124,893	\$ 1,928,478
Total liabilities	<u>\$ 1,865,788</u>	<u>\$ 23,187,583</u>	<u>\$ 23,124,893</u>	<u>\$ 1,928,478</u>

LONG-TERM DEBT SCHEDULES

The long-term debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

OCEAN TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
As of June 30, 2018

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2017	Issued	Retired	Balance June 30, 2018
School renovations and additions (Refunding issue 2010)	10/20/2010	\$ 8,585,000	3/1/2019 3/1/2020 3/1/2021 3/1/2022	\$ 835,000 830,000 825,000 820,000	4.000% 4.000% 4.000% 4.000%	\$ 4,155,000	\$ -	\$ 845,000	\$ 3,310,000
School bonds - Energy project	9/1/2007	6,113,000				445,000	-	445,000	-
School Bonds - Energy Project (Refunding issue 2016)	9/1/2016	2,650,000	9/1/2018 9/1/2019 9/1/2020 9/1/2021 9/1/2022	505,000 510,000 520,000 510,000 500,000	1.450% 1.450% 1.450% 1.450% 1.450%	2,590,000	-	45,000	2,545,000
School bonds - 2015 Referendum	2/15/2015	28,944,000	3/15/2019 3/15/2020 3/15/2021 3/15/2022 3/15/2023 3/15/2024 3/15/2025 3/15/2026 3/15/2027 3/15/2028 3/15/2029 3/15/2030 3/15/2031 3/15/2032 3/15/2033 3/15/2034 3/15/2035 3/15/2036	1,100,000 1,130,000 1,170,000 1,205,000 1,245,000 1,290,000 1,335,000 1,380,000 1,430,000 1,480,000 1,530,000 1,585,000 1,640,000 1,695,000 1,755,000 1,820,000 1,880,000 1,945,000	2.000% 2.000% 2.000% 3.000% 3.000% 3.000% 3.000% 3.000% 3.000% 3.000% 3.000% 3.000% 3.000% 3.000% 3.125% 3.125% 3.250% 3.250%	27,680,000	-	1,065,000	26,615,000
						\$ 34,870,000	\$ -	\$ 2,400,000	\$ 32,470,000

OCEAN TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Obligations under Capital Lease
As of June 30, 2018

<u>Description</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2017</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2018</u>
Savin Copiers	\$ 6,688	\$ 1,884	\$ -	\$ 1,495	\$ 389
Energy Saving Improvement Project	\$ 3,433,934	2,584,411	-	159,375	2,425,036
Technology Equipment lease	\$ 1,200,000	495,000	-	245,000	250,000
		<u>\$ 3,081,295</u>	<u>\$ -</u>	<u>\$ 405,870</u>	<u>\$ 2,675,425</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final to Actual</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 2,160,996	\$ -	\$ 2,160,996	\$ 2,160,996	\$ -
State sources:					
Debt service aid - Type II	<u>1,247,193</u>	<u>-</u>	<u>1,247,193</u>	<u>1,247,193</u>	<u>-</u>
Total revenues	<u>3,408,189</u>	<u>-</u>	<u>3,408,189</u>	<u>3,408,189</u>	<u>-</u>
EXPENDITURES:					
Regular debt service:					
Interest	1,008,189		1,008,189	1,008,188	1
Redemption of principal	<u>2,400,000</u>	<u>-</u>	<u>2,400,000</u>	<u>2,400,000</u>	<u>-</u>
Total expenditures	<u>3,408,189</u>	<u>-</u>	<u>3,408,189</u>	<u>3,408,188</u>	<u>1</u>
Excess (Deficiency) of revenues over expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Fund balances, July 1	21,562	-	21,562	21,562	-
Fund balances, June 30	<u>\$ 21,562</u>	<u>\$ -</u>	<u>\$ 21,562</u>	<u>\$ 21,563</u>	<u>\$ 1</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

Ocean Township School District Statistical Section (Unaudited)

<u>Contents</u>	<u>Page</u>
Financial Trends	99 - 105
<p>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</p>	
Revenue Capacity	106 - 111
<p>These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.</p>	
Debt Capacity	112 - 115
<p>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the district's ability to issue additional debt in the future.</p>	
Demographic and Economic Information	116 - 117
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.</p>	
Operating Information	118 - 122
<p>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>	

OCEAN TOWNSHIP SCHOOL DISTRICT
Net Position by Component
Last Ten Fiscal Years
Accrual Basis of Accounting
Unaudited

	Fiscal year ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Invested in capital assets, net of related debt	\$ 15,953,571	\$ 17,705,236	\$ 18,865,230	\$ 20,862,685	\$ 23,103,432	\$ 26,199,311	\$ 1,851,705	\$ 1,897,901	\$ 3,982,607	\$ 10,878,904
Restricted	5,976,604	3,534,807	5,283,098	7,896,093	8,599,305	7,421,919	33,319,170	24,916,071	10,800,884	5,532,025
Unrestricted	(3,078,273)	(2,549,999)	(3,049,861)	(3,165,792)	(3,018,695)	(2,932,839)	(21,706,190)	(22,387,040)	(24,236,674)	(26,300,884)
Total governmental activities net position	\$ 18,851,902	\$ 18,690,044	\$ 21,098,467	\$ 25,592,986	\$ 28,684,042	\$ 30,688,391	\$ 13,464,685	\$ 4,426,932	\$ (9,453,183)	\$ (9,889,955)
Business-type activities										
Invested in capital assets, net of related debt	\$ 92,319	\$ 77,390	\$ 64,236	\$ 76,535	\$ 64,921	\$ 55,812	\$ 47,283	\$ 39,095	\$ 30,906	\$ 23,259
Unrestricted	17,751	(7,461)	25,685	(34,970)	55,533	38,867	25,142	51,636	90,561	130,924
Total business-type activities net position	\$ 110,070	\$ 69,929	\$ 89,921	\$ 41,565	\$ 120,454	\$ 94,679	\$ 72,425	\$ 90,731	\$ 121,467	\$ 154,183
District-wide										
Invested in capital assets, net of related debt	\$ 16,045,890	\$ 17,782,626	\$ 18,929,466	\$ 20,939,220	\$ 23,168,353	\$ 26,255,123	\$ 1,898,988	\$ 1,936,996	\$ 4,013,513	\$ 10,902,163
Restricted	5,976,604	3,534,807	5,283,098	7,896,093	8,599,305	7,421,919	33,319,170	24,916,071	10,800,884	5,532,025
Unrestricted	(3,060,522)	(2,557,460)	(3,024,176)	(3,200,762)	(2,963,162)	(2,893,972)	(21,681,048)	(22,335,404)	(24,146,113)	(26,169,960)
Total district-wide net position	\$ 18,961,972	\$ 18,759,973	\$ 21,188,388	\$ 25,634,551	\$ 28,804,496	\$ 30,783,070	\$ 13,537,110	\$ 4,517,663	\$ (9,331,716)	\$ (9,735,772)

Source: District records

Note: Net position as of and prior to June 30, 2012, is restated to reflect the implementation of GASB Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position."

Note: GASB 68 was implemented during the 2015 fiscal year, which required restatement of beginning net position of (\$18,257,948). This amount is not reflected in the June 30, 2014 net position above.

OCEAN TOWNSHIP SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years
Accrual Basis of Accounting
Unaudited

	Fiscal year ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction										
Regular	\$ 29,853,090	\$ 30,869,776	\$ 30,672,356	\$ 31,201,908	\$ 31,710,830	\$ 32,519,106	\$ 37,890,451	\$ 40,522,362	\$ 45,892,122	\$ 45,781,920
Special education	6,685,215	6,760,065	6,672,604	7,304,546	7,949,249	8,250,188	10,042,126	11,419,006	12,793,370	13,834,752
Other special education	2,017,043	1,988,821	1,345,531	1,601,960	1,779,028	2,057,503	2,304,209	2,531,521	3,029,437	2,621,320
Other instruction	1,397,145	1,455,524	1,457,112	1,545,146	1,568,092	1,644,512	1,721,308	1,831,733	1,809,805	1,825,577
Support Services										
Instruction	3,292,240	3,434,045	3,992,315	3,265,613	4,702,295	4,020,710	4,211,098	4,319,884	4,420,757	3,480,737
Student & instruction-related services	7,943,866	8,335,122	8,252,664	9,260,790	9,073,914	9,144,162	10,997,582	11,863,986	13,544,060	14,068,119
School administrative services	3,372,965	3,370,056	2,820,723	2,943,430	3,022,176	3,071,142	3,494,178	3,750,253	4,023,127	2,917,325
General administrative services	1,161,748	1,146,016	1,164,642	1,130,936	1,217,809	1,300,236	739,030	639,274	1,097,739	2,036,664
Central services and administrative information technology	1,218,126	1,557,977	1,432,837	1,475,749	1,555,888	1,668,114	1,933,809	1,855,649	2,113,122	2,166,689
Plant operations and maintenance	7,338,569	6,924,274	7,004,447	6,786,929	6,580,843	6,952,515	7,662,856	7,627,965	7,510,703	7,639,931
Pupil transportation	3,913,472	3,918,662	3,908,346	3,917,781	4,245,998	3,908,356	3,904,511	3,998,919	4,076,488	4,418,551
Special Schools	190,883	187,863	164,599	156,620	159,880	188,275	207,251	227,710	223,586	239,036
Charter schools	15,348	57,636	30,545	21,473	43,184	47,307	15,745	25,462	-	43,098
Interest on long-term debt	1,308,884	1,007,071	1,460,077	716,154	637,280	545,646	674,061	1,127,442	939,956	918,227
Total governmental activities expenses	69,708,594	71,012,908	70,378,798	71,329,035	74,236,466	75,317,772	85,798,215	91,741,166	101,474,272	101,991,946
Business-type activities:										
Food service	1,132,607	1,141,723	1,192,783	1,237,158	1,173,646	1,202,792	1,229,862	1,129,632	1,089,540	1,132,300
Total business-type activities expense	1,132,607	1,141,723	1,192,783	1,237,158	1,173,646	1,202,792	1,229,862	1,129,632	1,089,540	1,132,300
Total district expenses	\$ 70,841,201	\$ 72,154,631	\$ 71,571,581	\$ 72,566,193	\$ 75,410,112	\$ 76,520,564	\$ 87,028,077	\$ 92,870,798	\$ 102,563,812	\$ 103,124,246
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 53,793	\$ 24,968	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 138,091	\$ 233,095
Support services	194,755	227,401	263,729	267,470	259,327	273,683	273,485	292,954	282,979	272,332
Special schools	15,175	-	19,600	20,698	6,813	66,021	65,142	19,248	35,804	41,499
Operating grants and contributions	6,961,117	7,219,481	7,569,905	8,276,785	9,107,433	7,932,435	16,411,370	20,327,982	27,188,389	27,313,539
Total governmental activities program revenues	7,224,840	7,471,850	7,853,234	8,564,953	9,373,573	8,272,139	16,749,997	20,640,184	27,645,263	27,860,465
Business-type activities:										
Charges for services:										
Food service	739,032	710,072	689,179	710,173	634,851	645,088	600,395	560,319	543,772	582,923
Operating grants and contributions	356,933	391,510	423,596	478,629	467,684	531,929	607,213	587,619	576,504	582,093
Total business-type activities program revenues	1,095,965	1,101,582	1,112,775	1,188,802	1,102,535	1,177,017	1,207,608	1,147,938	1,120,276	1,165,016
Total district program revenues	\$ 8,320,805	\$ 8,573,432	\$ 8,966,009	\$ 9,753,755	\$ 10,476,108	\$ 9,449,156	\$ 17,957,605	\$ 21,788,122	\$ 28,765,539	\$ 29,025,481
Net (Expense) Revenue										
Governmental activities	\$ (62,483,754)	\$ (63,541,058)	\$ (62,525,564)	\$ (62,764,082)	\$ (64,862,893)	\$ (67,045,633)	\$ (69,048,218)	\$ (71,100,982)	\$ (73,829,009)	\$ (74,131,485)
Business-type activities	(36,642)	(40,141)	(80,008)	(48,356)	(71,111)	(25,775)	(22,254)	18,306	30,736	32,716
Total district-wide net expense	\$ (62,520,396)	\$ (63,581,199)	\$ (62,605,572)	\$ (62,812,438)	\$ (64,934,004)	\$ (67,071,408)	\$ (69,070,472)	\$ (71,082,676)	\$ (73,798,273)	\$ (74,098,769)

OCEAN TOWNSHIP SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years
Accrual Basis of Accounting
Unaudited

	Fiscal year ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 50,344,384	\$ 52,051,910	\$ 54,408,683	\$ 55,724,474	\$ 56,734,353	\$ 57,501,584	\$ 58,643,552	\$ 60,221,552	\$ 61,425,948	\$ 62,765,948
Taxes levied for debt service	2,583,653	3,111,333	3,118,052	3,093,434	3,092,317	3,055,830	3,025,867	2,246,346	3,501,658	2,160,996
Federal and state aid not restricted	9,334,996	8,105,252	7,204,310	8,117,177	7,983,334	7,927,627	8,170,339	8,302,180	8,416,244	8,494,157
Investment earnings	216,587	25,053	16,408	13,824	18,898	15,354	10,300	89,927	25,179	95,283
Transfers	(100,000)	-	(100,000)	-	(150,000)	116	20,858	-	-	-
Gain on disposal of capital assets	68,308	85,652	18,093	17,982	-	-	-	-	-	-
Miscellaneous income	62,447,928	63,379,200	268,441	291,709	275,047	549,471	211,544	228,156	117,262	178,326
Total governmental activities			<u>64,933,987</u>	<u>67,258,600</u>	<u>67,953,949</u>	<u>69,049,982</u>	<u>70,082,460</u>	<u>71,088,161</u>	<u>73,486,291</u>	<u>73,694,710</u>
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	100,000	-	100,000	-	150,000	-	-	-	-	-
Total business-type activities	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 62,547,928</u>	<u>\$ 63,379,200</u>	<u>\$ 65,033,987</u>	<u>\$ 67,258,600</u>	<u>\$ 68,103,949</u>	<u>\$ 69,049,982</u>	<u>\$ 70,082,460</u>	<u>\$ 71,088,161</u>	<u>\$ 73,486,291</u>	<u>\$ 73,694,710</u>
Change in Net Position										
Governmental activities	\$ (35,826)	\$ (161,858)	\$ 2,408,423	\$ 4,494,518	\$ 3,091,056	\$ 2,004,349	\$ 1,034,242	\$ (12,821)	\$ (342,718)	\$ (436,775)
Business-type activities	63,358	(40,141)	19,992	(48,356)	78,889	(25,775)	(22,254)	18,306	30,736	32,716
Total district	<u>\$ 27,532</u>	<u>\$ (201,999)</u>	<u>\$ 2,428,415</u>	<u>\$ 4,446,162</u>	<u>\$ 3,169,945</u>	<u>\$ 1,978,574</u>	<u>\$ 1,011,988</u>	<u>\$ 5,485</u>	<u>\$ (311,982)</u>	<u>\$ (404,059)</u>

Source: District records

OCEAN TOWNSHIP SCHOOL DISTRICT
Fund Balances-Governmental Funds
Last Ten Fiscal Years
Modified Accrual Basis of Accounting
Unaudited

	Fiscal year ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 5,181,541	\$ 3,143,340	\$ 5,226,328	\$ 7,896,091	\$ 8,599,304	\$ 7,242,923	\$ 6,123,377	\$ 5,117,680	\$ 5,105,507	\$ 5,210,074
Unreserved	657,209	366,564	304,658	217,629	293,642	346,530	364,431	247,902	242,073	63,177
Total general fund	\$ 5,838,750	\$ 3,509,904	\$ 5,530,986	\$ 8,113,720	\$ 8,892,946	\$ 7,589,453	\$ 6,487,808	\$ 5,365,582	\$ 5,347,580	\$ 5,273,251
All Other Governmental Funds										
Reserved	\$ -	\$ 86,685	\$ -	\$ -	\$ -	\$ -	\$ 22,089,092	\$ 18,613,673	\$ 798,529	\$ 53,915
Unreserved	-	-	-	-	-	-	-	-	-	-
Special revenue fund	295,061	-	-	-	-	175,206	5,106,702	1,184,718	4,896,847	246,473
Capital projects fund	2	94,781	56,770	2	1	1	-	-	21,562	21,563
Debt service fund	2	181,466	56,770	2	1	175,207	27,195,794	19,798,391	5,716,938	321,951
Total all other governmental funds	\$ 295,063	\$ 181,466	\$ 56,770	\$ 2	\$ 1	\$ 175,207	\$ 27,195,794	\$ 19,798,391	\$ 5,716,938	\$ 321,951

Source: District records

OCEAN TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances-Governmental Funds
 Last Ten Fiscal Years
 Modified Basis of Accounting
Unaudited

	Fiscal year ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax levy	\$52,928,037	\$55,163,243	\$57,526,735	\$58,817,908	\$59,826,670	\$60,557,414	\$61,669,419	\$62,467,898	\$64,927,606	\$64,926,944
Tuition charges	68,967	24,968	19,600	20,698	6,813	66,021	65,142	19,248	138,091	233,095
Transportation fee	-	-	8,840	-	-	-	-	15,938	35,804	41,499
Interest earnings	216,587	25,053	16,408	13,824	18,898	15,470	31,159	89,927	95,917	95,283
Miscellaneous	532,621	267,337	402,607	452,838	428,034	630,085	426,357	480,347	400,091	443,050
State sources	14,640,564	13,113,096	12,275,813	13,806,616	15,227,408	14,229,523	15,438,917	16,788,459	17,778,805	20,193,940
Federal sources	1,655,549	2,211,637	2,498,402	2,587,346	1,863,358	1,630,537	1,774,391	1,733,629	1,823,755	1,839,188
Total revenue	70,042,325	70,805,334	72,748,405	75,699,230	77,371,181	77,129,050	79,405,385	81,595,446	85,170,069	87,772,959
Expenditures										
Instruction:										
Regular Instruction	21,799,901	22,670,152	21,897,306	21,843,058	21,787,047	22,544,366	22,675,022	22,811,686	22,700,708	22,999,240
Special education instruction	4,707,955	4,781,510	4,582,938	5,001,480	5,308,236	5,619,296	5,855,639	6,249,695	6,104,371	6,837,150
Other special instruction	1,404,080	1,393,079	919,375	1,071,086	1,187,303	1,380,015	1,321,236	1,359,701	1,422,138	1,231,576
Other instruction	1,125,096	1,180,325	1,150,970	1,218,492	1,251,072	1,296,007	1,335,311	1,418,439	1,356,764	1,350,530
Support Services:										
Instruction	3,292,240	3,434,045	3,992,315	3,265,613	4,702,295	4,020,710	4,211,098	4,319,884	4,420,757	3,480,737
Student & inst. related services	5,718,458	6,019,791	5,816,263	6,595,331	6,224,530	6,279,647	6,691,253	6,781,825	6,929,989	7,221,656
General & business administrative services	1,014,555	998,428	992,083	946,485	1,033,549	1,107,951	1,054,071	985,129	1,187,648	1,075,568
School administrative services	2,475,110	2,472,397	2,036,891	2,088,832	2,120,028	2,160,457	2,191,915	2,224,084	2,135,743	2,066,397
Central services	742,919	749,994	649,609	658,153	646,807	657,179	813,562	689,750	706,557	711,319
Administrative information technology	228,003	476,244	437,484	455,117	532,987	587,607	600,211	601,763	679,446	696,270
Plant operations and maintenance	6,453,715	6,078,561	6,134,451	5,835,371	5,663,134	5,949,808	6,050,497	6,542,703	6,290,964	6,426,803
Pupil transportation	3,113,502	3,134,340	3,115,311	3,151,643	3,236,620	3,184,955	3,210,016	3,309,559	3,326,902	3,582,846
Unallocated benefits	14,278,209	15,146,095	15,192,995	16,491,099	18,004,332	17,981,725	19,408,640	21,158,651	23,449,483	25,872,166
Special Schools	190,882	187,863	164,599	156,620	159,880	188,278	207,251	227,710	223,586	239,036
Transfer to Charter Schools	15,348	57,636	30,545	21,473	43,184	47,307	15,745	25,462	-	43,098
Capital outlay	2,700,609	1,024,887	344,535	1,193,799	1,261,704	5,534,939	4,774,762	8,999,641	14,665,669	6,007,343
Debt service:										
Principal	2,343,000	2,420,000	2,530,000	2,610,000	2,645,000	2,690,000	2,745,000	1,265,000	2,599,000	2,400,000
Interest and other charges	1,421,769	1,022,430	812,332	726,908	634,248	554,442	469,214	1,169,218	1,069,949	1,008,188
Total expenditures	73,025,351	73,247,777	70,800,002	73,330,560	76,441,956	81,784,689	83,630,443	90,139,900	99,269,674	93,249,923
Excess (Deficiency) of revenues over (under) expenditures	(2,983,026)	(2,442,443)	1,948,403	2,368,670	929,225	(4,655,639)	(4,225,058)	(8,544,454)	(14,099,605)	(5,476,924)

OCEAN TOWNSHIP SCHOOL DISTRICT
 Changes in Fund Balances-Governmental Funds
 Last Ten Fiscal Years
 Modified Basis of Accounting
Unaudited

	Fiscal year ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other Financing sources (uses)										
Capital leases (non-budgeted)										
Proceeds from bonds	8,275,000	-	8,585,000	\$ 139,314	\$ -	\$ 6,688	\$ 1,200,000	\$ -	\$ -	\$ -
Payments to refunding bond escrow	(8,459,066)	-	(9,199,528)	-	-	3,433,934	28,944,000	-	2,650,000	-
Premium on sale of bonds	-	-	692,118	-	-	-	-	-	(2,650,000)	-
Cost of issuance	-	-	(47,700)	-	-	-	-	-	-	-
FEMA Reimbursement	-	-	-	-	-	83,042	-	-	-	-
Sale of assets	-	-	18,093	17,982	-	3,688	-	24,825	150	7,608
Transfers in	888,505	497,332	29,892	-	-	116	20,859	-	40,738	10,478
Transfers out	(988,505)	(497,332)	(129,892)	-	(150,000)	(116)	(20,858)	-	(40,738)	(10,478)
Total other financing sources (uses)	(284,066)	-	(52,017)	157,296	(150,000)	3,527,352	30,144,001	24,825	150	7,608
Net change in fund balances	\$ (3,267,092)	\$ (2,442,443)	\$ 1,896,386	\$ 2,525,966	\$ 779,225	\$ (1,128,287)	\$ 25,918,943	\$ (8,519,629)	\$ (14,099,455)	\$ (5,469,316)
Debt service as a percentage of noncapital expenditures	5.35%	4.77%	4.74%	4.63%	4.36%	4.26%	4.08%	3.00%	4.34%	3.91%

Source: District records

Note Noncapital expenditures are total expenditures less capital outlay.

OCEAN TOWNSHIP SCHOOL DISTRICT
General Fund-Other Local Revenue by Source
 Last Ten Fiscal Years
 Modified Accrual Basis of Accounting
Unaudited

Description	Fiscal year ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Sale of energy	\$ -	\$ -	\$ 18,360	\$ 17,085	\$ 3,990	\$ 3,884	\$ 4,480	\$ -	\$ 6,898	\$ 2,410
FEIMA Reimbursement	-	-	-	-	-	83,042	-	-	-	-
Grants and Donations	-	-	44,149	31,628	-	193,279	25,000	1,620	-	-
Facility charge	194,755	227,401	254,889	267,470	259,327	273,683	273,485	277,016	282,979	272,332
Prior-year insurance refunds	-	-	-	-	-	-	-	41,466	-	720
Prior-year miscellaneous refunds	31,991	8,026	39,582	66,826	85,174	74,840	31,424	95,136	6,681	12,934
Sponsorship	22,000	23,950	30,950	27,950	27,250	24,250	25,800	23,100	25,100	23,600
Sale of assets	-	-	18,093	17,982	-	3,688	-	-	-	7,608
Tuition	68,967	24,968	19,600	20,698	6,813	66,021	65,142	19,248	138,091	233,095
Transportation fees	-	-	8,840	-	25,223	21,055	17,718	15,938	35,804	41,499
Interest	195,946	24,997	16,406	13,824	17,625	15,354	10,301	13,907	25,179	84,805
Cancellation of prior year checks	-	-	-	-	-	-	-	-	22,996	-
Shared services	-	-	11,141	38,939	26,233	38,584	30,090	27,529	47,447	110,740
Miscellaneous	5,769	7,960	3,535	2,940	2,110	510	18,360	14,480	7,990	12,706
Total other local revenue	\$ 519,428	\$ 317,302	\$ 465,545	\$ 505,342	\$ 453,745	\$ 798,190	\$ 501,800	\$ 529,440	\$ 599,165	\$ 802,449

Source: District Records

OCEAN TOWNSHIP SCHOOL DISTRICT
Assessed Value and Estimated Actual Value of Taxable Property - Township of Ocean
Last Ten Years
Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qualified Farm	Commercial	Industrial	Apartment	Total Assessed Value	Less : Tax Exempt Property	Public Utilities ^a	Net Valuation Taxable	Actual (County Equalized) Value	Total Direct School Tax Rate ^b
2009	\$ 99,774,500	\$ 3,731,125,700	\$ 1,008,800	\$ 3,200	\$ 653,898,600	\$ -	\$ 174,312,600	\$ 4,660,123,400	\$ -	\$ 4,425,876	\$ 4,664,549,276	\$ 5,622,766,306	1.121
2010	94,206,500	3,405,982,600	864,200	3,000	646,389,100	-	167,082,500	4,314,527,900	-	5,730,952	4,320,258,852	5,535,729,615	1.263
2011	93,051,700	3,418,789,500	864,200	3,000	626,100,600	-	157,266,300	4,296,075,300	-	4,068,768	4,300,144,068	5,118,942,495	1.305
2012	88,166,100	3,427,805,400	864,200	3,000	613,228,750	-	157,266,300	4,287,333,750	-	4,391,570	4,291,725,320	4,803,080,497	1.331
2013	83,425,400	3,425,911,290	1,196,900	4,800	596,484,760	-	157,243,600	4,264,266,750	-	4,531,727	4,268,798,477	4,566,355,552	1.362
2014	84,477,500	3,378,704,730	1,196,900	4,800	580,553,450	-	152,764,100	4,197,701,480	-	3,778,433	4,201,479,913	4,473,944,524	1.408
2015	84,178,000	3,382,560,000	1,111,900	4,700	573,206,000	-	151,604,900	4,192,665,500	-	3,785,482	4,196,450,982	4,539,382,409	1.431
2016	71,704,300	3,397,753,500	1,074,900	3,800	583,675,400	-	163,311,500	4,217,523,400	-	3,628,655	4,221,152,055	4,673,821,521	1.458
2017	71,984,400	3,897,335,500	1,273,700	3,900	631,943,700	-	218,542,400	4,821,083,600	-	4,034,953	4,825,118,553	4,759,112,032	1.323
2018	75,981,300	4,082,025,000	1,294,200	4,100	584,516,000	-	236,536,800	4,980,357,400	-	4,022,460	4,984,379,860	4,888,118,749	1.324

Source: New Jersey's Monmouth County Board of Taxation Website

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by the County Board of Taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

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

b Tax rates are per \$100.

OCEAN TOWNSHIP SCHOOL DISTRICT
Assessed Value and Estimated Actual Value of Taxable Property - Village of Loch Arbour
 Last Ten Years
Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qualified Farm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
2009	\$ 3,523,600	\$ 191,079,900	\$ -	\$ -	\$ 9,058,600	\$ -	\$ 803,200	\$ 204,465,300	\$ -	72,171	\$ 204,537,471	\$ 172,470,574	0.146
2010	3,083,600	190,882,000	-	-	8,278,600	-	753,200	202,997,400	-	91,363	203,088,763	194,726,874	0.871
2011	2,366,900	147,663,700	-	-	6,483,900	-	587,300	157,101,800	-	77,150	157,178,950	195,940,278	1.320
2012	2,366,900	147,928,700	-	-	6,483,900	-	587,300	157,366,800	-	63,558	157,430,358	181,236,975	1.390
2013	6,686,800	142,559,600	-	-	4,571,400	-	587,300	154,405,100	-	86,745	154,491,845	154,450,686	1.331
2014	6,686,800	139,605,300	-	-	4,521,400	-	587,300	151,400,800	-	63,364	151,464,164	151,880,984	1.303
2015	4,700,600	140,745,200	-	-	3,590,500	-	600,800	149,637,100	-	65,555	149,702,655	154,901,572	1.355
2016	4,600,100	139,384,500	-	-	3,590,500	-	559,700	148,134,800	-	66,177	148,200,977	148,739,239	1.450
2017	3,558,600	149,328,600	-	-	5,677,400	-	921,100	159,485,700	-	67,709	159,553,409	136,977,890	0.845
2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: New Jersey's Monmouth County Board of Taxation Website

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by the County Board of Taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

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

b Tax rates are per \$100.

OCEAN TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Per \$100 of Assessed Valuation
Last Ten Years
Unaudited

Township of Ocean

Fiscal Year Ended June 30,	Township of Ocean Board of Education Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct School Tax Rate	Township of Ocean	Monmouth County	
2009	1.064	0.057	1.121	0.355	0.323	1.799
2010	1.200	0.063	1.263	0.428	0.350	2.041
2011	1.238	0.067	1.305	0.446	0.331	2.082
2012	1.261	0.070	1.331	0.456	0.324	2.111
2013	1.292	0.070	1.362	0.470	0.323	2.155
2014	1.339	0.069	1.408	0.492	0.321	2.221
2015	1.361	0.070	1.431	0.493	0.326	2.250
2016	1.396	0.062	1.458	0.493	0.328	2.279
2017	1.252	0.071	1.323	0.442	0.286	2.051
2018	1.283	0.041	1.324	0.428	0.287	2.039

Village of Loch Arbour

Fiscal Year Ended June 30,	Township of Ocean Board of Education Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct School Tax Rate	Village of Loch Arbour	Monmouth County	
2009	0.138	0.008	0.146	0.242	0.234	0.622
2010	0.827	0.044	0.871	0.280	0.260	1.411
2011	1.251	0.069	1.320	0.407	0.350	2.077
2012	1.318	0.072	1.390	0.404	0.335	2.129
2013	1.262	0.069	1.331	0.403	0.298	2.032
2014	1.239	0.064	1.303	0.411	0.299	2.013
2015	1.288	0.067	1.355	0.397	0.311	2.063
2016	1.388	0.062	1.450	0.402	0.295	2.147
2017	0.802	0.043	0.845	0.395	0.248	1.488
2018	N/A	N/A	N/A	N/A	N/A	N/A

Source: Borough Tax Collector

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

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable.

b Rates for debt service are based on each year's requirements.

OCEAN TOWNSHIP SCHOOL DISTRICT
Principal Property Taxpayers - Township of Ocean
Current Year and Nine Years Ago
Unaudited

	2018	
	Taxable Assessed Value	% of Total District Net Assessed Value
Woodshire Apartments	\$ 66,533,500	1.33%
Seaview Acquisition LLC C/O Wharton	48,525,500	0.97%
Continental Land Developers, LLC	28,998,600	0.58%
Cold Indian Spring Corporation	26,431,200	0.53%
Gold Enterprises c/o Salem Management	25,500,000	0.51%
Sunset Arcadia Center, Inc.	24,012,300	0.48%
Primrose Estates, LLC	22,573,700	0.45%
Westwood Oaks Associates	20,314,600	0.41%
Continental Enterprise Apart., LLC	14,676,600	0.29%
Hollywood Golf Club	14,487,700	0.29%
TOTAL	\$ 292,053,700	5.84%

	2009	
	Taxable Assessed Value	% of Total District Net Assessed Value
Seaview Square, LLC c/o Linque Management	\$ 99,000,000	2.12%
Woodshire Apartments	52,766,400	1.13%
Sunset Arcadia Center, Inc.	29,032,600	0.62%
Continental Land Developers, LLC	25,678,200	0.55%
Ocean Seniors, LLC	23,987,300	0.51%
Sears Roebuck & Co.	22,517,600	0.48%
Westwood Oaks Associates	21,579,600	0.46%
Cold Indian Spring Corp	20,060,000	0.43%
Gold Enterprises c/o Salem Management	18,487,500	0.40%
Hollywood Golf Club	15,420,000	0.33%
TOTAL	\$ 328,529,200	7.03%

Source: Municipal Tax Assessor

Note: Values are assessed at January 1 of the audit year.

OCEAN TOWNSHIP SCHOOL DISTRICT
Principal Property Taxpayers - Village of Loch Arbour
Current Year and Nine Years Ago
Unaudited

		2018	
		Taxable Assessed Value	% of Total District Net Assessed Value
	N/A	N/A	N/A
	N/A	N/A	N/A
	N/A	N/A	N/A
	N/A	N/A	N/A
	N/A	N/A	N/A
	N/A	N/A	N/A
	N/A	N/A	N/A
	N/A	N/A	N/A
	N/A	N/A	N/A
	N/A	N/A	N/A
	N/A	N/A	N/A
TOTAL		N/A	N/A

		2009	
		Taxable Assessed Value	% of Total District Net Assessed Value
Individual Taxpayer 1		\$ 4,612,000	2.25%
Individual Taxpayer 2		3,900,300	1.91%
Individual Taxpayer 3		2,893,900	1.41%
Individual Taxpayer 4		2,722,200	1.33%
Individual Taxpayer 5		2,579,900	1.26%
Individual Taxpayer 6		2,558,900	1.25%
Individual Taxpayer 7		2,527,400	1.24%
601 Main Street LLC		2,471,000	1.21%
Individual Taxpayer 8		2,352,900	1.15%
Individual Taxpayer 9		2,345,500	1.15%
TOTAL		\$ 28,964,000	14.16%

Source: Municipal Tax Assessor

Note: Values are assessed at January 1 of the audit year.

OCEAN TOWNSHIP SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Years
Unaudited

Township of Ocean

Collected within the Fiscal Year of the Levy ^a

<u>Year Ended December 31,</u>	<u>Total Tax Levy for the Fiscal Year</u>	<u>Amount</u>	<u>Percentage of Levy</u>	<u>Collections in Subsequent Years</u>
2008	\$ 86,385,299	\$ 85,283,363	98.72%	\$ 1,066,022
2009	88,023,874	86,814,442	98.63%	1,048,190
2010	90,987,168	89,327,065	98.18%	1,390,782
2011	92,386,823	91,065,596	98.57%	1,077,649
2012	93,607,386	91,733,414	98.00%	1,501,009
2013	95,024,840	93,307,020	98.19%	1,231,454
2014	96,470,544	94,881,600	98.35%	1,385,810
2015	97,944,119	96,627,193	98.66%	1,305,974
2016	99,422,014	98,081,445	98.65%	1,135,286
2017	102,122,810	100,910,589	98.81%	N/A

Village of Loch Arbour

Collected within the Fiscal Year of the Levy ^a

<u>Year Ended December 31,</u>	<u>Total Tax Levy for the Fiscal Year</u>	<u>Amount</u>	<u>Percentage of Levy</u>	<u>Collections in Subsequent Years</u>
2008	\$ 1,284,839	\$ 1,254,533	97.64%	N/A
2009	2,287,687	1,968,996	86.07%	N/A
2010	3,289,763	2,718,793	82.64%	\$ 18,597
2011	3,393,546	3,306,248	97.43%	18,587
2012	3,366,983	3,245,610	96.40%	13,860
2013	2,917,902	2,917,902	100.00%	N/A
2014	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A
2017	N/A	N/A	N/A	N/A

Source: District records including the Certificate and Report of School Taxes (A4F form) from Municipal Tax Assessor.

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

N/A At the completion of the CAFR, this data was not available.

OCEAN TOWNSHIP SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases			
2009	\$ 25,217,000	\$ 56,561	\$ 25,273,561	1.54%	\$ 888
2010	22,797,000	19,729	22,816,729	1.39%	801
2011	20,310,000	-	20,310,000	1.22%	739
2012	17,700,000	123,561	17,823,561	1.03%	650
2013	15,055,000	97,909	15,152,909	0.87%	554
2014	12,365,000	3,510,707	15,875,707	0.87%	582
2015	38,564,000	4,146,230	42,710,230	2.24%	1,566
2016	37,299,000	3,523,750	40,822,750	2.10%	1,498
2017	34,870,000	3,081,295	37,951,295	N/A	N/A
2018	32,470,000	2,675,426	35,145,426	N/A	N/A

Source: District records

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

a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Data amounts are combined for the Township of Ocean and Village of Loch Arbour.

N/A At the completion of the CAFR, this data was not available.

OCEAN TOWNSHIP SCHOOL DISTRICT
Ratio of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Township of Ocean						
Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property ^a	Net Bonded Debt Per Capita ^b	
2009	\$ 24,420,143	\$ -	\$ 24,420,143	0.52%	\$ 865.90	
2010	22,076,615	-	22,076,615	0.51%	782.75	
2011	19,630,574	-	19,630,574	0.46%	719.52	
2012	17,047,401	-	17,047,401	0.40%	626.24	
2013	14,513,020	-	14,513,020	0.34%	534.63	
2014	11,959,428	-	11,959,428	0.28%	441.14	
2015	37,297,867	-	37,297,867	0.89%	1,375.80	
2016	36,068,208	-	36,068,208	0.85%	1,330.68	
2017	33,794,526	-	33,794,526	0.70%	1,264.34	
2018	32,470,000	-	32,470,000	0.65%	1,203.13	

Village of Loch Arbour						
Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property ^a	Net Bonded Debt Per Capita ^b	
2009	\$ 796,857	\$ -	\$ 796,857	0.39%	\$ 2,908.24	
2010	720,385	-	720,385	0.35%	2,638.77	
2011	679,426	-	679,426	0.43%	3,520.34	
2012	652,599	-	652,599	0.41%	3,398.95	
2013	541,980	-	541,980	0.35%	2,822.81	
2014	405,572	-	405,572	0.27%	2,112.35	
2015	1,266,133	-	1,266,133	0.85%	6,663.86	
2016	1,230,792	-	1,230,792	0.83%	6,581.78	
2017	1,075,474	-	1,075,474	0.67%	5,876.91	
2018	N/A	N/A	N/A	N/A	N/A	

Sources: Assessed valuations were provided by the Abstract of Ratables, Monmouth County Board of Taxation. School district population data was provided by school district officials.

Note: Details regarding the District's outstanding debt can be found in the Notes to the Basic Financial Statements.

a See Exhibit J-6 for property tax data.

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Government Activities Debt
For the Year Ended December 31, 2017
Unaudited

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Ocean	\$ 34,307,528	100.000%	\$ 34,307,528
Village of Loch Arbour	N/A	N/A	N/A
Monmouth County General Obligation Debt	462,342,600	4.161%	19,238,076
Other debt			-
Subtotal overlapping debt			53,545,604
Ocean Township School District Direct Debt			33,755,393
Total Direct and Overlapping Debt			<u>\$ 87,300,997</u>

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

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

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Legal Debt Margin Information
For The Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2017

Equalized valuation basis	
2017	\$ 4,984,379,860
2016	4,896,089,922
2015	4,822,560,760
	<u>\$ 14,703,030,542</u>
Average equalized valuation of taxable property	\$ 4,901,010,181
Debt limit (4% of average equalization value)	196,040,407 ^a
Total Net Debt Applicable to Limit	<u>32,470,000</u>
Legal debt margin	<u>\$ 163,570,407</u>

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	
Debt limit	\$ 232,310,414	\$ 233,788,839	\$ 204,231,014	\$ 213,728,756	\$ 200,266,753	\$ 189,054,243	\$ 146,622,630	\$ 124,268,127	\$ 192,172,462	
Total net debt applicable to limit	<u>25,217,000</u>	<u>22,979,000</u>	<u>20,310,000</u>	<u>17,700,000</u>	<u>15,055,000</u>	<u>12,365,000</u>	<u>38,564,500</u>	<u>37,299,000</u>	<u>34,870,000</u>	
Legal debt margin	<u>\$ 207,093,414</u>	<u>\$ 210,809,839</u>	<u>\$ 183,921,014</u>	<u>\$ 196,028,756</u>	<u>\$ 185,211,753</u>	<u>\$ 176,689,243</u>	<u>\$ 108,058,130</u>	<u>\$ 86,969,127</u>	<u>\$ 157,302,462</u>	
Total net debt applicable to the limit as a percentage of debt limit	10.85%	9.83%	9.94%	8.28%	7.52%	6.54%	26.30%	30.01%	18.15%	

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation as posted on the Monmouth County Board of Taxation Website.

Note: Debt amounts combined for Township of Ocean and Village of Loch Arbour

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

OCEAN DISTRICT SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Years
Unaudited

Township of Ocean

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2009	28,202	\$ 1,626,296,532	\$ 57,666	8.30%
2010	28,204	1,628,498,960	57,740	8.40%
2011	27,282	1,658,445,498	60,789	8.80%
2012	27,231	1,716,233,775	63,025	8.70%
2013	27,157	1,730,090,999	63,707	7.00%
2014	27,107	1,807,548,974	66,682	5.60%
2015	27,087	1,891,728,993	69,839	4.30%
2016	27,060	1,927,673,220	71,237	3.90%
2017	26,783	N/A	N/A	N/A
2018	26,988	N/A	N/A	N/A

Village of Loch Arbour

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2009	274	\$ 15,800,484	\$ 57,666	11.90%
2010	273	15,763,020	57,740	12.00%
2011	194	11,793,066	60,789	12.10%
2012	193	12,163,825	63,025	12.60%
2013	193	12,295,451	63,707	3.00%
2014	193	12,869,626	66,682	2.70%
2015	191	13,339,249	69,839	2.70%
2016	188	13,392,556	71,237	4.40%
2017	184	N/A	N/A	N/A
2018	183	N/A	N/A	N/A

Sources:

- a** Population information provided by the NJ Dept. of Labor and Workforce Development. Estimate is based on July 1 of the audit year.
- b** Personal income has been estimated based upon the municipal population and per capita personal income presented.
- c** Per capita personal income by municipality not available. The Per Capita Personal Income amounts presented represent the figures available for Monmouth County, NJ as provided by the State of New Jersey, Department of Education, Division of Finance.
- d** Unemployment data provided by the NJ Dept. of Labor and Workforce Development.

N/A At the time of the CAFR completion, the data was not yet available.

OCEAN TOWNSHIP SCHOOL DISTRICT
Principal Employers
Current Year and Nine Years Ago
Unaudited

TOWNSHIP OF OCEAN				
Employer	2018		2009	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
Township of Ocean Board of Education		N/A		N/A
Costco				
Township of Ocean				
Target				
Hillel School - Shore Area				
Sears, Roebuck & Co.				
Schroth School				
Pepsi Bottling Group				
Applebee's				
Ladacin Network Monmouth				

VILLAGE OF LOCH ARBOUR				
Employer	2018		2009	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
LEAN II T/A The Lake House			20	11.56%
Allenhurst Carwash		N/A	15	8.67%
Richard P. Nobile, DDS			5	2.89%
Village of Loch Arbour			5	2.89%
Wilson's Deli			3	1.73%
Provident Investors			2	1.16%
Loch Arbour Liquors, Inc.			1	0.58%

At the time of completion of the CAFR, this information was not available.

Sources:

Township of Ocean information provided by local tax assessor, based on information from Reference USA and Municipal Survey.

N/A - At the time of the completion of the CAFR, this information was not available.

OCEAN TOWNSHIP SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program
 Last Ten Fiscal Years

Unaudited

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction:										
Regular	284.0	285.1	263.7	264.8	263.5	266.8	267.4	267.9	265.4	256.0
Special education	95.5	95.5	105.5	103.0	111.7	116.0	126.4	133.5	142.4	141.2
Other special education	54.5	51.6	27.6	35.5	31.0	31.0	20.5	25.0	25.0	21.0
Other instruction	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Support Services:										
Student and instruction related services	76.4	76.1	76.6	79.7	82.0	87.0	97.0	93.0	103.0	105.0
General Administration	8.0	8.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
School administration services	37.0	33.0	25.0	25.0	25.0	25.0	25.0	25.0	24.0	23.0
Central services	9.5	9.5	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Administrative information technology	3.0	9.0	8.0	8.0	9.0	11.0	11.0	11.0	11.0	13.0
Plant operations and maintenance	66.5	59.5	57.0	60.0	57.0	56.0	61.5	62.0	61.0	63.5
Pupil transportation	54.0	51.0	49.0	41.0	43.0	44.0	45.0	45.0	44.0	44.0
Total	691.4	681.3	630.4	635.0	640.2	654.8	671.8	680.4	693.8	684.7

Source: District records.

OCEAN TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2009	4,170	\$ 66,559,974	\$ 15,962	1.81%	369	11.7:1	10.5:1	11.7:1	4,158	3,980	-1.75%	95.72%
2010	4,106	68,780,460	16,751	4.94%	370	11.3:1	10.6:1	11.5:1	4,076	3,905	-1.97%	95.80%
2011	4,010	67,113,135	16,736	-0.09%	358	11.6:1	10.4:1	11.7:1	3,942	3,821	-3.29%	96.93%
2012	3,931	68,799,853	17,502	4.58%	358	11.3:1	10.2:1	11.6:1	3,935	3,777	-0.18%	95.98%
2013	3,852	71,901,004	18,666	6.65%	375	11.3:1	9.8:1	11.3:1	3,811	3,645	-3.15%	95.64%
2014	3,816	73,005,308	19,131	2.49%	371	10.3:1	9.4:1	11.4:1	3,781	3,618	-0.79%	95.69%
2015	3,750	76,176,388	20,314	6.18%	367	10.3:1	9.2:1	11.2:1	3,726	3,571	-1.45%	95.84%
2016	3,655	78,706,041	21,534	6.01%	370	9.9:1	8.6:1	11.3:1	3,629	3,485	-2.60%	96.03%
2017	3,584	80,935,056	22,582	4.87%	369	9.8:1	8.6:1	10.9:1	3,560	3,410	-1.90%	95.79%
2018	3,514	83,834,392	23,857	5.65%	364	9.8:1	8.6:1	10.7:1	3,485	3,335	-2.11%	95.70%

Sources: District Records

Note: Enrollment based on annual October district count.

a Operating expenditures equal total governmental expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

OCEAN TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years
Unaudited

District Building	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Elementary										
Wanamassa Elementary School										
Square feet	59,580	59,580	59,580	59,580	59,580	59,580	59,580	59,580	59,580	80,529
Capacity (students)	477	477	477	477	477	477	477	477	477	477
Enrollment	371	410	383	371	342	325	318	295	315	309
Ocean Township Elementary School										
Square feet	76,160	76,160	76,160	76,160	76,160	76,160	76,160	76,160	76,160	77,797
Capacity (students)	609	609	609	609	609	609	609	609	609	609
Enrollment	461	446	473	459	440	460	419	411	386	426
Wayside Elementary School										
Square feet	147,375	147,375	147,375	147,375	147,375	147,375	147,375	147,375	147,375	96,987
Capacity (students)	713	713	713	713	713	713	713	713	713	713
Enrollment	658	608	591	581	602	630	677	660	652	606
Middle School										
Ocean Township Intermediate School										
Square feet	257,400	257,400	257,400	257,400	257,400	257,400	257,400	257,400	257,400	231,031
Capacity (students)	1,951	1,951	1,951	1,951	1,951	1,951	1,951	1,951	1,951	1,951
Enrollment	1,314	1,323	1,284	1,284	1,230	1,175	1,135	1,081	1,075	1,053
High School										
Ocean Township High School										
Square feet	200,215	200,215	200,215	200,215	200,215	200,215	200,215	200,215	200,215	224,295
Capacity (students)	1,326	1,326	1,326	1,326	1,326	1,326	1,326	1,326	1,326	1,326
Enrollment	1,366	1,319	1,279	1,236	1,238	1,226	1,201	1,208	1,156	1,120

Number of Schools at June 30, 2018

Elementary = 3
 Middle = 1
 High = 1

Source: District records

Note: Increases in square footage and capacity are the results of additions. Enrollment is based on the annual October district count.

OCEAN TOWNSHIP SCHOOL DISTRICT
 General Fund
 Schedule of Allowable Maintenance Expenditures by School Facilities
 Last Ten Fiscal Years
Unaudited

Undistributed Expenditures - Required Maintenance for School Facilities 11-000-261-XXX	Gross Square Footage	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
School facilities											
Ocean Township Elementary School	76,160	92,484	81,679	93,678	94,390	93,120	124,610	122,247	100,822	128,875	120,169
Ocean Township High School	200,215	294,898	307,507	319,582	391,314	305,615	308,456	423,187	319,849	270,142	323,544
Ocean Township Intermediate School	257,400	331,928	259,333	291,724	305,409	376,229	276,040	324,327	322,773	274,200	288,107
Wanamassa Elementary School	59,580	114,077	74,366	80,522	83,580	69,039	75,967	77,613	76,277	76,810	114,669
Wayside Elementary School	147,375	159,307	152,552	136,485	154,798	156,815	152,939	155,759	158,277	157,805	141,516
Total School Facilities		<u>992,694</u>	<u>875,437</u>	<u>921,991</u>	<u>1,029,491</u>	<u>1,000,818</u>	<u>938,012</u>	<u>1,103,133</u>	<u>977,998</u>	<u>907,832</u>	<u>988,005</u>
Grand Total		<u>\$ 992,694</u>	<u>\$ 875,437</u>	<u>\$ 921,991</u>	<u>\$ 1,029,491</u>	<u>\$ 1,000,818</u>	<u>\$ 938,012</u>	<u>\$ 1,103,133</u>	<u>\$ 977,998</u>	<u>\$ 907,832</u>	<u>\$ 988,005</u>

Source: District Records

Required maintenance, defined in N.J.A.C 6:24, The Educational Facilities Construction and Financing Act, includes expenditures for systems warranty purposes that are approved for repairs and replacements for the purpose of keeping a school facility open, comfortable and safe for use or in its original condition, include repairs and replacements to a school facility's heating, lighting, ventilation, security and other fixtures to keep the facility or fixtures in effective working condition. Required maintenance includes periodic or occasional inspection; adjustment, lubrication, and cleaning (non-janitorial) of buildings or fixtures; replacement of parts; and other actions to assure continuing service and to prevent breakdown.

OCEAN TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2018
Unaudited

	<u>Coverage</u>	<u>Deductible/ Self-Insured Retention</u>
Through the New Jersey Schools Insurance Group:		
Property coverage- Real and personal		
Limit of Liability, per Occurrence	\$ 500,000,000	\$ 5,000
Electronic Data Processing		
Limit of Liability, per Occurrence	\$ 2,500,000	\$ 1,000
Boiler and Machinery		
Limit of Liability, per Loss	\$ 100,000,000	\$ 5,000
Crime		
Public Employee Dishonesty	\$ 1,000,000	\$ 1,000
Theft, Disappearance and Destruction- Money and Securities	\$ 25,000	\$ 500
Theft, Disappearance and Destruction- Money Orders and Counterfeit Paper Currency	\$ 100,000	\$ 500
Forgery or Alteration	\$ 250,000	\$ 1,000
Bonds:		
Treasurer	\$ 360,000	\$ -
Board Secretary	\$ 3,000	\$ -
Comprehensive General Liability		
Limit of Liability, per Occurrence	\$ 11,000,000	\$ -
Automobile		
Liability- any Auto		
Bodily Injury and Property Damage		
Limit of Liability, per Accident	\$ 11,000,000	\$ -
Physical Damage- Scheduled Vehicles only		
Comprehensive, Collision and Hired Car Physical Damage	\$ -	\$ 1,000
Workers' Compensation		
Workers' compensation		
Limit of Liability	Statutory	\$ 1,000,000
Employers Liability/Occupational Disease		
Limit of Liability, per Occurrence	\$ 2,000,000	\$ 1,000,000
School Board Legal Liability		
Limit of Liability, per occurrence, per member	\$ 11,000,000	-
Bonds:		
Treasurer	\$ 360,000	-
Board Secretary	\$ 3,000	-
Through Federal Insurance Company:		
Supplemental Indemnity Program- Workers' Compensation		
	\$ 2,000,000	-
Through Catlin Insurance Company Incorporated:		
Student Accident- Basic		
Total Benefit Maximum for all Accidental Medical		
School coverage	\$ 25,000	-
Sports Coverage	\$ 25,000	-
Accidental Death and Dismemberment		
Accidental Death	\$ 10,000	-
Accidental Single Dismemberment	\$ 25,000	-
Accidental Double Dismemberment	\$ 50,000	-
Through United States Fire Insurance Company:		
Student Accident- Catastrophic		
Maximum Benefit per Covered person	\$ 500,000	-

SINGLE AUDIT SECTION

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

The Honorable President and
Members of the Board of Education
Ocean Township School District
County of Monmouth
Oakhurst, 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, each major fund, and the aggregate remaining fund information of the Ocean Township School District, in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Ocean Township School District's basic financial statements, and have issued our report thereon dated February 25, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Ocean Township School District'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 Ocean Township School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Ocean Township 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

We noted certain matters that we have reported to the Board of Education of the Ocean Township School District in a separate report entitled, *Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* dated February 25, 2019.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Smolin, Lupin & Co., P.A.

SMOLIN, LUPIN & CO., P.A.
Certified Public Accountants

Laura DiTommaso

Laura DiTommaso
Licensed Public School Accountant
License #20CS-00164

Red Bank, New Jersey
February 25, 2019

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

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

Report on Compliance for Each Major Federal and State Program

We have audited the Ocean Township School District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Ocean Township School District's major federal and state programs for the year ended June 30, 2018. The Ocean Township 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 federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Ocean Township 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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

Those standards, the Uniform Guidance, and New Jersey OMB's Circular 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Ocean Township School District's compliance with those requirements and performing such other procedure, 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 the Ocean Township School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Ocean Township School District, in the County of Monmouth, State of New Jersey, 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, 2018.

Report on Internal Control Over Compliance

Management of the Ocean Township 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 the Ocean Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or 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 New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Ocean Township 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 or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, with a type of compliance requirement of a federal or 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.

The 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 OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Smolin, Lupin & Co., P.A.
SMOLIN, LUPIN & CO., P.A.
Certified Public Accountants

Laura DiTommaso

Laura DiTommaso
Licensed Public School Accountant
License #20CS-00164

Red Bank, New Jersey
February 25, 2019

OCEAN TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2017		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2018	
						Deferred Revenue (Accts. Rec.)	Due to Grantor						Accounts Receivable	Deferred Revenue
U.S. Department of Education														
General Fund:														
Medical Assistance Program (SEMI)	93.778	1705N59MAP	N/A	\$ 107,573	7/1/17	6/30/18	\$ -	\$ -	\$ 107,573	\$ (107,573)	\$ -	\$ -	\$ -	\$ -
Total General Fund									\$ 107,573	\$ (107,573)	\$ -	\$ -	\$ -	\$ -
U.S. Department of Education														
Passed-through State Department of Education:														
Special Revenue Fund:														
Title I, Part A, Improving Basic Skills	84.010A	S010A160030	NCLB-17	518,917	7/1/16	6/30/17	(43,281)	(5,189)	43,281	-	-	-	-	-
Title I, Part A, Improving Basic Skills	84.010A	S010A150030	NCLB-18	494,810	9/1/17	9/30/18	-	5,189	305,486	(495,829)	-	-	(190,343)	-
Title II, Part A, Improving Teacher Quality	84.367A	S367A160029	NCLB-17	83,025	7/1/16	6/30/17	(10,541)	(1,886)	10,541	-	-	-	-	-
Title II, Part A, Improving Teacher Quality	84.367A	S367A150029	NCLB-18	56,030	9/1/17	9/30/18	-	1,886	41,580	(57,916)	-	-	(16,336)	-
Title IIIA, English Language Enhancement	84.365	S365A160030	NCLB-17	41,919	7/1/16	6/30/17	(3,099)	(2,899)	3,099	-	-	-	-	-
Title IIIA, English Language Enhancement	84.365	S365A150030	NCLB-18	54,513	9/1/17	9/30/18	-	2,899	34,070	(57,412)	-	-	(23,342)	-
Title IIIA, Immigrant	84.365A	S365A160030	NCLB-17	9,757	7/1/16	6/30/17	(1,527)	(729)	1,527	-	-	-	-	-
Title IIIA, Immigrant	84.365A	S365A150030	NCLB-18	8,472	7/1/17	6/30/18	-	729	9,201	(9,201)	-	-	-	-
Career Pathways	84.051D	N/A	N/A	100,000	4/1/18	2/28/19	-	-	-	(32,647)	-	-	(32,647)	-
Career Pathways	84.051D	N/A	N/A	100,000	3/1/17	2/28/18	(47,597)	-	100,000	(52,404)	-	-	-	-
Special Education Cluster (IDEA):														
IDEA, Part B, Basic Regular	84.027	H027A160100	FT-17	976,492	7/1/16	6/30/17	(139,970)	(643)	139,326	-	643	-	-	-
IDEA, Part B, Basic Regular	84.027	H027A150100	FT-18	963,580	9/1/17	9/30/18	-	643	822,187	(958,080)	-	-	(135,893)	-
IDEA, Preschool	84.173	H173A160114	P5-17	41,281	7/1/16	6/30/17	(4,238)	-	4,238	-	-	-	-	-
IDEA, Preschool	84.173	H173A150114	P5-18	41,046	7/1/17	6/30/18	-	-	41,046	(41,046)	-	-	-	-
Total Special Revenue Fund							(250,253)	-	1,555,382	(1,704,535)	643	-	(398,561)	-
U.S. Department of Agriculture														
Passed-through State Department of Education:														
Enterprise Fund (Children Nutrition Clauses):														
Food Distribution Program	10.555	171N304N1099	N/A	76,795	7/1/16	6/30/17	1,862	-	-	(1,862)	-	-	-	-
Food Distribution Program	10.555	1616N304N1099	N/A	91,681	7/1/17	6/30/18	-	-	91,681	(91,111)	-	-	570	-
School Breakfast Program	10.553	171N304N1099	N/A	89,538	7/1/16	6/30/17	(18,041)	-	18,041	-	-	-	-	-
School Breakfast Program	10.553	1616N304N1099	N/A	96,816	7/1/17	6/30/18	-	-	96,598	(98,816)	-	-	(22,258)	-
National School Lunch Program	10.555	171N304N1099	N/A	400,513	7/1/16	6/30/17	(73,978)	-	73,978	-	-	-	-	-
National School Lunch Program	10.555	1616N304N1099	N/A	381,328	7/1/17	6/30/18	-	-	303,030	(381,328)	-	-	(78,298)	-
Total Enterprise Fund							(90,157)	-	563,288	(573,117)	-	-	(100,556)	570
Total Federal Awards														
							\$ (340,410)	\$ -	\$ 2,226,443	\$ (2,385,225)	\$ 643	\$ -	\$ (499,117)	\$ 570

The accompanying notes to schedules of expenditures of federal awards and state financial assistance are an integral part of this schedule.

OCEAN TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2018

Table with columns: State Grantor/Program Title, Grant or State Project Number, Program or Award Amount, Grant Period From To, Deferred Revenue (Accounts Receivable), Due to Grantor, Carryover/(Walkover) Amount, GAAP Cash Received, Budgetary Expenditures, Repayment of Prior Years' Balances, Accounts Receivable, Due to Grantor, Budgetary Receivable, Cumulative Total Expenditures. Includes sections for State Department of Education, Special Revenue Fund, State Department of Agriculture, and Total State Financial Assistance.

The accompanying notes to schedules of expenditures of federal awards and state financial assistance are an integral part of this schedule.

Ocean Township School District
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
June 30, 2018

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's financial statements. The information in these schedules is presented in accordance with the requirements of the Office of Management and Budget ("OMB") Uniform Guidance and New Jersey Office of Management and Budget Circular 15-08. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(10,582) for the general fund and \$27,080 for the special revenue fund. See C-3 (Notes to the Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as presented below:

**Ocean Township School District
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
June 30, 2017**

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 107,573	\$18,304,984	\$18,412,557
Special Revenue Fund	1,731,615	641,763	2,373,378
Capital Projects Fund	-	-	-
Debt Service Fund	-	1,247,193	1,247,193
Food Service Fund	<u>571,825</u>	<u>10,268</u>	<u>582,093</u>
Total Awards and Financial Assistance	<u>\$ 2,411,013</u>	<u>\$20,204,208</u>	<u>\$22,615,221</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the food distribution program represent current year value received and current year distributions, respectively. The amount reported as TPAF Pension- Non-Contributory Insurance and Post Retirement Medical Contributions and Normal Costs represents the amount paid by the State on behalf of the District for the year ended June 30, 2018. Reimbursed TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2018.

NOTE 6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf state programs for TPAF Pension - Non-Contributory Insurance, Post-Retirement Medical Contributions, and Normal Costs are not subject to a state single audit and, therefore, are excluded from major program determination. The schedule of expenditures of state financial assistance provides a reconciliation of state financial assistance reported in the District's basic financial statements and the amount subject to state single audit and major program determination.

NOTE 7. ADJUSTMENTS

The adjustment column on Schedules A and B arises from favorable differences incurred in the liquidation of encumbrances, which were charged as budgetary basis expenditures in the prior fiscal year.

NOTE 8. INDIRECT COSTS

The District has not previously received a negotiated indirect cost rate nor has it elected to use the 10 percent de minimus indirect cost rate allowable under the Uniform Guidance.

**TOWNSHIP OF OCEAN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- 1. Material weakness (es) identified? yes no
- 2. Significant deficiencies identified? yes no

Noncompliance material to basic financial statements noted? yes no

Federal Awards

Internal Control over major programs:

- 1. Material weakness (es) identified? yes no
- 2. Significant deficiencies identified? yes no

Type of auditor’s report issued on compliance for major programs: Unmodified. No reportable instances of noncompliance

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of the Uniform Guidance? yes no

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>FAIN Number (s)</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173	S027A150100/S173A150114	IDEA, Part B and IDEA, Preschool - Special Education Cluster

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

Auditee qualified as low-risk auditee? yes no

**TOWNSHIP OF OCEAN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(continued)**

Section I - Summary of Auditor's Results (cont'd)

State Awards

Internal Control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08 as applicable? yes no

Identification of Major Programs:

State Grant/Project Number(s)	Name of State Program
18-495-034-5120-084	State Aid Public Cluster:
18-495-034-5120-085	Categorical Security Aid
18-495-034-5120-098	Adjustment Aid
18-495-034-5120-089	PARCC Readiness Aid
18-495-034-5120-097	Categorical Special Education Aid
18-495-034-5120-101	Per Pupil Growth Aid
18-495-034-5094-003	Professional Learning Community
18-495-034-5120-017	Reimbursed TPAF Social Security Contributions
18-495-034-5120-473	Debt Service Aid
	Extraordinary Special Education Costs Aid

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

Auditee qualifies as low-risk auditee? yes no

**TOWNSHIP OF OCEAN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts, and grant agreements and abuse related to the financial statements in accordance with *Government Auditing Standards*.

No matters were reported.

**TOWNSHIP OF OCEAN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(continued)**

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies audit findings required to be reported by 2 CFR 200 Section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and NJ OMB Circular Letter 15-08, as applicable.

No matters were reported.

**TOWNSHIP OF OCEAN BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

This section identifies the status of prior-year audit findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, US OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and NJ OMB Circular Letter 15-08, as applicable.

No matters were reported