

# **Ocean Township School District**

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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2019**

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

**For the Fiscal Year Ended June 30, 2019**

**Prepared by**

**Ocean Township Board of Education  
Business Department**

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# **INTRODUCTORY SECTION**



December 20, 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, 2019, 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 2018-2019 fiscal year with an enrollment of 3,426 students, which is 88 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
2018-2019	3426	<2.50>%
2017-2018	3514	<1.95>%
2016-2017	3584	<1.94>%
2015-2016	3655	<2.53>%
2014-2015	3750	<1.73>%

PROJECTED STUDENT ENROLLMENT

Fiscal Year	Student Enrollment	Percent Change
2019-2020	3,300	<3.68>%
2020-2021	3,300	<0.00>%
2021-2022	3,300	<0.00>%
2022-2023	3,300	<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. Finally, the Township of Ocean School District has been successful in applying for state funds for an early childhood preschool program. For the 2020-2021 school year, we will service 7 full day preschool classes totaling over 100 preschool students ages 3-4. 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

**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.

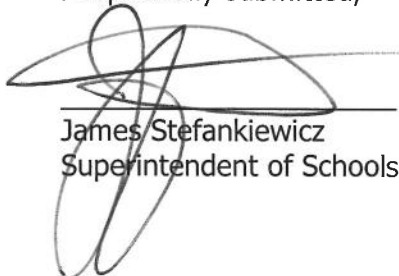
**8) RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found in Exhibit J-20.

**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.

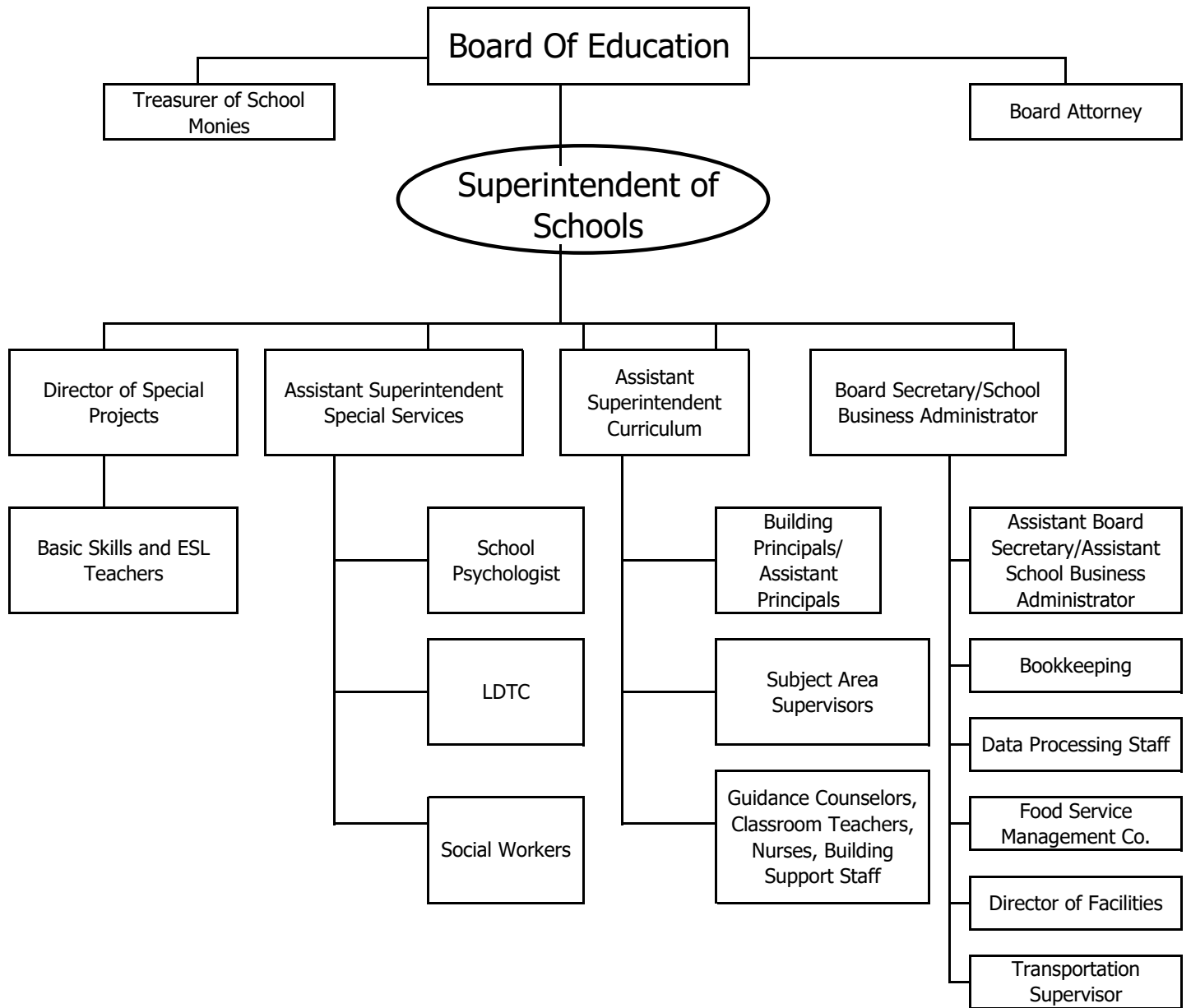
**10) ACKNOWLEDGEMENTS:**

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 ROSTER OF OFFICIALS

## Members of the Board of Education

## Term Expires

Denise Parlamas, President	2021
Amy McGovern, Vice President	2019
Jeffrey Weinstein	2019
Natalie Tortorello	2019
James Dietrich	2020
Joseph Hadden	2020
David Marshall	2020
Janice Fuller	2021
Irene Gilman	2021

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, 2019

**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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and 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, financial schedules, 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 December 20, 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  
December 20, 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, 2019  
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, 2019. 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 2019 are as follows:

- In total, net position increased \$3,389,445, which represents a 34.81 percent increase from 2018.
- General revenues accounted for \$75,889,777 in revenue or 78 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 \$21,191,700 or 22 percent of total revenues of \$97,081,477.
- Total assets of governmental activities increased by \$260,870 as cash and cash equivalents increased by \$3,180,417, receivables decreased by \$2,030,685, and net capital assets decreased by \$888,862.
- The School District had \$94,838,096 in expenses; only \$22,337,764 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$67,059,382 were adequate to provide for these programs.
- Among major funds, the General Fund had \$84,860,334 in revenues and \$83,197,830 in expenditures. The General Fund's balance increased \$1,679,745 from 2018.
- Fund Balance for the General Fund as of the fiscal year end was \$6,952,996. The undesignated portion of surplus was \$5,020,516. Based on our calculation of excess surplus, the maximum of undesignated fund balance (2%) is \$1,765,082. The excess \$3,255,434 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.

**TOWNSHIP OF OCEAN SCHOOL DISTRICT  
OAKHURST, NJ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
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 2019?" 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, 2019  
UNAUDITED**

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

**Fund Financial Statements**

The analysis of the School District's major funds begins on page 25. 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 33 - 65 of this report.

**TOWNSHIP OF OCEAN SCHOOL DISTRICT  
OAKHURST, NJ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
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 2019 and 2018.

**Table 1  
Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Assets</b>				
Current and Other Assets	\$ 8,994,097	\$ 7,844,365	\$ 319,468	\$ 325,968
Capital Assets	<u>45,135,468</u>	<u>46,024,330</u>	<u>17,868</u>	<u>23,259</u>
<b>Total Assets</b>	<u>54,129,565</u>	<u>53,868,695</u>	<u>337,336</u>	<u>349,227</u>
<b>Deferred Outflows</b>	<u>5,379,524</u>	<u>7,364,131</u>	-	-
<b>Liabilities</b>				
Long-Term Liabilities	31,896,224	34,518,002	-	-
Current Portion of Long-Term Debt	2,874,565	3,067,516	-	-
Other Liabilities	<u>23,969,621</u>	<u>28,252,668</u>	<u>60,793</u>	<u>194,474</u>
<b>Total Liabilities</b>	<u>58,740,410</u>	<u>65,838,186</u>	<u>60,793</u>	<u>194,474</u>
<b>Deferred Inflows</b>	<u>7,391,549</u>	<u>5,284,595</u>	-	570
<b>Net Assets</b>				
Invested in Capital Assets, Net of Debt	12,849,190	10,878,904	17,868	23,259
Restricted	7,078,899	5,532,025	-	-
Unrestricted	<u>(26,550,959)</u>	<u>(26,300,884)</u>	<u>258,675</u>	<u>130,924</u>
<b>Total Net Position</b>	<u>\$ (6,622,870)</u>	<u>\$ (9,889,955)</u>	<u>\$ 276,543</u>	<u>\$ 154,183</u>

The District's combined net position of -\$ 6,346,327 on June 30, 2019 results in an increase of 34.81 percent from the prior year.

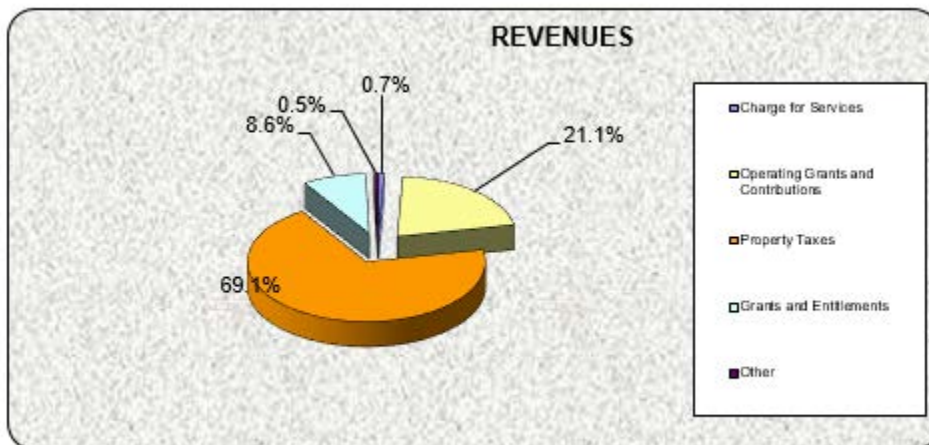


**TOWNSHIP OF OCEAN SCHOOL DISTRICT  
OAKHURST, NJ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
UNAUDITED**

Table 2 shows the changes in net position for fiscal year 2019 and 2018.

**Table 2  
Change in Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Revenues</b>				
Program Revenues:				
Charge for Services	\$ 708,686	\$ 546,926	\$ 575,561	\$ 582,923
Operating Grants and Contributions	20,483,014	27,313,539	570,503	582,093
General Revenues:				
Property Taxes	67,059,382	64,926,944	-	-
Grants and Entitlements	8,380,488	8,494,157	-	-
Other	449,907	273,609	-	-
Total Revenues	<u>\$ 97,081,477</u>	<u>\$101,555,175</u>	<u>\$ 1,146,064</u>	<u>\$ 1,165,016</u>
<b>Program Expenses</b>				
Instruction	\$ 56,698,893	\$ 64,063,569	\$ -	\$ -
Support Services:				
Pupils and Instructional Staff	17,131,114	17,548,856	-	-
General and School Administration	6,560,956	7,120,678	-	-
Business Operations and Maintenance of Facilities	7,534,832	7,639,931	-	-
Pupil Transportation	4,613,008	4,418,551	-	-
Interest on Debt	854,701	918,227	-	-
Food Service	-	-	1,023,704	1,132,300
Other	420,888	282,134	-	-
Total Expenses	<u>93,814,392</u>	<u>101,991,946</u>	<u>1,023,704</u>	<u>1,132,300</u>
Increase (Decrease) in Net Position	3,267,085	(436,771)	122,360	32,716
Net Position - Beginning	(9,889,955)	(9,453,184)	154,183	121,467
Net Position - Ending	<u>\$ (6,622,870)</u>	<u>\$ (9,889,955)</u>	<u>\$ 276,543</u>	<u>\$ 154,183</u>



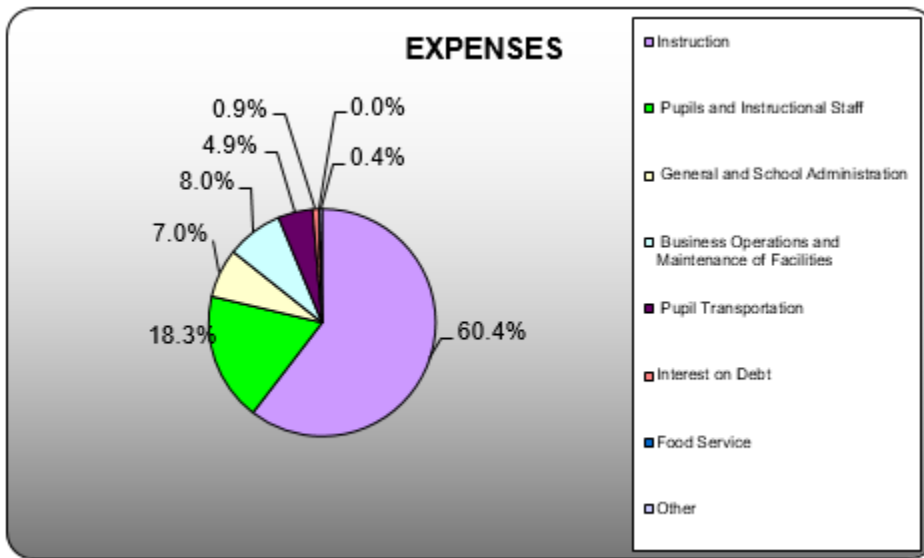
**TOWNSHIP OF OCEAN SCHOOL DISTRICT  
OAKHURST, NJ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
UNAUDITED**

**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 2019 and 69 percent for fiscal year 2018. Property tax revenues increased by \$2,132,438, which is a 3.28 percent increase over the prior year. The increase was 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 was \$ 93,814,392.



Program expenses includes instruction which comprises 60 percent of total expenses. Support services comprises 40 percent of total expenses.

Business-Type Activities are not shown above. Revenues for the Food Service Fund totaled \$1,146,064 which were comprised of charges for services in the amount of \$575,561 and federal and state reimbursements in the amount of \$570,503. Total operating expenses totaled \$1,023,704.

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.

**TOWNSHIP OF OCEAN SCHOOL DISTRICT  
OAKHURST, NJ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
UNAUDITED**

**Governmental Activities** (continued)

**Table 3**

	<u>Total Cost of Services 2019</u>	<u>Net Cost of Services 2019</u>	<u>Total Cost of Services 2018</u>	<u>Net Cost of Services 2018</u>
Instruction	\$ 56,698,893	\$ 41,855,013	\$ 64,063,569	\$ 44,027,593
Support Services:				
Pupils and Instructional Staff	17,131,114	13,796,049	17,548,856	13,242,103
General and School Administration, and Business Services	6,560,956	5,124,743	7,120,678	5,289,638
Operation and Maintenance of Facilities	7,534,832	6,548,308	7,639,931	6,692,734
Pupil Transportation	4,613,008	4,022,990	4,418,551	3,912,148
Interest and Fiscal Charges	854,701	854,701	918,227	918,227
Other	<u>420,888</u>	<u>420,888</u>	<u>282,134</u>	<u>49,039</u>
 Total Expenses	 <u>\$ 93,814,392</u>	 <u>\$ 72,622,692</u>	 <u>\$101,991,946</u>	 <u>\$ 74,131,482</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.

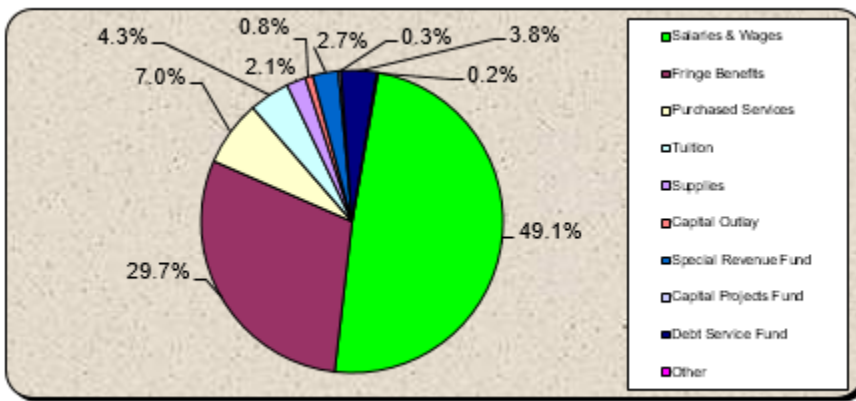
The dependence upon tax revenues is apparent. Over 99 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 99.9 percent. The community, as a whole, is the primary support for the Township of Ocean School District.

**TOWNSHIP OF OCEAN SCHOOL DISTRICT  
OAKHURST, NJ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
UNAUDITED**

**The School District's Funds**

Information about the School District's governmental funds starts on page 23. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$90,668,599 and expenditures of \$89,289,259. The net change in fund balance for the year was most significant in the General Fund, an increase of \$1,679,745. 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>2019</u>	<u>2018</u>	<u>% Change</u>
Salaries & Wages	\$ 43,810,854	\$ 43,461,646	.80%
Fringe Benefits	26,509,581	25,872,166	2.44%
Purchased Services	6,271,517	6,178,044	1.51%
Tuition	3,868,873	3,219,012	20.19%
Supplies	1,848,772	2,617,763	-29.38%
Capital Outlay	774,773	591,050	26.01%
Special Revenue Fund	2448,104	2,373,378	2.58%
Capital Projects Fund	263,402	5,394,988	-95.13%
Debt Service Fund	3,379,923	3,408,188	-0.83%
Other	<u>143,460</u>	<u>133,688</u>	7.31%
Total	<u>\$89,289,259</u>	<u>\$93,249,923</u>	-4.28%

Expenditures are down \$3,960,664 or 4.25 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, 2019  
UNAUDITED**

**General Fund Budgeting Highlights**

During the course of the fiscal 2019 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 experienced staff and wage increases that are based on the negotiated contracts.

There was an ongoing Construction Referendum Capital Projects (Fund 30) in this fiscal year in the amount of \$28,944,000. The projects will be completed by the end of calendar year 2019.

Fringe benefits increased due to premium increases for Health Insurance.

Additional funds were transferred into Charter School as a new Charter School was opened in the area.

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

Additional funds were transferred into Technology salaries.

Additional funds were transferred into Transportation accounts including school buses.

**Capital Assets**

At the end of the fiscal year 2019, the School District had \$45,135,468 invested in land, construction in progress, buildings, furniture and equipment, and vehicles. Table 5 shows fiscal 2018 balances compared to 2019.

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

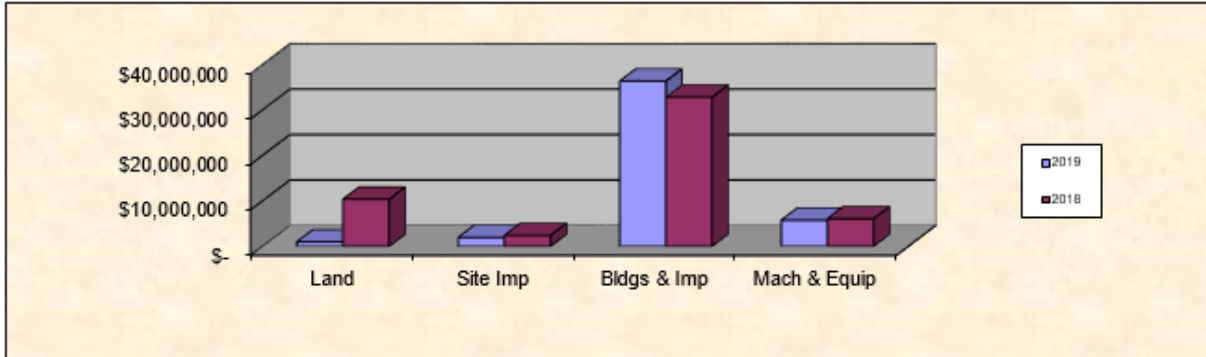
	<u>2019</u>	<u>2018</u>
Land and Construction in Progress	\$ 984,971	\$ 984,971
Site Improvements	1,983,537	2,115,082
Buildings and Improvements	36,384,657	37,320,977
Machinery and Equipment	<u>5,782,303</u>	<u>5,603,300</u>
Totals	<u>\$45,135,468</u>	<u>\$46,024,330</u>

Capital assets decreased \$888,862 from fiscal year 2018 to fiscal year 2019. The decrease in capital assets is due to a depreciation expense.

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, 2019  
UNAUDITED**

**Capital Assets**



**Debt Administration**

At June 30, 2019, the School District had \$34,770,789 as outstanding debt. Of this amount \$2,484,511 is for compensated absences, \$2,256,278 is for capital leases payable, and the \$30,030,000 is for bonds for school construction.

At June 30, 2019, the School District's overall legal debt margin was over \$140 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 2019-2020 was below the 2% cap on the tax levy. Therefore there was no election or vote for the budget in April 2019 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, 2020. Each year of this 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 two major capital improvement projects in 2016, and has an ongoing Construction Referendum project for all school buildings in the amount of \$28,944,000. 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.

**TOWNSHIP OF OCEAN SCHOOL DISTRICT  
OAKHURST, NJ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
UNAUDITED**

**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](mailto: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, 2019**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,203,185	\$ 188,017	\$ 7,391,202
Receivables, net	268,803	131,451	400,254
Restricted assets:			
Cash and cash equivalents	38,786	-	38,786
Capital reserve account - cash	1,142,075	-	1,142,075
Intergovernmental receivable	341,248	-	341,248
Capital assets, net	45,135,468	17,868	45,153,336
<b>Total assets</b>	<u>54,129,565</u>	<u>337,336</u>	<u>54,466,901</u>
Deferred outflows:			
Deferred outflows related to pensions	5,379,524	-	5,379,524
Total deferred outflows	<u>5,379,524</u>	<u>-</u>	<u>5,379,524</u>
<b>LIABILITIES</b>			
Accounts payable	3,069,164	60,793	3,129,957
Contracts payable	141,299	-	141,299
Accrued interest	305,329	-	305,329
Payable to state government	6,380	-	6,380
Noncurrent liabilities:			
Due within one year	2,874,565	-	2,874,565
Due beyond one year	31,896,224	-	31,896,224
State pension liability	20,447,449	-	20,447,449
<b>Total liabilities</b>	<u>58,740,410</u>	<u>60,793</u>	<u>58,801,203</u>
Deferred inflows:			
Deferred inflows related to pensions	7,224,835	-	7,224,835
Unamortized bond issuance premium	166,714	-	166,714
Total deferred inflows	<u>7,391,549</u>	<u>-</u>	<u>7,391,549</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	12,849,190	17,868	12,867,058
Restricted for:			
Other purposes	7,078,899	-	7,078,899
Unrestricted	(26,550,959)	258,675	(26,292,284)
<b>Total net position</b>	<u>\$ (6,622,870)</u>	<u>\$ 276,543</u>	<u>\$ (6,346,327)</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, 2019**

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	\$ 40,219,547	\$ -	\$ 10,376,633	\$ (29,842,914)	\$ -	\$ (29,842,914)
Special education	12,419,261	310,487	3,264,567	(8,844,207)	-	(8,844,207)
Other special instruction	2,261,234	-	626,173	(1,635,061)	-	(1,635,061)
Other instruction	1,798,851	-	266,020	(1,532,831)	-	(1,532,831)
Support services:						
Instruction	4,052,082	-	-	(4,052,082)	-	(4,052,082)
Student and instruction-related services	13,079,032	-	3,335,065	(9,743,967)	-	(9,743,967)
School administrative services	2,541,108	-	849,636	(1,691,472)	-	(1,691,472)
General administrative services	1,919,850	-	193,575	(1,726,275)	-	(1,726,275)
Central services and administrative information technology	2,099,998	-	393,002	(1,706,996)	-	(1,706,996)
Plant operations and maintenance	7,534,832	295,444	691,080	(6,548,308)	-	(6,548,308)
Pupil transportation	4,613,008	102,755	487,263	(4,022,990)	-	(4,022,990)
Special schools	273,088	-	-	(273,088)	-	(273,088)
Charter school	147,800	-	-	(147,800)	-	(147,800)
Interest on long-term debt	854,701	-	-	(854,701)	-	(854,701)
Total governmental activities	<u>93,814,392</u>	<u>708,686</u>	<u>20,483,014</u>	<u>(72,622,692)</u>	<u>-</u>	<u>(72,622,692)</u>
Business-type activities:						
Food service	1,023,704	575,561	570,503	-	122,360	122,360
Total business-type activities	<u>1,023,704</u>	<u>575,561</u>	<u>570,503</u>	<u>-</u>	<u>122,360</u>	<u>122,360</u>
Total primary government	<u>\$ 94,838,096</u>	<u>\$ 1,284,247</u>	<u>\$ 21,053,517</u>	<u>(72,622,692)</u>	<u>122,360</u>	<u>(72,500,332)</u>
General revenues:						
Property Taxes Levied for:						
General purposes				64,307,696	-	64,307,696
Debt Service				2,751,686	-	2,751,686
Federal and State aid not restricted				8,380,488	-	8,380,488
Investment Earnings				233,879	-	233,879
Miscellaneous Income				216,028	-	216,028
Total general revenues, special items, extraordinary items and transfers				<u>75,889,777</u>	<u>-</u>	<u>75,889,777</u>
Change in Net Position				3,267,085	122,360	3,389,445
Net Position-beginning				(9,889,955)	154,183	(9,735,772)
Net Position-ending				<u>\$ (6,622,870)</u>	<u>\$ 276,543</u>	<u>\$ (6,346,327)</u>

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

## **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, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,356,269	\$ -	\$ -	\$ -	\$ 6,356,269
Receivables, net	37,450	-	-	-	37,450
Due from other funds	150,062	-	-	-	150,062
Receivables from other governments	231,353	341,248	-	-	572,601
Restricted cash and cash equivalents	1,142,075	-	38,786	1	1,180,862
<b>Total Assets</b>	<u>\$ 7,917,209</u>	<u>\$ 341,248</u>	<u>\$ 38,786</u>	<u>\$ 1</u>	<u>\$ 8,297,244</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 822,914	\$ 186,606	\$ -	\$ -	\$ 1,009,520
Contracts payable	141,299	-	-	-	141,299
Interfund payable	-	148,262	1,800	-	150,062
Payable to state government	-	6,380	-	-	6,380
Total Liabilities	<u>964,213</u>	<u>341,248</u>	<u>1,800</u>	<u>-</u>	<u>1,307,261</u>
Fund balances:					
Restricted for:					
Excess surplus - current year	3,255,434	-	-	-	3,255,434
Excess surplus - prior year - designated for subsequent year's expenditures	1,790,063	-	-	-	1,790,063
Capital reserve	1,142,075	-	-	-	1,142,075
Assigned to:					
Designated by the BOE for subsequent year's expenditures	854,340	-	-	1	854,341
Capital projects	-	-	36,986	-	36,986
Unassigned:					
General Fund	(88,916)	-	-	-	(88,916)
Debt Service Fund	-	-	-	-	-
Total Fund Balances	<u>6,952,996</u>	<u>-</u>	<u>36,986</u>	<u>1</u>	<u>6,989,983</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 7,917,209</u>	<u>\$ 341,248</u>	<u>\$ 38,786</u>	<u>\$ 1</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 \$525,403.

(166,715)

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$82,106,083 and the accumulated depreciation is \$36,970,615.

45,135,468

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

(1,845,311)

Accounts payable related to the April 1, 2020 required PERS pension contribution that is not liquidated with current financial resources

(1,212,728)

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.

(35,076,118)

Net Pension Liability - PERS - June 30, 2019 is not reported as a liability in the funds.

(20,447,449)

\$ (6,622,870)

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local sources:					
Local tax levy	\$ 64,307,696	\$ -	\$ -	\$ 2,751,686	\$ 67,059,382
Tuition charges	310,487	-	-	-	310,487
Transportation fees	102,755	-	-	-	102,755
Rental fees	295,444	-	-	-	295,444
Interest earned on investments	232,079	-	1,800	-	233,879
Miscellaneous	200,585	-	-	-	200,585
<b>Total - local sources</b>	<b>65,449,046</b>	<b>-</b>	<b>1,800</b>	<b>2,751,686</b>	<b>68,202,532</b>
State sources	19,328,254	706,233	-	606,675	20,641,162
Federal sources	83,034	1,741,871	-	-	1,824,905
<b>Total Revenues</b>	<b>84,860,334</b>	<b>2,448,104</b>	<b>1,800</b>	<b>3,358,361</b>	<b>90,668,599</b>
<b>EXPENDITURES</b>					
Current:					
Regular instruction	20,378,013	2,117,095	-	-	22,495,108
Special education instruction	6,843,019	-	-	-	6,843,019
Other special instruction	1,191,662	-	-	-	1,191,662
School-sponsored activities	1,344,459	-	-	-	1,344,459
Support services and undistributed costs:					
Instruction	3,721,073	331,009	-	-	4,052,082
Student and instruction-related services	7,382,372	-	-	-	7,382,372
General administrative services	1,089,835	-	-	-	1,089,835
School administrative services	2,008,350	-	-	-	2,008,350
Central services and administrative technology	1,428,707	-	-	-	1,428,707
Plant operations and maintenance	6,354,390	-	-	-	6,354,390
Pupil transportation	3,780,708	-	-	-	3,780,708
Employee benefits	26,509,581	-	-	-	26,509,581
Special schools	273,088	-	-	-	273,088
Transfer to charter school	147,800	-	-	-	147,800
Debt service:					
Principal	-	-	-	2,440,000	2,440,000
Interest and other charges	-	-	-	939,923	939,923
Capital outlay	744,773	-	263,402	-	1,008,175
<b>Total Expenditures</b>	<b>83,197,830</b>	<b>2,448,104</b>	<b>263,402</b>	<b>3,379,923</b>	<b>89,289,259</b>
Excess (Deficiency) of Revenues					
Over Expenditures	1,662,504	-	(261,602)	(21,562)	1,379,340
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,800	-	-	-	1,800
Transfers out	-	-	(1,800)	-	(1,800)
Proceeds from sale of assets	15,441	-	-	-	15,441
Capital leases (non-budgeted)	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>17,241</b>	<b>-</b>	<b>(1,800)</b>	<b>-</b>	<b>15,441</b>
Net Change in Fund Balances	1,679,745	-	(263,402)	(21,562)	1,394,781
Fund Balance - Beginning	5,273,251	-	300,388	21,563	5,595,202
Fund Balance - Ending	<u>\$ 6,952,996</u>	<u>\$ -</u>	<u>\$ 36,986</u>	<u>\$ 1</u>	<u>\$ 6,989,983</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, 2019**

<b>Total Net Change in Fund Balances - Governmental Funds (from B-2)</b>	\$	1,394,781
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation expense	\$ (1,897,040)	
Capital outlays	<u>1,008,175</u>	(888,865)
<p>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.</p>		
		2,440,000
<p>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.</p>		
		419,148
<p>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.</p>		
		60,623
<p>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.</p>		
		24,599
<p>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.</p>		
		(138,782)
<p>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.</p>		
		<u>(44,419)</u>
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u><u>3,267,085</u></u></b>

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
**June 30, 2019**

	<b>Business-type Activities Enterprise Funds</b>	<b>Internal Service Funds Self- Insurance Activities</b>
	<b>Food Service Fund</b>	<b>Insurance Activities</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 188,017	\$ 846,916
Other receivables	131,451	-
<b>Total Current Assets</b>	<u>319,468</u>	<u>846,916</u>
Capital assets:		
Furniture, machinery and equipment	497,070	-
Less: accumulated depreciation	<u>(479,202)</u>	<u>-</u>
<b>Total Capital Assets</b>	<u>17,868</u>	<u>-</u>
<b>Total Assets</b>	<u>337,336</u>	<u>846,916</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	<u>60,793</u>	<u>846,916</u>
<b>Total Current Liabilities</b>	<u>60,793</u>	<u>846,916</u>
<b>NET POSITION</b>		
Invested in capital assets	17,868	-
Unrestricted	<u>258,675</u>	<u>-</u>
<b>Total Net Position</b>	<u>\$ 276,543</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, 2019**

	<b>Business-type Activities Enterprise Funds</b>	<b>Internal Service Funds</b>
	<b>Food Service Fund</b>	<b>Self- Insurance Activities</b>
	<b>Fixed Price Contract</b>	
<b>Operating Revenues</b>		
Charges for services:		
Daily sales - reimbursable program	\$ 301,378	\$ -
Daily sales - non-reimbursable program	274,183	-
Services provided to other funds	-	2,140,000
<b>Total Operating Revenues</b>	<b>575,561</b>	<b>2,140,000</b>
<b>Operating Expenses</b>		
Purchased services- fixed price contract	1,007,867	-
Employee benefits	-	2,140,000
Supplies	10,446	-
Depreciation	5,391	-
<b>Total Operating Expenses</b>	<b>1,023,704</b>	<b>2,140,000</b>
<b>Operating Income (Loss)</b>	<b>(448,143)</b>	<b>-</b>
<b>Non-Operating Revenues</b>		
State sources:		
School lunch program	10,599	-
Federal sources:		
National school lunch program	405,209	-
Breakfast program	82,028	-
Food distribution program	72,667	-
<b>Total Non-Operating Revenues</b>	<b>570,503</b>	<b>-</b>
<b>Change in Net Position Before Transfers</b>	<b>122,360</b>	<b>-</b>
<b>Total Net Position - Beginning</b>	<b>154,183</b>	<b>-</b>
<b>Total Net Position - Ending</b>	<b>\$ 276,543</b>	<b>\$ -</b>

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, 2019**

	<b>Business-type Activities Enterprise Funds</b>	<b>Internal Service Funds</b>
	<b>Food Service Fund</b>	<b>Self- Insurance Activities</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and other funds	\$ 574,406	\$ 2,140,000
Payment to management company and other suppliers	(1,146,675)	-
Payments for employee benefits	-	(2,125,864)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>(572,269)</b>	<b>14,136</b>
<b>Cash Flows from Non-Capital Financing Activities</b>		
State sources	10,747	-
Federal sources	567,660	-
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<b>578,407</b>	<b>-</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>6,138</b>	<b>14,136</b>
<b>Balance - Beginning of Year</b>	<b>181,879</b>	<b>832,780</b>
<b>Balance - End of Year</b>	<b>\$ 188,017</b>	<b>\$ 846,916</b>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</b>		
Operating loss	\$ (448,143)	\$ -
Adjustments to reconcile operating income (loss) to net cash used for operating activities		
Depreciation	5,391	-
(Increase) decrease in accounts receivable, net	(2,422)	-
(Increase) decrease in inventories	7,155	-
Increase (decrease) in accounts payable	(133,680)	14,136
Increase (decrease) in deferred revenue	(570)	-
<b>Total Adjustments</b>	<b>(124,126)</b>	<b>14,136</b>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ (572,269)</b>	<b>\$ 14,136</b>

**Noncash Noncapital Financing Activities:**

The Board of Education received \$72,667 of food commodities from the US Department of Agriculture for the year ended June 30, 2019.

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, 2019**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 517,195	\$ 34,523	\$ 2,304,004
<b>Total Assets</b>	<u>517,195</u>	<u>34,523</u>	<u>\$ 2,304,004</u>
<b>LIABILITIES</b>			
Payroll deductions and withholdings	16,981	-	\$ 1,993,736
Due to student groups	-	-	310,268
<b>Total Liabilities</b>	<u>16,981</u>	<u>-</u>	<u>\$ 2,304,004</u>
<b>NET POSITION</b>			
Held in trust for unemployment claims and other purposes	<u>\$ 500,214</u>		
Reserved for scholarships		<u>\$ 34,523</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, 2019**

	<b>Unemployment Compensation Trust</b>	<b>Private Purpose Scholarship Fund</b>
<b>ADDITIONS</b>		
Contributions:		
Plan member	\$ 124,608	\$ -
Scholarship donations	-	11,741
Total Contributions	<u>124,608</u>	<u>11,741</u>
Investment earnings:		
Interest	<u>10,442</u>	-
Net investment earnings	<u>10,442</u>	-
Total Additions	<u>135,050</u>	<u>11,741</u>
<b>DEDUCTIONS</b>		
Quarterly contribution reports & assessment	42,553	-
Unemployment claims	50,831	-
Scholarships awarded	-	12,800
Total Deductions	<u>93,384</u>	<u>12,800</u>
Change in Net Position	41,666	(1,059)
<b>Net Position - Beginning of Year</b>	<u>458,548</u>	<u>35,582</u>
<b>Net Position - End of Year</b>	<u>\$ 500,214</u>	<u>\$ 34,523</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, 2019**

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**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, 2019**

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**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, 2019**

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**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, 2019**

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**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 are recorded as expenditures during the year of purchase.

**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.

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.

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**H. Capital Assets (continued)**

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

<b><u>Asset Class</u></b>	<b><u>Estimated Useful Lives</u></b>
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, 2019, 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, 2019**

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**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, 2019**

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**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 \$6,187,572 and represented \$5,045,497 in excess surplus, and \$1,142,075 in capital reserve.

- 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 \$891,327, of which \$854,340 is for school operations, \$36,986 is for capital projects and \$1 is for debt service. The assigned fund balance for District operations includes \$154,340 for outstanding encumbrances. See Note 16.

- Unassigned:

The unassigned fund balance deficit for the General Fund is \$88,916.

**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 2019 fiscal year in the amount of \$3,255,434 which will be designated for tax relief in 2020-2021.

**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.

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

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**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 2019, the District adopted the following GASB statements:

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.

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**T. Recent Accounting Pronouncements** (continued)

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. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*- will be effective with the fiscal year ending 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.

GASB No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*- will be effective with the fiscal year ending 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.

GASB No. 91, *Conduit Debt Obligations*- will be effective with the fiscal year ending June 30, 2022. The requirements of this Statement will improve financial reporting by providing a single method of reporting conduit debt obligations for government issuers and eliminate diversity in practice. The Statement achieves these objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

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**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 \$35,076,118 difference are as follows:

Bonds payable	\$30,030,000
Capital leases payable	2,256,278
Accrued interest payable	305,329
Compensated absences	<u>2,484,511</u>
Net adjustments to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$35,076,118</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.

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.

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

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**NOTE 3. DEPOSITS AND INVESTMENTS (continued)**

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, 2019, the carrying amount of the District's deposits was \$4,133,060 and the bank balance was \$4,400,881. The District also held \$1,400 in petty cash at June 30, 2019.

Based on levels of risk, \$250,000 of the District's cash deposits on June 30, 2019 were secured by federal depository insurance. The remaining bank balance of \$4,150,881 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, 2019, 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.

**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.



**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

**NOTE 3. DEPOSITS AND INVESTMENTS (continued)**

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, 2019 was \$3,402,543.

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&amp;P Rating</u>	<u>Percentage of Portfolio</u>
AA+	64.0%
A-1+	8.1%
Exempt*	27.9%

*\*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, 2018, was 43 days.

**NOTE 4. RECEIVABLES**

Receivables at June 30, 2019, 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:

	<u>Governmental Fund Financial Statements</u>	<u>Governmental Wide Financial Statements</u>
State Aid	\$ 110,485	\$ 112,457
Federal Aid	334,730	427,530
Other	<u>164,836</u>	<u>201,515</u>
Gross Receivables	610,051	741,502
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>
Total Receivables, net	<u>\$ 610,051</u>	<u>\$ 741,502</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

**NOTE 5. CAPITAL ASSETS**

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 984,971	\$ -	\$ -	\$ 984,971
Total capital assets not being depreciated	<u>984,971</u>	<u>-</u>	<u>-</u>	<u>984,971</u>
Capital assets being depreciated:				
Site improvements	3,690,515	23,100	-	3,713,615
Building and building improvements	62,003,661	305,067	-	62,308,728
Vehicles	4,491,510	487,768	304,275	4,675,003
Capital lease	3,618,358	-	-	3,618,358
Furniture and equipment	<u>6,613,168</u>	<u>192,240</u>	<u>-</u>	<u>6,805,408</u>
Totals at historical cost	<u>80,417,212</u>	<u>1,008,175</u>	<u>304,275</u>	<u>81,121,112</u>
Less accumulated depreciation for:				
Site improvements	1,575,433	154,645	-	1,730,078
Building and building improvements	24,682,684	1,241,387	-	25,924,071
Vehicles	3,562,844	200,258	304,275	3,458,827
Capital lease	222,971	90,341	-	313,312
Furniture and equipment	<u>5,333,918</u>	<u>210,409</u>	<u>-</u>	<u>5,544,327</u>
	<u>35,377,850</u>	<u>1,897,040</u>	<u>304,275</u>	<u>36,970,615</u>
Total capital assets being depreciated, Net of accumulated depreciation	<u>45,039,362</u>	<u>(888,865)</u>	<u>-</u>	<u>44,150,497</u>
Governmental Activity Capital Assets, Net	<u>\$ 46,024,333</u>	<u>\$ (888,865)</u>	<u>\$ -</u>	<u>\$ 45,135,468</u>

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

Instruction	\$ 1,127,136
Student and instruction related services	292,860
General and business administrative services	179,582
Plant operations and maintenance	75,381
Pupil transportation	168,746
Support services - students and staff	<u>53,335</u>
Total	<u>\$ 1,897,040</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

**NOTE 5. CAPITAL ASSETS (continued)**

The following is a summary of the business-type capital assets for the year ended June 30, 2019:

	<u>Beginning Balance</u>	<u>Transfers or Additions</u>	<u>Transfers or Retirements</u>	<u>Ending Balance</u>
<b>Business-type activities</b>				
Capital assets being depreciated:				
Equipment	\$ 497,070	\$ -	\$ -	\$ 497,070
Less accumulated depreciation	<u>473,811</u>	<u>5,391</u>	<u>-</u>	<u>479,202</u>
Enterprise fund capital assets, net	<u>\$ 23,259</u>	<u>\$ 5,391</u>	<u>\$ -</u>	<u>\$ 17,868</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>
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	1,290,000	636,981	1,926,981
Thereafter	<u>19,475,000</u>	<u>4,188,144</u>	<u>23,663,144</u>
	<u>\$30,030,000</u>	<u>\$ 7,944,170</u>	<u>\$37,974,170</u>

**Bonds Authorized But Not Issued**

As of June 30, 2019, the District had no authorized but not issued bonds.

**Capital Lease Payable**

The District is leasing equipment totaling \$4,640,622 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.

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

**NOTE 6. LONG-TERM LIABILITIES (continued)**

**Capital Lease Payable (continued)**

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, 2019.

<b>Fiscal Year Ending June 30,</b>	<b>Amount</b>
2020	\$ 236,172
2021	241,583
2022	247,120
2023	252,785
2024	254,346
Thereafter	<u>1,354,827</u>
Total	2,586,833
Less: Amount representing interest	<u>(330,555)</u>
Present value of minimum lease payments	<u>\$ 2,256,278</u>

**Unamortized Bond Premium**

Unamortized bond premium as of June 30, 2019 and 2018, is \$ 166,715 and \$227,338, respectively.

**Changes in Long-Term Liabilities**

	<b>Balance July 1, 2018</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2019</b>	<b>Within One Year</b>
Compensated absences payable	\$ 2,440,092	\$ 257,287	\$ 212,868	\$ 2,484,511	\$ 226,054
Capital leases payable	2,675,425	-	419,147	2,256,278	178,511
Serial bonds payable with Interest rates of 1.45% to 4.00%	<u>32,470,000</u>	<u>-</u>	<u>2,440,000</u>	<u>30,030,000</u>	<u>2,470,000</u>
Subtotal	37,585,517	257,287	3,072,015	34,770,789	2,874,565
Net pension liability	<u>24,637,193</u>	<u>-</u>	<u>4,189,744</u>	<u>20,447,449</u>	<u>-</u>
Total governmental activities Long-term liabilities	<u>\$62,222,710</u>	<u>\$ 257,287</u>	<u>\$ 7,261,759</u>	<u>\$55,218,238</u>	<u>\$ 2,874,565</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, 2019**

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**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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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.

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](http://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.

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

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**NOTE 7. PENSION PLANS** (continued)

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

**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, 2019, the State of New Jersey contributed \$8,714,381 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 \$2,233,385 during the fiscal year ended June 30, 2019 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, 2019, 2018 and 2017 were \$1,049,039, \$980,468 and \$942,194 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, 2019, the District reported a liability of \$20,447,449 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2017, which was rolled forward to June 30, 2018. 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, 2018, the District's proportion was .04712067%, which was a decrease of .00323740% from its proportion measured as of June 30, 2017.

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

**NOTE 7. PENSION PLANS (continued)**

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

For the year ended June 30, 2019, the District recognized full accrual pension expense of \$1,254,600 in the district financial statements. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b><u>Deferred Outflows</u></b>	<b><u>Deferred Inflows</u></b>
Differences between expected and actual experience	\$ 389,936	\$ 105,434
Changes of assumptions	3,369,401	6,538,007
Net difference between projected and actual earnings on pension plan investments	-	191,798
Changes in proportion and differences between District contributions and proportionate share of contributions	407,459	389,596
District contributions subsequent to the measurement date	<u>1,212,728</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 5,379,524</u></b>	<b><u>\$ 7,224,835</u></b>

\$1,212,728 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,	
2019	\$ 97,625
2020	(167,315)
2021	(1,073,148)
2022	(961,468)
2023	<u>(315,190)</u>
Total	<b><u>\$(2,419,496)</u></b>

*Actuarial Assumptions*

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. 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%
Investment rate of return	Based on age 7.00%

The actuarial assumptions used in the July 1, 2017 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, 2019**

**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>
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
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, 2019**

**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 5.66% as of June 30, 2018. 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 3.87% as of June 30, 2018, 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 50% 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 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046, 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, 2018 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 (4.66%) or 1-percentage-point higher (6.66%) than the current rate:

	<b><u>At 1% Decrease (4.66%)</u></b>	<b><u>Discount Rate (5.66%)</u></b>	<b><u>At 1% Increase (6.66%)</u></b>
District's proportionate share of the net pension liability	<u>\$24,583,006</u>	<u>\$20,447,449</u>	<u>\$16,980,066</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, 2018 are as follows:

Collective deferred outflows of resources	\$ 6,415,820,851
Collective deferred inflows of resources	\$ 11,550,501,197
Collective net pension liability- Local Group	\$ 19,689,501,539
 District's proportion	 .047120670%

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

**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, 2018, are as follows:

	State	Local	Total
Total pension liability	\$ 30,434,600,657	\$ 42,431,573,511	\$ 72,866,174,168
Plan fiduciary net position	6,730,302,564	22,742,071,972	29,472,374,536
	\$ 23,704,298,093	\$ 19,689,501,539	\$ 43,393,799,632
District's net pension liability (as reported on June 30, 2018)			\$ 20,447,449

Collective pension expense for the Local Group for the measurement period ended June 30, 2018 is \$1,099,708,157.

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 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2018, 2017, 2016, 2015 and 2014 amounts, 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, 2018 was \$194,017,908. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2017, which was rolled forward to June 30, 2018. 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, 2018, the State's proportionate share of the TPAF net pension liability associated with the District was .3049740002%, which was a decrease of .0023374922% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$11,310,566 for contributions incurred by the State.

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

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**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:	
2011-2026	1.55- 4.55%
Thereafter	2.00- 5.45%
Investment rate of return	7.00%

*Mortality Rates*

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953-2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953-2013. Disability mortality rates were based on the RP-2006 disabled Retiree Mortality Tables with rates adjusted by 90%, with no improvement in mortality assumed.

The actuarial assumptions used in the July 1, 2017 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, 2018) 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, 2019**

**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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
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 4.86% as of June 30, 2018. 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 3.87% as of June 30, 2018, 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. The State contributed 50% of the 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.

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

**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, 2018 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 (3.86%) or 1-percentage point higher (5.86%) than the current rate:

	<u>At 1% Decrease (3.86%)</u>	<u>At Current Discount Rate (4.86%)</u>	<u>At 1% Increase (5.86%)</u>
State's proportionate share of the net pension liability associated with the district	<u>\$229,325,483</u>	<u>\$194,017,908</u>	<u>\$164,748,789</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, 2018 are as follows:

Collective deferred outflows of resources	\$	12,473,998,870
Collective deferred inflows of resources	\$	16,180,773,643
Collective net pension liability- Local Group	\$	63,617,852,031
State's proportionate share associated with the District		.3049740002%

Collective pension expense for the plan measurement period ended June 30, 2018 is \$3,720,032,991.

*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 \$77,041 to the DCRP for the year ended June 30, 2019.

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

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**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**

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In fiscal year 2018, the State paid PRM benefits for 148,401 State and local retirees.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2018, the State contributed \$1.909 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The increase in the State's pay-as-you-go contribution between Fiscal Year 2017 and Fiscal Year 2018 is attributable to rising health care costs, an increase in the number of participants qualifying for State-paid PRM benefits at retirement and larger fund balance utilization in Fiscal Year 2017 than in Fiscal Year 2018. The Fiscal Year 2019 Appropriations Act includes \$1.921 billion as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than pensions, the State is required to quantify and disclose its obligation to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. As such, the Fiscal Year 2017 total State OPEB liability to provide these benefits has been remeasured to \$97.1 billion, an increase of \$60.6 billion or 166 percent from the previous year's \$36.5 liability booked in accordance with GASB Statement No. 45. For Fiscal Year 2018, the total OPEB liability for the State is \$90.5 billion, a decrease of \$6.6 billion or 7 percent from the remeasured total OPEB liability in Fiscal Year 2017.

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 GASB No. 75.

*Plan Membership*

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2017:

Active plan members	217,131
Inactive plan members or beneficiaries currently receiving benefits	145,050
Inactive plan members entitled to but not yet receiving benefits	-
	<hr/>
	<u>362,181</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

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

**General Information about the OPEB Plan** (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, 2018 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	3.87%		

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 5.8% and decreases to a 5.0% long-term trend rate after eight 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 5.8% and decreases to a 5.0% long-term trend rate after eight years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Part B reimbursement the trend rate is 5.0%. The assumed Medicare Advantage trend rate is 4.5% in all future years.

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

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

**Total OPEB Liability (continued)**

*Health Care Trend Assumptions (continued)*

Preretirement mortality rates were based on the RP-2006 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-2006 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-2006 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, 2017 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.

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

	<u>Total OPEB Liability</u>
Balance at 6/30/2017	\$ 53,639,841,858
Changes for the year:	
Service cost	1,984,642,729
Interest	1,970,236,232
Changes of benefit terms	-
Differences between expected and actual experience	(5,002,065,740)
Changes in assumptions or other inputs	(5,291,448,855)
Benefit payments	(1,232,987,247)
Contributions from the members	<u>42,614,005</u>
Balance at 6/30/2018	<u>\$ 46,110,832,982</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58% in 2017 to 3.87% in 2018.

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 (2.87%)</u>	<u>Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
Total OPEB Liability (School Retirees)	<u>\$54,512,391,175</u>	<u>\$46,110,832,982</u>	<u>\$39,432,461,816</u>



**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

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

**Total OPEB Liability (continued)**

*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>\$38,113,289,045</u>	<u>\$46,110,832,982</u>	<u>\$56,687,891,003</u>

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

For the year ended June 30, 2019, the District recognized OPEB revenue and expense of \$6,518,977 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 GASB 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, 2018, 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	\$ -	\$ (4,476,086,167)
Changes of assumptions or other inputs	-	(10,335,978,867)
Contributions made in fiscal year ending 2019		
After the June 30, 2018 measurement date	<u>To be determined</u>	<u>-</u>
Total	<u>To be determined</u>	<u>\$ (14,812,065,034)</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:	
2019	\$ (1,825,218,593)
2020	(1,825,218,593)
2021	(1,825,218,593)
2022	(1,825,218,593)
2023	(1,825,218,593)
Thereafter	<u>(5,685,972,069)</u>
Total	<u>\$ (14,812,065,034)</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

**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>
2018-2019	\$ 10,442	\$ -	\$ 124,608	\$ (93,384)	\$ 500,214
2017-2018	5,560	-	122,706	(120,412)	458,548
2016-2017	2,037	-	125,199	(78,410)	450,694

**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.

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>
2018-2019	\$ 832,780	\$ 2,140,000	\$(2,125,864)	\$ 846,916
2017-2018	609,604	3,085,500	(2,862,324)	832,780
2016-2017	624,520	2,841,960	(2,856,876)	609,604

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

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**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, 2019, 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 \$148,262

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	\$ 1,800	\$ -
Capital projects	<u>-</u>	<u>1,800</u>
	<u>\$ 1,800</u>	<u>\$ 1,800</u>

**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.

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

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**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, 2019. The District has committed to contracts with a balance remaining of approximately \$36,986.

**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, 2018 to June 30, 2019 fiscal year is as follows:

Beginning balance, July 1, 2018	\$ 530,246
Interest earnings	11,829
Deposits per board resolution	
Board resolution June 18, 2019	<u>600,000</u>
Ending balance, June 30, 2019	<u>\$ 1,142,075</u>

The June 30, 2019 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, 2019**

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**NOTE 15. DEFICIT FUND BALANCES**

As reflected on Exhibit B-1, Balance Sheet Governmental Funds, the District has a deficit fund balance of \$88,916 in the General Fund as of June 30, 2019. This deficit is reported in the fund financial statements on a modified accrual basis. *N.J.S.A.* 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed on or more June State aid payments as revenue, for budget purposes only, in the current school year. The bill provides legal authority for school districts to recognize This revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payment (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the General Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to *N.J.S.A.* 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey stature and regulation nor in need of corrective action. The District deficit in the GAAP funds statements of \$88,916 is less than the last state aid payment.

As reflected on Exhibit A-1, Statement of Net Position, a deficit in unrestricted net position of \$6,622,870 existed as of June 30, 2019 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 \$6,952,996 General Fund balance in the fund financial statements at June 30, 2018, \$154,340 is reserved for encumbrances; \$3,255,434 is reserved as excess surplus in accordance with *N.J.S.A.* 18A:7F-7; \$1,790,063 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2018; \$1,142,075 has been reserved in the Capital Reserve Account, \$700,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2020. The resulting deficit of \$88,916 as described in Note 15 is unreserved and undesignated.

**Debt Service Fund**

The \$1 Debt Service Fund balance at June 30, 2019, has been appropriated and included as anticipated revenue for the year ending June 30, 2020.

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2019**

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**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.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

## **BUDGETARY COMPARISON SCHEDULES**



**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
<b>REVENUES:</b>					
<b>Local sources:</b>					
Local tax levy	\$ 64,307,696	-	\$ 64,307,696	\$ 64,307,696	-
Tuition	200,000	-	200,000	310,487	110,487
Transportation fees	-	-	-	102,755	102,755
Interest on investments	25,000	-	25,000	220,248	195,248
Capital reserve interest	100	-	100	11,831	11,731
Miscellaneous	120,000	-	120,000	200,585	80,585
Rental fee	280,000	-	280,000	295,444	15,444
<b>Total - local sources</b>	<b>64,932,796</b>	<b>-</b>	<b>64,932,796</b>	<b>65,449,046</b>	<b>516,250</b>
<b>State sources:</b>					
Categorical special education aid	2,526,776	-	2,526,776	2,526,776	-
Categorical security aid	552,389	-	552,389	552,389	-
Adjustment aid	3,270,771	(606,928)	2,663,843	2,663,843	-
Categorical transportation aid	1,729,784	-	1,729,784	1,729,784	-
Extraordinary aid	700,000	100,000	800,000	1,057,371	257,371
Aid in lieu adjustment	-	-	-	62,710	62,710
On-behalf TPAF post retirement medical (non-budgeted)	-	-	-	2,717,725	2,717,725
On-behalf TPAF pension contributions (non-budgeted)	-	-	-	5,991,478	5,991,478
On-behalf TPAF long term disability insurance (non-budgeted)	-	-	-	5,178	5,178
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	2,233,385	2,233,385
<b>Total - state sources</b>	<b>8,779,720</b>	<b>(506,928)</b>	<b>8,272,792</b>	<b>19,540,639</b>	<b>11,267,847</b>

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
<b>Federal sources:</b>					
Medical assistance program	\$ 81,247	-	\$ 81,247	\$ 83,034	\$ 1,787
<b>Total - federal sources</b>	<u>81,247</u>	<u>-</u>	<u>81,247</u>	<u>83,034</u>	<u>1,787</u>
<b>Total revenues</b>	<u>73,793,763</u>	<u>(506,928)</u>	<u>73,286,835</u>	<u>85,072,719</u>	<u>11,785,884</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular programs - instruction:					
Salaries of teachers:					
Preschool/kindergarten	975,762	(68,052)	907,710	890,601	17,109
Grades 1-5	6,656,519	82,444	6,738,963	6,629,155	109,808
Grades 6-8	4,919,435	(10,000)	4,909,435	4,813,350	96,085
Grades 9-12	6,568,359	80,337	6,648,696	6,525,126	123,570
Regular programs - home instruction:					
Salaries of teachers	39,000	34,000	73,000	70,495	2,505
Purchased professional educational services	35,000	-	35,000	24,978	10,022
Regular programs - undistributed instruction:					
Other salaries for instruction	238,596	28,000	266,596	261,022	5,574
Purchased professional educational services	9,810	3,610	13,420	10,278	3,142
Purchased technical services	208,090	(6,150)	201,940	200,968	972
Other purchased services (400 - 500 series)	49,930	(1,582)	48,348	38,559	9,789
General supplies	1,024,608	(88,505)	936,103	874,137	61,966
Textbooks	53,636	(6,124)	47,512	19,700	27,812
Other objects	23,015	3,642	26,657	19,644	7,013
<b>Total regular programs</b>	<u>20,801,760</u>	<u>51,620</u>	<u>20,853,380</u>	<u>20,378,013</u>	<u>475,367</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, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
<b>Special education - instruction:</b>					
Learning and/or language disabilities:					
Salaries of teachers	\$ 1,024,491	\$ (96,545)	\$ 927,946	\$ 917,803	\$ 10,143
Other salaries for instruction	336,408	(59,066)	277,342	275,304	2,038
General supplies	16,694	(6,800)	9,894	8,366	1,528
<b>Total learning and/or language disabilities</b>	<b>1,377,593</b>	<b>(162,411)</b>	<b>1,215,182</b>	<b>1,201,473</b>	<b>13,709</b>
<b>Behavioral disabilities:</b>					
Salaries of teachers	125,079	(125,079)	-	-	-
General supplies	-	450	450	445	5
<b>Total behavioral disabilities</b>	<b>125,079</b>	<b>(124,629)</b>	<b>450</b>	<b>445</b>	<b>5</b>
<b>Multiple disabilities:</b>					
Salaries of teachers	521,216	56,400	577,616	572,319	5,297
Other salaries for instruction	475,034	(55,468)	419,566	418,563	1,003
Other Purchased Services (400-500 series)	23,585	1,000	24,585	23,780	805
General supplies	9,703	1,250	10,953	7,634	3,319
Textbooks	703	-	703	82	621
<b>Total multiple disabilities</b>	<b>1,030,241</b>	<b>3,182</b>	<b>1,033,423</b>	<b>1,022,378</b>	<b>11,045</b>
<b>Resource room:</b>					
Salaries of teachers	3,558,247	(124,291)	3,433,956	3,414,356	19,600
Other Salaries for Instruction	376,574	(50,621)	325,953	318,416	7,537
General supplies	28,190	950	29,140	26,219	2,921
Textbooks	928	-	928	597	331
<b>Total resource room</b>	<b>3,963,939</b>	<b>(173,962)</b>	<b>3,789,977</b>	<b>3,759,588</b>	<b>30,389</b>

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Preschool disabilities - part-time:					
Salaries of teachers	\$ 385,338	\$ (86,879)	\$ 298,459	\$ 297,458	\$ 1,001
Other salaries for instruction	208,379	-	208,379	207,124	1,255
General supplies	3,095	850	3,945	1,755	2,190
<b>Total preschool disabilities - part-time</b>	<b>596,812</b>	<b>(86,029)</b>	<b>510,783</b>	<b>506,337</b>	<b>4,446</b>
Preschool disabilities - full-time:					
Salaries of teachers	152,728	72,207	224,935	224,935	-
Other salaries for instructions	102,783	26,375	129,158	127,863	1,295
<b>Total preschool disabilities - full time</b>	<b>255,511</b>	<b>98,582</b>	<b>354,093</b>	<b>352,798</b>	<b>1,295</b>
<b>Total special education - instruction</b>	<b>7,349,175</b>	<b>(445,267)</b>	<b>6,903,908</b>	<b>6,843,019</b>	<b>60,889</b>
Basic skills/remedial - instruction:					
Salaries of teachers	544,920	(87,546)	457,374	420,808	36,566
Other salaries for instruction	20,495	-	20,495	20,276	219
Other purchased services (400 - 500 series)	200	-	200	165	35
General supplies	15,796	(4,800)	10,996	9,251	1,745
<b>Total basic skills/remedial - instruction</b>	<b>581,411</b>	<b>(92,346)</b>	<b>489,065</b>	<b>450,500</b>	<b>38,565</b>
Bilingual education - instruction:					
Salaries of teachers	705,700	9,460	715,160	712,276	2,884
Other salaries for instruction	32,464	(6,000)	26,464	22,468	3,996
Other Purchased Services (400-500 series)	1,000	(800)	200	82	118
General supplies	16,675	(500)	16,175	6,336	9,839
<b>Total bilingual education - instruction</b>	<b>755,839</b>	<b>2,160</b>	<b>757,999</b>	<b>741,162</b>	<b>16,837</b>

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
School sponsored cocurricular activities - instruction:					
Salaries	\$ 335,957	\$ 23	\$ 335,980	\$ 330,957	\$ 5,023
Purchased services (300 - 500 series)	12,350	6,000	18,350	17,713	637
Supplies and materials	18,469	(907)	17,562	12,122	5,440
Other objects	1,783	-	1,783	1,138	645
Transfers to cover deficit	3,000	-	3,000	3,000	-
<b>Total school sponsored cocurricular activities - instruction</b>	<b>371,559</b>	<b>5,116</b>	<b>376,675</b>	<b>364,930</b>	<b>11,745</b>
School sponsored athletics - instruction:					
Salaries	738,271	405	738,676	699,819	38,857
Purchased services (300 - 500 series)	197,407	700	198,107	147,580	50,527
Supplies and materials	72,218	(8,269)	63,949	54,609	9,340
Other objects	10,780	-	10,780	5,863	4,917
Transfers to cover deficit	90,000	-	90,000	71,658	18,342
<b>Total school sponsored athletics - instruction</b>	<b>1,108,676</b>	<b>(7,164)</b>	<b>1,101,512</b>	<b>979,529</b>	<b>121,983</b>
<b>Total - instruction</b>	<b>30,968,420</b>	<b>(485,881)</b>	<b>30,482,539</b>	<b>29,757,153</b>	<b>725,386</b>
<b>Undistributed expenditures:</b>					
Instruction:					
Tuition to other LEAs within state - regular	50,341	-	50,341	3,339	47,002
Tuition to other LEAs within state - special	367,250	(51,000)	316,250	256,840	59,410
Tuition to county vocational school districts - regular	599,000	(49,410)	549,590	520,418	29,172
Tuition to county vocational school districts - special	116,000	(36,155)	79,845	78,540	1,305
Tuition to private schools for disabled within state	2,800,268	(180,186)	2,620,082	2,574,768	45,314
Tuition to private schools for disabled and other LEA's outside state	-	305,395	305,395	287,168	18,227
<b>Total undistributed expenditures - instruction</b>	<b>3,932,859</b>	<b>(11,356)</b>	<b>3,921,503</b>	<b>3,721,073</b>	<b>200,430</b>

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, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Attendance and social work services:					
Salaries	\$ 74,405	\$ 2,585	\$ 76,990	\$ 76,799	\$ 191
Other purchased services	200	-	200		200
Total attendance and social work services	<u>74,605</u>	<u>2,585</u>	<u>77,190</u>	<u>76,799</u>	<u>391</u>
Health services:					
Salaries	450,227	5,166	455,393	452,642	2,751
Purchased professional and technical services	110,000	10,800	120,800	118,692	2,108
Supplies and materials	16,944	-	16,944	14,605	2,339
Total health services	<u>577,171</u>	<u>15,966</u>	<u>593,137</u>	<u>585,939</u>	<u>7,198</u>
Speech, occupational therapy, physical therapy, related services:					
Salaries	984,539	2,803	987,342	982,954	4,388
Purchased professional educational services	153,493	-	153,493	140,933	12,560
Supplies and materials	9,765	(1,350)	8,415	5,155	3,260
Other objects	600	-	600	334	266
Total speech, occupational therapy, physical therapy, related services	<u>1,148,397</u>	<u>1,453</u>	<u>1,149,850</u>	<u>1,129,376</u>	<u>20,474</u>
Other support services - students - extra services:					
Salaries	848,617	(26,000)	822,617	821,623	994
Total other support services - students - extra services	<u>848,617</u>	<u>(26,000)</u>	<u>822,617</u>	<u>821,623</u>	<u>994</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Other support services - guidance:					
Salaries of other professional staff	\$ 1,136,177	\$ (33,011)	\$ 1,103,166	\$ 1,096,044	\$ 7,122
Salaries of secretarial and clerical assistants	124,510	(388)	124,122	124,122	-
Other purchased services (400 - 500 series)	2,970	(1,000)	1,970	282	1,688
Supplies and materials	62,590	(1,850)	60,740	54,013	6,727
Other objects	10,900	(1,500)	9,400	9,015	385
<b>Total other support services - guidance</b>	<b>1,337,147</b>	<b>(37,749)</b>	<b>1,299,398</b>	<b>1,283,476</b>	<b>15,922</b>
Other support services - child study team:					
Salaries of other professional staff	1,577,945	(95,161)	1,482,784	1,477,107	5,677
Salaries of secretarial and clerical assistants	163,112	24	163,136	163,136	-
Purchased professional-educational services	36,460	25,435	61,895	52,102	9,793
Other purchased professional and technical services	45,675	-	45,675	44,786	889
Miscellaneous purchased services (400 - 500 series)	15,000	(620)	14,380	14,201	179
Supplies and materials	26,082	(1,300)	24,782	22,237	2,545
Other objects	100	7,500	7,600	7,393	207
<b>Total other support services - child study team</b>	<b>1,864,374</b>	<b>(64,122)</b>	<b>1,800,252</b>	<b>1,780,962</b>	<b>19,290</b>
Improvement of instructional services:					
Salaries of supervisors of instruction	839,666	(3,273)	836,393	836,393	-
Salaries of other professional staff	110,382	(227)	110,155	108,384	1,771
Salaries of secretarial and clerical assistants	142,679	(19,611)	123,068	120,378	2,690
Other purchased services (400 - 500 series)	34,385	-	34,385	15,405	18,980
Supplies and materials	4,900	(210)	4,690	2,082	2,608
Other objects	3,380	-	3,380	3,219	161
<b>Total improvement of instructional services</b>	<b>1,135,392</b>	<b>(23,321)</b>	<b>1,112,071</b>	<b>1,085,861</b>	<b>26,210</b>

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, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Educational media services/school library:					
Salaries	\$ 459,784	\$ 4,382	\$ 464,166	\$ 463,065	\$ 1,101
Purchased professional and technical services	3,750	-	3,750	3,750	-
Supplies and materials	79,758	(13,387)	66,371	59,145	7,226
Other objects	400	-	400	230	170
<b>Total educational media services/school library</b>	<b>543,692</b>	<b>(9,005)</b>	<b>534,687</b>	<b>526,190</b>	<b>8,497</b>
Instructional staff training services:					
Salaries of other professional staff	62,255	(152)	62,103	62,103	-
Salaries of secretarial and clerical assistants	8,595	(648)	7,947	7,946	1
Purchased professional educational services	2,000	-	2,000	500	1,500
Other purchased services (400 - 500 series)	20,550	5,230	25,780	21,597	4,183
<b>Total instructional staff training services</b>	<b>93,400</b>	<b>4,430</b>	<b>97,830</b>	<b>92,146</b>	<b>5,684</b>
Support services - general administration:					
Salaries	522,140	-	522,140	522,138	2
Legal services	220,000	-	220,000	173,526	46,474
Audit fees	39,000	-	39,000	36,500	2,500
Architectural/Engineering services	20,000	(8,000)	12,000	4,800	7,200
Other purchased professional services	99,390	(3,000)	96,390	57,598	38,792
Purchased technical services	22,300	3,000	25,300	23,754	1,546
Communications/telephone	203,000	20,600	223,600	211,684	11,916
BOE other purchased professional services	4,500	-	4,500	2,684	1,816
Other purchased services (400 - 500 series)	21,700	4,900	26,600	21,555	5,045
General supplies	9,008	-	9,008	2,617	6,391
BOE in-house training/meeting supplies	3,000	-	3,000	2,071	929
Miscellaneous expenditures	38,000	-	38,000	30,908	7,092
BOE membership dues and fees	500	-	500	-	500
<b>Total support services - general administration</b>	<b>1,202,538</b>	<b>17,500</b>	<b>1,220,038</b>	<b>1,089,835</b>	<b>130,203</b>



**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Support services - school administration:					
Salaries of principals/assistant principals	\$ 1,131,198	(8,150)	\$ 1,123,048	\$ 1,075,893	\$ 47,155
Salaries of other professional staff	247,819	(433)	247,386	247,386	-
Salaries of secretarial and clerical assistants	571,614	-	571,614	546,934	24,680
Other purchased services (400 - 500 series)	126,925	738	127,663	92,967	34,696
Supplies and materials	32,218	(2,370)	29,848	23,398	6,450
Other objects	27,000	2,500	29,500	21,772	7,728
<b>Total support services - school administration</b>	<b>2,136,774</b>	<b>(7,715)</b>	<b>2,129,059</b>	<b>2,008,350</b>	<b>120,709</b>
Central services:					
Salaries	585,973	(466)	585,507	547,904	37,603
Purchased professional services	65,000	-	65,000	64,535	465
Purchased technical services	50,000	8,500	58,500	56,398	2,102
Other purchased services (400 - 500 series)	12,800	-	12,800	7,880	4,920
Supplies and materials	10,800	(303)	10,497	4,504	5,993
Miscellaneous expenditures	7,500	-	7,500	5,391	2,109
<b>Total central services</b>	<b>732,073</b>	<b>7,731</b>	<b>739,804</b>	<b>686,612</b>	<b>53,192</b>
Administrative information technology:					
Salaries	623,103	79,979	703,082	698,942	4,140
Other purchased services (400 - 500 series)	63,172	1	63,173	43,153	20,020
<b>Total administrative information technology</b>	<b>686,275</b>	<b>79,980</b>	<b>766,255</b>	<b>742,095</b>	<b>24,160</b>
Required allowable maintenance for school facilities:					
Salaries	587,558	(42,550)	545,008	481,356	63,652
Cleaning, repair and maintenance services	263,000	29,806	292,806	266,392	26,414
General supplies	183,700	3,500	187,200	145,702	41,498
<b>Total required allowable maintenance for school facilities</b>	<b>1,034,258</b>	<b>(9,244)</b>	<b>1,025,014</b>	<b>893,450</b>	<b>131,564</b>

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Custodial services:					
Salaries	\$ 2,267,456	\$ (55,200)	\$ 2,212,256	\$ 2,122,970	\$ 89,286
Salaries of non-instructional aids	80,000	6,200	86,200	85,651	549
Purchased professional and technical services	39,300	(12,000)	27,300	13,033	14,267
Cleaning, repair and maintenance services	177,860	(8,017)	169,843	125,244	44,599
Rental of land and buildings other than lease purchase agreements	270,050	-	270,050	263,021	7,029
Lease purchase agreements	230,884	-	230,884	230,883	1
Other purchased property services	244,500	(21,700)	222,800	215,769	7,031
Insurance	449,230	-	449,230	379,276	69,954
Miscellaneous Purchased Services	600	-	600	465	135
General supplies	342,609	(7,200)	335,409	264,387	71,022
Energy (natural gas)	494,000	-	494,000	479,394	14,606
Energy (electricity)	765,000	29,300	794,300	752,281	42,019
Other objects	28,000	-	28,000	26,993	1,007
<b>Total custodial services</b>	<b>5,389,489</b>	<b>(68,617)</b>	<b>5,320,872</b>	<b>4,959,367</b>	<b>361,505</b>
Care and upkeep of grounds:					
Salaries	166,776	(25,000)	141,776	139,655	2,121
Cleaning, repair and maintenance services	16,000	43,300	59,300	50,265	9,035
General supplies	81,000	(3,500)	77,500	49,886	27,614
<b>Total care and upkeep of grounds</b>	<b>263,776</b>	<b>14,800</b>	<b>278,576</b>	<b>239,806</b>	<b>38,770</b>
Security:					
Salaries	305,934	(38,640)	267,294	261,108	6,186
Cleaning, repair and maintenance services	44,000	-	44,000	-	44,000
General supplies	600	59	659	659	-
<b>Total security</b>	<b>306,534</b>	<b>5,419</b>	<b>311,953</b>	<b>261,767</b>	<b>50,186</b>

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Student transportation services:					
Salaries of non-instructional aids	\$ 103,712	\$ 41,128	\$ 144,840	\$ 142,967	\$ 1,873
between home and school - regular	1,372,639	36,000	1,408,639	1,402,664	5,975
between home and school - special education	274,446	-	274,446	267,922	6,524
other than between home and school	35,000	9,000	44,000	42,341	1,659
Other purchased professional and technical services	71,500	44,800	116,300	115,352	948
Cleaning, repair and maintenance services	480,000	32,000	512,000	504,545	7,455
Contracted services aid-in-lieu payments	135,000	-	135,000	127,329	7,671
Contracted services (between home and school) - vendors	600,000	12,000	612,000	611,070	930
Contracted services (between home and school) - joint ventures	15,000	6,050	21,050	13,050	8,000
Contracted services (special education) - vendors	197,000	106,000	303,000	288,981	14,019
Miscellaneous purchased services - transportation	116,198	(23,800)	92,398	80,298	12,100
General supplies	5,000	(1,000)	4,000	2,364	1,636
Transportation supplies	144,000	30,000	174,000	170,265	3,735
Other Objects	12,000	-	12,000	11,560	440
<b>Total student transportation services</b>	<b>3,561,495</b>	<b>292,178</b>	<b>3,853,673</b>	<b>3,780,708</b>	<b>72,965</b>
Personal services - employee benefits:					
Unallocated benefits:					
Group insurance	14,000	-	14,000	12,348	1,652
Social security contributions	954,000	-	954,000	949,425	4,575
Other retirement contribution - PERS	1,063,796	(14,757)	1,049,039	1,049,039	-
Other retirement contribution - ERIP	38,000	(243)	37,757	28,255	9,502
Other retirement contribution - regular	66,000	15,000	81,000	77,041	3,959
Workmen's compensation	648,900	-	648,900	601,094	47,806
Health benefits	14,597,800	(361,819)	14,235,981	12,532,606	1,703,375
Tuition reimbursement	155,000	(21,000)	134,000	105,716	28,284
Other employee benefits	141,700	71,000	212,700	206,291	6,409
<b>Total unallocated benefits</b>	<b>17,679,196</b>	<b>(311,819)</b>	<b>17,367,377</b>	<b>15,561,815</b>	<b>1,805,562</b>

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, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
On-behalf contributions:					
On- behalf TPAF post retirement medical (non-budgeted)	\$ -	-	\$ -	2,717,725	\$ (2,717,725)
On- behalf TPAF pension contributions (non-budgeted)	-	-	-	5,991,478	(5,991,478)
On- behalf TPAF long-term disability Insurance (non-budgeted)	-	-	-	5,178	(5,178)
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	2,233,385	(2,233,385)
Total on-behalf contributions	-	-	-	10,947,766	(10,947,766)
Total personal services - employee benefits	17,679,196	(311,819)	17,367,377	26,509,581	(9,142,204)
<b>Total undistributed expenditures</b>	<b>44,548,062</b>	<b>(126,906)</b>	<b>44,421,156</b>	<b>52,275,016</b>	<b>(7,853,860)</b>
<b>Total general current expense</b>	<b>75,516,482</b>	<b>(612,787)</b>	<b>74,903,695</b>	<b>82,032,169</b>	<b>(7,128,474)</b>
<b>CAPITAL OUTLAY:</b>					
Undistributed expenditures:					
General administration	136,031	-	-	-	-
School administration	15,074	5,336	141,367	132,162	9,205
Required maintenance school facilities	88,000	21,857	36,931	6,667	30,264
Care and upkeep of grounds	340,000	(13,200)	74,800	58,084	16,716
School Buses Regular	-	147,769	487,769	487,768	1
Total equipment	579,105	161,762	740,867	684,681	56,186

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, 2019**

	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	\$ -
Interest deposit to capital reserve	100	(100)	-	-	-
Total facilities acquisition and construction services	<u>60,192</u>	<u>-</u>	<u>60,092</u>	<u>60,092</u>	<u>-</u>
<b>Total capital outlay</b>	<u>639,297</u>	<u>161,762</u>	<u>800,959</u>	<u>744,773</u>	<u>56,186</u>
<b>SPECIAL SCHOOLS:</b>					
Summer school - instruction:					
Salaries of teachers	137,645	3,703	141,348	141,348	-
Other salaries for instruction	111,380	9,105	120,485	120,485	-
Purchased professional and technical services	17,250	-	17,250	6,825	10,425
General supplies	5,000	119	5,119	4,430	689
Total summer school - instruction	<u>271,275</u>	<u>12,927</u>	<u>284,202</u>	<u>273,088</u>	<u>11,114</u>
<b>Total special schools</b>	<u>271,275</u>	<u>12,927</u>	<u>284,202</u>	<u>273,088</u>	<u>11,114</u>
Transfer of funds to Charter School	<u>106,474</u>	<u>81,170</u>	<u>187,644</u>	<u>147,800</u>	<u>39,844</u>
<b>Total expenditures</b>	<u>76,533,528</u>	<u>(356,928)</u>	<u>76,176,500</u>	<u>83,197,830</u>	<u>(7,021,330)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(2,739,765)</u>	<u>(150,000)</u>	<u>(2,889,665)</u>	<u>1,874,889</u>	<u>4,764,554</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Operating transfers in:					
Transfer from other funds	\$ -	\$ -	\$ -	\$ 1,800	\$ 1,800
Sale of fixed assets	-	-	-	15,441	15,441
Total other financing sources (uses)	-	-	-	17,241	17,241
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)</b>	<b>(2,739,765)</b>	<b>(150,000)</b>	<b>(2,889,665)</b>	<b>1,892,130</b>	<b>4,781,795</b>
Fund balance, July 1	6,914,864	-	6,914,864	6,914,864	-
Fund balance, June 30	<u>\$ 4,175,099</u>	<u>\$ (150,000)</u>	<u>\$ 4,025,199</u>	<u>\$ 8,806,994</u>	<u>\$ 4,781,795</u>
<b>Recapitulation</b>					
Restricted fund balance:					
Capital reserve				\$ 1,142,075	
Excess surplus - designated for subsequent year's expenditures				1,790,063	
Excess surplus - current year				3,255,434	
Assigned fund balances:					
Designated for subsequent year's expenditures				854,340	
Unassigned fund balances				<u>1,765,082</u>	
Reconciliation to governmental funds statements (GAAP)				<u>8,806,994</u>	
Last state aid payment not recognized on GAAP basis				<u>(1,853,998)</u>	
Fund Balance per governmental funds (GAAP)				<u>\$ 6,952,996</u>	

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
State sources	\$ 580,141	\$ 132,472	\$ 712,613	\$ 706,233	\$ (6,380)
Federal sources	1,484,782	438,547	1,923,329	1,730,140	(193,189)
<b>Total Revenues</b>	<u>2,064,923</u>	<u>571,019</u>	<u>2,635,942</u>	<u>2,436,373</u>	<u>(199,569)</u>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of teachers	530,850	(50,860)	479,990	464,710	15,280
Other salaries for instruction	853,932	(844,119)	9,813	9,813	-
Purchased professional and technical services	98,262	7,896	106,158	106,116	42
General supplies	-	100,488	100,488	29,502	70,986
Textbooks	37,204	1,992	39,196	37,873	1,323
Other purchased services	444,675	1,032,617	1,477,292	1,454,202	23,090
<b>Total Instruction</b>	<u>1,964,923</u>	<u>248,014</u>	<u>2,212,937</u>	<u>2,102,216</u>	<u>110,721</u>
<b>Support Services</b>					
Salaries of secretaries and clerical assistants	-	37,025	37,025	18,250	18,775
Personal services - employee benefits	-	166,325	166,325	164,166	2,159
Purchased professional services	-	154,528	154,528	145,305	9,223
General supplies	100,000	(77,164)	22,836	6,436	16,400
Other purchased services	-	549	549	-	549
<b>Total Support Services</b>	<u>100,000</u>	<u>281,263</u>	<u>381,263</u>	<u>334,157</u>	<u>47,106</u>
<b>Instructional equipment</b>	<u>-</u>	<u>41,742</u>	<u>41,742</u>	<u>-</u>	<u>41,742</u>
<b>Total Expenditures</b>	<u>2,064,923</u>	<u>571,019</u>	<u>2,635,942</u>	<u>2,436,373</u>	<u>199,569</u>
<b>Total Outflows</b>	<u>2,064,923</u>	<u>571,019</u>	<u>2,635,942</u>	<u>2,436,373</u>	<u>199,569</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<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, 2019**

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

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 85,072,719	\$ 2,436,373
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	11,731
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until subsequent year.	(1,853,998)	-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,641,613	-
 Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 84,860,334</u>	<u>\$ 2,448,104</u>
<b>Uses/Outflows of Resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 83,197,830	\$ 2,436,373
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.	-	11,731
 Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 83,197,830</u>	<u>\$ 2,448,104</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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

	Fiscal Year Ended June 30,					
	2019	2018	2017	2016	2015	2014
District's proportion of the Net Pension Liability	0.04712067%	0.05035807%	0.05254898%	0.05101445%	0.04984458%	0.04956637%
Employer's proportionate share of the Net Pension Liability	\$ 20,447,449	\$ 24,637,193	\$ 31,008,009	\$ 23,553,440	\$ 19,364,539	\$ 19,038,744
District's covered-employee payroll	\$ 7,224,113	\$ 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	283.04%	335.85%	434.89%	326.26%	265.02%	274.95%
Plan Fiduciary Net Position as a percentage of the total pension liability (local)	40.45%	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 Six Years

	Fiscal Year Ended June 30,					
	2019	2018	2017	2016	2015	2014
Contractually-required contribution	\$1,032,967	\$980,468	\$ 930,106	\$ 902,069	\$ 852,645	\$ 750,592
Contributions in relation to the contractually-required contribution	(1,032,967)	(980,468)	(930,106)	(902,069)	(852,645)	(750,952)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 7,224,113	\$ 7,335,862	\$ 7,130,014	\$ 7,219,151	\$ 7,306,958	\$ 6,924,348
Contributions as a percentage of covered-employee payroll	14.30%	13.37%	13.04%	12.50%	11.67%	10.85%

83 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 Six Years \*

	Fiscal Year Ended June 30,					
	2019	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 **	0.30497400%	0.30731149%	0.31209329%	0.30429849%	0.30006102%	0.30554180%
State's proportionate share of the Net Pension Liability associated with the employer*	\$ 194,017,908	\$ 207,200,489	\$ 245,512,453	\$ 192,329,639	\$ 160,666,363	\$ 154,418,423
District's covered-employee payroll	\$ 31,717,809	\$ 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	611.70%	654.96%	778.09%	612.22%	519.06%	518.78%
Plan Fiduciary Net Position as a percentage of the total pension liability (local)	26.49%	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.

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Changes in the District's OPEB Liability and Related Ratios**  
**Required Supplementary Information\***  
**Last Two Years\***

	<b>Fiscal Year Ended June 30,</b>	
	<b>2019</b>	<b>2018</b>
Total OPEB Liability:		
Service Cost	\$ 5,677,196	\$ 6,834,986
Interest	6,508,440	5,624,888
Changes of benefit terms	-	-
Differences between expected and actual experience	(12,377,049)	-
Changes in assumptions or other inputs	(17,901,608)	(22,869,891)
Contributions from the members	144,168	151,915
Benefit payments	<u>(4,171,344)</u>	<u>(4,125,607)</u>
<b>Net change in total OPEB Liability</b>	<b>(22,120,197)</b>	<b>(14,383,709)</b>
<b>Total OPEB liability, beginning</b>	<b><u>178,118,695</u></b>	<b><u>192,502,404</u></b>
<b>Total OPEB liability, ending</b>	<b><u>\$ 155,998,498</u></b>	<b><u>\$ 178,118,695</u></b>
District's Proportionate Share of OPEB Liability	<u>\$ -</u>	<u>\$ -</u>
State's Proportionate Share of OPEB Liability	<u>155,998,498</u>	<u>178,118,695</u>
<b>Total OPEB liability- Ending</b>	<b><u>\$ 155,998,498</u></b>	<b><u>\$ 178,118,695</u></b>
<b>District's Covered-Employee Payroll</b>	<b><u>\$ 38,941,922</u></b>	<b><u>\$ 38,971,677</u></b>
<b>District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll</b>	<b><u>0%</u></b>	<b><u>0%</u></b>

**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, 2019**

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018 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 4.25% as of June 30, 2017 to 4.86% as of June 30, 2018 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 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018

## **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, 2019**

	I.D.E.A Part B		Title I Basic 2018-2019	Total Other Special Projects (Ex. E-1a)	Total	
	Regular 2018-2019	Preschool 2018-2019			Nonpublic Programs (Ex. E-1b)	Totals 2019
<b>REVENUES:</b>						
State sources	\$ -	\$ -	\$ -	\$ -	\$ 706,233	\$ 706,233
Federal sources	965,992	41,894	499,171	223,083	-	1,730,140
<b>Total revenues</b>	<b>\$ 965,992</b>	<b>\$ 41,894</b>	<b>\$ 499,171</b>	<b>\$ 223,083</b>	<b>\$ 706,233</b>	<b>\$ 2,436,373</b>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of teachers	\$ -	\$ -	\$ 366,483	\$ 98,227	\$ -	\$ 464,710
Other salaries for instruction	-	-	-	9,813	-	9,813
Purchased professional and technical services	-	-	-	-	106,116	106,116
General supplies	-	-	-	29,502	-	29,502
Textbooks	-	-	-	-	37,873	37,873
Other purchased services	838,976	41,894	-	11,088	562,244	1,454,202
<b>Total instruction</b>	<b>838,976</b>	<b>41,894</b>	<b>366,483</b>	<b>148,630</b>	<b>706,233</b>	<b>2,102,216</b>
Support services:						
Other salaries for instruction	-	-	-	18,250	-	18,250
Personal services - employee benefits	-	-	128,819	35,347	-	164,166
Purchased professional and technical services	127,016	-	119	18,170	-	145,305
General supplies	-	-	3,750	2,686	-	6,436
<b>Total support services</b>	<b>127,016</b>	<b>-</b>	<b>132,688</b>	<b>74,453</b>	<b>-</b>	<b>334,157</b>
<b>Total expenditures</b>	<b>\$ 965,992</b>	<b>\$ 41,894</b>	<b>\$ 499,171</b>	<b>\$ 223,083</b>	<b>\$ 706,233</b>	<b>\$ 2,436,373</b>

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Revenues and Expenditures - Budgetary Basis (Continued)**  
**For the Fiscal Year Ended June 30, 2019**

	Title II, Part A Teacher and Principal Training & Recruiting 2018-2019	Title III Part A 2018-2019	Title III Immigrant 2018-2019	Career Pathways 2019	Carry forward to E-1 Total Other Special Projects
<b>REVENUES:</b>					
Federal sources	\$ 94,577	\$ 50,590	\$ 10,564	\$ 67,352	\$ 223,083
<b>Total revenues</b>	<u>\$ 94,577</u>	<u>\$ 50,590</u>	<u>\$ 10,564</u>	<u>\$ 67,352</u>	<u>\$ 223,083</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	\$ 55,965	\$ 37,432	\$ -	\$ 4,830	\$ 98,227
Other salaries for instruction	-	-	9,813	-	9,813
General supplies	-	-	-	29,502	29,502
Other purchased services	-	-	-	11,088	11,088
<b>Total instruction</b>	<u>55,965</u>	<u>37,432</u>	<u>9,813</u>	<u>45,420</u>	<u>148,630</u>
Support services:					
Other salaries for instruction	-	-	-	18,250	18,250
Personal services - employee benefits	19,672	13,158	751	1,766	35,347
Purchased professional and technical services	17,740	-	-	430	18,170
General supplies	1,200	-	-	1,486	2,686
<b>Total support services</b>	<u>38,612</u>	<u>13,158</u>	<u>751</u>	<u>21,932</u>	<u>74,453</u>
<b>Total expenditures</b>	<u>\$ 94,577</u>	<u>\$ 50,590</u>	<u>\$ 10,564</u>	<u>\$ 67,352</u>	<u>\$ 223,083</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Revenues and Expenditures - Budgetary Basis (Continued)**  
**For the Fiscal Year Ended June 30, 2019**

	N.J. Nonpublic Handicapped Services Ch. 193		N.J. Nonpublic Auxiliary Services Ch. 192		N.J. Nonpublic Auxiliary Services Ch. 192		Home Instruction	Nonpublic Nursing	Nonpublic Textbooks	Nonpublic Technology	Nonpublic Security Aid	Carry forward to E-1 Total Nonpublic Programs
	Examination and Classification	Corrective Speech	Supplemental Instruction	Compensatory	ESL							
<b>REVENUES:</b>												
State sources	\$ 145,623	\$ 39,730	\$ 82,310	\$ 168,360	\$ 2,783	\$ 138	\$ 79,696	\$ 37,873	\$ 26,420	\$ 123,300	\$ 706,233	
<b>Total revenues</b>	<b>\$ 145,623</b>	<b>\$ 39,730</b>	<b>\$ 82,310</b>	<b>\$ 168,360</b>	<b>\$ 2,783</b>	<b>\$ 138</b>	<b>\$ 79,696</b>	<b>\$ 37,873</b>	<b>\$ 26,420</b>	<b>\$ 123,300</b>	<b>\$ 706,233</b>	
<b>EXPENDITURES:</b>												
Instruction:												
Purchased professional and technical services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,696	\$ -	\$ 26,420	\$ -	\$ 106,116	
Textbooks	-	-	82,310	168,360	2,783	138	-	37,873	-	-	37,873	
Other purchased services	145,623	39,730	-	-	-	-	-	-	-	123,300	562,244	
Total instruction	145,623	39,730	82,310	168,360	2,783	138	79,696	37,873	26,420	123,300	706,233	
<b>Total expenditures</b>	<b>\$ 145,623</b>	<b>\$ 39,730</b>	<b>\$ 82,310</b>	<b>\$ 168,360</b>	<b>\$ 2,783</b>	<b>\$ 138</b>	<b>\$ 79,696</b>	<b>\$ 37,873</b>	<b>\$ 26,420</b>	<b>\$ 123,300</b>	<b>\$ 706,233</b>	

## **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, 2019

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations June 30, 2019
			Prior Years	Current Year	
2015 Referendum	3/12/2015	\$ 28,944,000	\$ 28,643,612	\$ 263,402	\$ 36,986
<b>Totals</b>		<u>\$ 28,944,000</u>	<u>\$ 28,643,612</u>	<u>\$ 263,402</u>	<u>\$ 36,986</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, 2019**

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**Revenues and Other Financing Sources**

State sources	\$ -
Bond proceeds	-
Total revenues	-

**Expenditures and Other Financing Uses**

Purchased professional and technical services	-
Construction services	238,308
Other objects	25,094
Total expenditures	263,402

**Excess (deficiency) of revenues over (under) expenditures** (263,402)

**Fund balance - Beginning** 300,388

**Fund balance - Ending** \$ 36,986

**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, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
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>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	2,000,598	-	2,000,598	1,534,623
Construction services	25,641,840	238,308	25,880,148	26,990,602
Other objects	1,001,174	25,094	1,026,268	418,775
Total expenditures	<u>28,643,612</u>	<u>263,402</u>	<u>28,907,014</u>	<u>28,944,000</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ 300,388</u>	<u>\$ (263,402)</u>	<u>\$ 36,986</u>	<u>\$ -</u>
<b>Additional project information</b>				
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	100%			
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, 2019**

	<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>
<b>ASSETS:</b>							
Cash and cash equivalents	\$ 517,195	\$ 34,523	\$ 551,718		\$ 310,268	\$ 1,993,736	\$ 2,304,004
<b>Total assets</b>	<u>517,195</u>	<u>34,523</u>	<u>551,718</u>		<u>310,268</u>	<u>1,993,736</u>	<u>2,304,004</u>
<b>LIABILITIES:</b>							
Payroll deductions and withholdings Due to student groups	16,981	-	16,981		-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>		<u>310,268</u>	<u>-</u>	<u>310,268</u>
<b>Total liabilities</b>	<u>16,981</u>	<u>-</u>	<u>16,981</u>		<u>310,268</u>	<u>1,993,736</u>	<u>2,304,004</u>
<b>NET POSITION:</b>							
Reserved	500,214	34,523	534,737				
<b>Total net position</b>	<u>500,214</u>	<u>34,523</u>	<u>534,737</u>				

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Unemployment Compensation Trust</b>	<b>Private Purpose Scholarship Trust</b>	<b>Total Trusts</b>
<b>ADDITIONS:</b>			
Contributions:			
Plan member	\$ 124,608	\$ -	\$ 124,608
Other	-	11,741	11,741
Total contributions	<u>124,608</u>	<u>11,741</u>	<u>136,349</u>
Investment earnings:			
Interest	<u>10,442</u>	-	<u>10,442</u>
Net investment earnings	<u>10,442</u>	-	<u>10,442</u>
<b>Total Additions</b>	<u>135,050</u>	<u>11,741</u>	<u>146,791</u>
<b>DEDUCTIONS:</b>			
Quarterly contribution reports	42,553	-	42,553
Unemployment claims	50,831	-	50,831
Scholarships awarded	-	12,800	12,800
<b>Total Deductions</b>	<u>93,384</u>	<u>12,800</u>	<u>106,184</u>
<b>Change in Net Position</b>	41,666	(1,059)	40,607
<b>Net Position - Beginning of Year</b>	<u>458,548</u>	<u>35,582</u>	<u>494,130</u>
<b>Net Position - End of Year</b>	<u><u>\$ 500,214</u></u>	<u><u>\$ 34,523</u></u>	<u><u>\$ 534,737</u></u>

**OCEAN TOWNSHIP SCHOOL DISTRICT  
Student Activity Agency Fund  
Schedule of Receipts and Disbursements  
For the Fiscal Year Ended June 30, 2019**

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	<u>Balance July 1, 2018</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2019</u>
<b>ELEMENTARY SCHOOLS:</b>				
Ocean Township Elementary	\$ 1,314	\$ 22,369	\$ 21,786	\$ 1,897
Wayside Elementary	53,007	11,623	49,740	14,890
Wanamassa Elementary	1,331	13,299	2,368	12,262
<b>Total elementary schools</b>	<u>55,652</u>	<u>47,291</u>	<u>73,894</u>	<u>29,049</u>
<b>INTERMEDIATE SCHOOL</b>	<u>57,712</u>	<u>41,293</u>	<u>36,309</u>	<u>62,696</u>
<b>HIGH SCHOOL</b>	<u>207,015</u>	<u>409,102</u>	<u>397,594</u>	<u>218,523</u>
<b>Total all schools</b>	<u>\$ 320,379</u>	<u>\$ 497,686</u>	<u>\$ 507,797</u>	<u>\$ 310,268</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**  
**For the Fiscal Year Ended June 30, 2019**

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	<u>Balance July 1, 2018</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2019</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 1,928,478	\$ 22,993,024	\$ 22,927,766	\$ 1,993,736
<b>Total assets</b>	<u>\$ 1,928,478</u>	<u>\$ 22,993,024</u>	<u>\$ 22,927,766</u>	<u>\$ 1,993,736</u>
<b>LIABILITIES:</b>				
Payroll deductions and withholdings	\$ 1,928,478	\$ 22,993,024	\$ 22,927,766	\$ 1,993,736
<b>Total liabilities</b>	<u>\$ 1,928,478</u>	<u>\$ 22,993,024</u>	<u>\$ 22,927,766</u>	<u>\$ 1,993,736</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, 2019**

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2018	Issued	Retired	Balance June 30, 2019
School renovations and additions (Refunding issue 2010)	10/20/2010	\$ 8,585,000	3/1/2020	830,000	4.000%	\$ 3,310,000	\$ -	\$ 835,000	\$ 2,475,000
			3/1/2021	825,000	4.000%				
			3/1/2022	820,000	4.000%				
School Bonds - Energy Project (Refunding issue 2016)	9/1/2016	2,650,000	9/1/2019	510,000	1.450%	2,545,000	-	505,000	2,040,000
			9/1/2020	520,000	1.450%				
			9/1/2021	510,000	1.450%				
			9/1/2022	500,000	1.450%				
School bonds - 2015 Referendum	2/15/2015	28,944,000	3/15/2020	1,130,000	2.000%	26,615,000	-	1,100,000	25,515,000
			3/15/2021	1,170,000	2.000%				
			3/15/2022	1,205,000	3.000%				
			3/15/2023	1,245,000	3.000%				
			3/15/2024	1,290,000	3.000%				
			3/15/2025	1,335,000	3.000%				
			3/15/2026	1,380,000	3.000%				
			3/15/2027	1,430,000	3.000%				
			3/15/2028	1,480,000	3.000%				
			3/15/2029	1,530,000	3.000%				
			3/15/2030	1,585,000	3.000%				
			3/15/2031	1,640,000	3.000%				
		3/15/2032	1,695,000	3.000%					
		3/15/2033	1,755,000	3.125%					
		3/15/2034	1,820,000	3.125%					
		3/15/2035	1,880,000	3.250%					
		3/15/2036	1,945,000	3.250%					
						<u>\$ 32,470,000</u>	<u>\$ -</u>	<u>\$ 2,440,000</u>	<u>\$ 30,030,000</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Long-Term Debt**  
**Schedule of Obligations under Capital Lease**  
**As of June 30, 2019**

<u>Description</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2018</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2019</u>
Savin Copiers	\$ 6,688	\$ 389	\$ -	\$ 389	\$ -
Energy Saving Improvement Project	\$ 3,433,934	2,425,036	-	168,758	2,256,278
Technology Equipment lease	\$ 1,200,000	250,000	-	250,000	-
		<u>\$ 2,675,425</u>	<u>\$ -</u>	<u>\$ 419,147</u>	<u>\$ 2,256,278</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT  
Debt Service Fund  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final to Actual</u>
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 2,751,686	\$ -	\$ 2,751,686	\$ 2,751,686	\$ -
State sources:					
Debt service aid - Type II	<u>606,675</u>	<u>-</u>	<u>606,675</u>	<u>606,675</u>	<u>-</u>
<b>Total revenues</b>	<u>3,358,361</u>	<u>-</u>	<u>3,358,361</u>	<u>3,358,361</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Regular debt service:					
Interest	939,923	-	939,923	939,923	-
Redemption of principal	<u>2,440,000</u>	<u>-</u>	<u>2,440,000</u>	<u>2,440,000</u>	<u>-</u>
<b>Total expenditures</b>	<u>3,379,923</u>	<u>-</u>	<u>3,379,923</u>	<u>3,379,923</u>	<u>-</u>
Excess (Deficiency) of revenues over expenses	<u>(21,562)</u>	<u>-</u>	<u>(21,562)</u>	<u>(21,562)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(21,562)</u>	<u>-</u>	<u>(21,562)</u>	<u>(21,562)</u>	<u>-</u>
Fund balances, July 1	21,563	-	21,563	21,563	-
Fund balances, June 30	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>
 <b>Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
Budgeted fund balance	<u>\$ 21,562</u>	<u>\$ -</u>	<u>\$ 21,562</u>	<u>\$ 21,562</u>	<u>\$ -</u>

# Ocean Township School District Statistical Section (Unaudited)

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b>	100 - 106
<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>	
<b>Revenue Capacity</b>	107 - 110
<p>These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.</p>	
<b>Debt Capacity</b>	111 - 114
<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>	
<b>Demographic and Economic Information</b>	115 - 116
<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>	
<b>Operating Information</b>	117 - 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*

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 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	\$ 12,849,190
Restricted	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	7,078,899
Unrestricted	(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)	(26,550,959)
<b>Total governmental activities net position</b>	<b>\$ 18,690,044</b>	<b>\$ 21,098,467</b>	<b>\$ 25,592,986</b>	<b>\$ 28,684,042</b>	<b>\$ 30,688,391</b>	<b>\$ 13,464,685</b>	<b>\$ 4,426,932</b>	<b>\$ (9,453,183)</b>	<b>\$ (9,889,955)</b>	<b>\$ (6,622,870)</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 77,390	\$ 64,236	\$ 76,535	\$ 64,921	\$ 55,812	\$ 47,283	\$ 39,095	\$ 30,906	\$ 23,259	\$ 17,868
Unrestricted	(7,461)	25,685	(34,970)	55,533	38,867	25,142	51,636	90,561	130,924	258,675
<b>Total business-type activities net position</b>	<b>\$ 69,929</b>	<b>\$ 89,921</b>	<b>\$ 41,565</b>	<b>\$ 120,454</b>	<b>\$ 94,679</b>	<b>\$ 72,425</b>	<b>\$ 90,731</b>	<b>\$ 121,467</b>	<b>\$ 154,183</b>	<b>\$ 276,543</b>
<b>District-wide</b>										
Invested in capital assets, net of related debt	\$ 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	\$ 12,867,058
Restricted	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	7,078,899
Unrestricted	(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)	(26,292,284)
<b>Total district-wide net position</b>	<b>\$ 18,759,973</b>	<b>\$ 21,188,388</b>	<b>\$ 25,634,551</b>	<b>\$ 28,804,496</b>	<b>\$ 30,783,070</b>	<b>\$ 13,537,110</b>	<b>\$ 4,517,663</b>	<b>\$ (9,331,716)</b>	<b>\$ (9,735,772)</b>	<b>\$ (6,346,327)</b>

**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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 40,219,547
Special education	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	12,419,261
Other special education	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	2,261,234
Other instruction	1,453,524	1,457,112	1,545,146	1,568,092	1,644,512	1,721,308	1,831,733	1,809,805	1,825,577	1,798,851
Support Services										
Instruction	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	4,052,082
Student & instruction-related services	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	13,079,032
School administrative services	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	2,541,108
General administrative services	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	1,919,850
Central services and administrative information technology	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	2,099,998
Plant operations and maintenance	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	7,534,832
Pupil transportation	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	4,613,008
Special Schools	187,863	164,599	156,620	159,880	188,275	207,251	227,710	223,586	239,036	273,088
Charter schools	57,636	30,545	21,473	43,184	47,307	15,745	25,462	-	43,098	147,800
Interest on long-term debt	1,007,071	1,460,077	716,154	627,280	545,646	674,061	1,127,442	939,956	918,227	854,701
Total governmental activities expenses	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	93,814,392
Business-type activities:										
Food service	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	1,023,704
Total business-type activities expense	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	1,023,704
<b>Total district expenses</b>	<b>\$ 72,154,631</b>	<b>\$ 71,571,581</b>	<b>\$ 72,566,193</b>	<b>\$ 75,410,112</b>	<b>\$ 76,520,564</b>	<b>\$ 87,028,077</b>	<b>\$ 92,870,798</b>	<b>\$ 102,563,812</b>	<b>\$ 103,124,246</b>	<b>\$ 94,838,096</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 24,968	\$ 263,729	\$ 267,470	\$ 259,327	\$ 273,683	\$ 273,485	\$ 292,954	\$ 138,091	\$ 233,095	\$ 310,487
Support services	227,401	19,600	20,598	6,813	66,021	65,142	19,248	35,804	41,499	295,444
Special schools	-	7,569,905	8,276,785	9,107,433	7,932,435	16,411,370	20,327,982	27,188,389	27,313,539	102,755
Operating grants and contributions	7,219,481	7,853,234	8,564,953	9,373,573	8,272,139	16,749,597	20,640,184	27,645,263	27,860,465	20,483,014
Total governmental activities program revenues	7,471,850	7,853,234	8,564,953	9,373,573	8,272,139	16,749,597	20,640,184	27,645,263	27,860,465	21,191,700
Business-type activities:										
Charges for services:										
Food service	710,072	689,179	710,173	634,851	645,088	600,395	560,319	543,772	582,923	575,561
Operating grants and contributions	391,510	423,596	478,629	467,684	531,929	607,213	587,619	576,504	582,093	570,503
Total business-type activities program revenues	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	1,146,064
<b>Total district program revenues</b>	<b>\$ 8,573,432</b>	<b>\$ 8,966,009</b>	<b>\$ 9,753,755</b>	<b>\$ 10,476,108</b>	<b>\$ 9,449,156</b>	<b>\$ 17,957,605</b>	<b>\$ 21,788,122</b>	<b>\$ 28,765,539</b>	<b>\$ 29,025,481</b>	<b>\$ 22,337,764</b>
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (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)	\$ (72,622,692)
Business-type activities	(40,141)	(80,008)	(48,356)	(71,111)	(25,775)	(22,254)	18,306	30,736	32,716	122,360
<b>Total district-wide net expense</b>	<b>\$ (63,581,199)</b>	<b>\$ (62,605,572)</b>	<b>\$ (62,812,438)</b>	<b>\$ (64,934,004)</b>	<b>\$ (67,071,408)</b>	<b>\$ (69,070,472)</b>	<b>\$ (71,082,676)</b>	<b>\$ (73,798,273)</b>	<b>\$ (74,098,769)</b>	<b>\$ (72,500,332)</b>

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

	Fiscal year ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities										
Property taxes levied for general purposes, net	\$ 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	\$ 64,307,696
Taxes levied for debt service	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	2,751,686
Federal and state aid not restricted	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	8,380,488
Investment earnings	25,053	16,408	13,824	18,898	15,354	10,300	89,927	25,179	95,283	233,879
Transfers	-	(100,000)	-	(150,000)	116	20,858	-	-	-	-
Gain on disposal of capital assets	-	18,093	17,982	-	-	-	-	-	-	-
Miscellaneous income	85,652	268,441	291,709	275,047	549,471	211,544	228,156	117,262	178,326	216,028
Total governmental activities	\$ 63,379,200	\$ 64,933,987	\$ 67,258,600	\$ 67,953,949	\$ 69,049,982	\$ 70,082,460	\$ 71,088,161	\$ 73,486,291	\$ 73,694,710	\$ 75,889,777
<b>Business-type activities:</b>										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	100,000	-	150,000	-	-	-	-	-	-
Total business-type activities	-	100,000	-	150,000	-	-	-	-	-	-
<b>Total district-wide</b>	<b>\$ 63,379,200</b>	<b>\$ 65,033,987</b>	<b>\$ 67,258,600</b>	<b>\$ 68,103,949</b>	<b>\$ 69,049,982</b>	<b>\$ 70,082,460</b>	<b>\$ 71,088,161</b>	<b>\$ 73,486,291</b>	<b>\$ 73,694,710</b>	<b>\$ 75,889,777</b>
<b>Change in Net Position</b>										
Governmental activities	\$ (161,858)	\$ 2,408,423	\$ 4,494,518	\$ 3,091,056	\$ 2,004,349	\$ 1,034,242	\$ (12,821)	\$ (342,718)	\$ (436,775)	\$ 3,267,085
Business-type activities	(40,141)	19,992	(48,356)	78,889	(25,775)	(22,254)	18,306	30,736	32,716	122,360
<b>Total district</b>	<b>\$ (201,999)</b>	<b>\$ 2,428,415</b>	<b>\$ 4,446,162</b>	<b>\$ 3,169,945</b>	<b>\$ 1,978,574</b>	<b>\$ 1,011,988</b>	<b>\$ 5,485</b>	<b>\$ (311,982)</b>	<b>\$ (404,059)</b>	<b>\$ 3,389,445</b>



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

	Fiscal year ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Fund</b>										
Reserved	\$ 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	\$ 7,041,912
Unreserved	366,564	304,658	217,629	293,642	346,530	364,431	247,902	242,073	63,177	(88,916)
<b>Total general fund</b>	<u>\$ 3,509,904</u>	<u>\$ 5,530,986</u>	<u>\$ 8,113,720</u>	<u>\$ 8,892,946</u>	<u>\$ 7,589,453</u>	<u>\$ 6,487,808</u>	<u>\$ 5,365,582</u>	<u>\$ 5,347,580</u>	<u>\$ 5,273,251</u>	<u>\$ 6,952,996</u>
<b>All Other Governmental Funds</b>										
Reserved	\$ 86,685	-	-	-	-	\$ 22,089,092	\$ 18,613,673	\$ 798,529	\$ 53,915	\$ -
Unreserved:										
Capital projects fund	-	-	-	-	175,206	5,106,702	1,184,718	4,896,847	246,473	36,986
Debt service fund	94,781	56,770	2	1	1	-	-	21,562	21,563	1
<b>Total all other governmental funds</b>	<u>\$ 181,466</u>	<u>\$ 56,770</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 175,207</u>	<u>\$ 27,195,794</u>	<u>\$ 19,798,391</u>	<u>\$ 5,716,938</u>	<u>\$ 321,951</u>	<u>\$ 36,987</u>

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Tax levy	\$ 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	\$ 67,059,382
Tuition charges	24,968	19,600	20,698	6,813	66,021	65,142	19,248	138,091	233,095	310,487
Transportation fee	-	8,840	-	-	-	-	15,938	35,804	41,499	102,755
Interest earnings	25,053	16,408	18,898	18,898	15,470	31,159	89,927	65,917	95,283	233,879
Miscellaneous	267,337	402,607	452,838	428,034	630,085	426,357	480,347	400,091	443,050	496,029
State sources	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	20,641,162
Federal sources	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	1,824,905
Total revenue	70,805,334	72,748,405	75,699,230	77,371,181	77,129,050	79,405,385	81,595,446	85,170,069	87,772,999	90,668,599
<b>Expenditures</b>										
Instruction:										
Regular instruction	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	22,495,108
Special education instruction	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	6,843,019
Other special instruction	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	1,191,662
Other instruction	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	1,344,459
Support Services:										
Instruction	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	4,052,082
Student & inst. related services	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	7,382,372
General & business administrative services	998,428	992,083	946,485	1,033,549	1,107,951	1,054,071	985,129	1,187,648	1,075,568	1,089,835
School administrative services	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	2,008,350
Central services	749,994	649,609	658,153	646,807	657,179	813,562	689,750	706,557	711,319	686,612
Administrative information technology	476,244	437,484	455,117	532,987	587,607	600,211	601,763	679,446	696,270	742,095
Plant operations and maintenance	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	6,354,390
Pupil transportation	3,134,340	3,115,311	3,151,643	3,236,620	3,184,955	3,210,016	3,309,559	3,376,902	3,582,846	3,780,708
Unallocated benefits	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	26,509,581
Special Schools	187,863	164,599	156,620	159,880	188,278	207,251	227,710	223,586	239,036	273,088
Transfer to Charter Schools	57,636	30,545	21,473	43,184	47,307	15,745	25,462	-	43,098	147,800
Capital outlay	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	1,008,175
Debt service:										
Principal	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	2,440,000
Interest and other charges	1,022,430	812,332	726,908	634,248	554,442	469,214	1,169,218	1,069,949	1,006,188	939,923
Total expenditures	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	89,289,259
Excess (Deficiency) of revenues over (under) expenditures	(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)	1,379,340

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

	Fiscal year ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Other Financing sources (uses)</b>										
Capital leases (non-budgeted)	-	-	-	-	-	\$ 1,200,000	\$ -	-	-	-
Proceeds from bonds	-	8,585,000	\$ 139,314	\$ -	\$ 6,688	\$ 28,944,000	\$ -	2,650,000	-	-
Payments to refunding bond escrow	-	(9,199,528)	-	-	3,433,934	-	-	(2,650,000)	-	-
Premium on sale of bonds	-	692,118	-	-	-	-	-	-	-	-
Cost of issuance	-	(47,700)	-	-	-	-	-	-	-	-
FEMA Reimbursement	-	-	-	-	83,042	-	-	-	-	-
Sale of assets	-	18,093	17,982	-	3,688	-	24,825	150	7,608	15,441
Transfers in	497,332	29,892	-	-	116	20,859	-	40,738	10,478	1,800
Transfers out	(497,332)	(129,892)	-	(150,000)	(116)	(20,858)	-	(40,738)	(10,478)	(1,800)
Total other financing sources (uses)	-	(52,017)	157,296	(150,000)	3,527,352	30,144,001	24,825	150	7,608	15,441
Net change in fund balances	\$ (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)	\$ 1,394,781
Debt service as a percentage of noncapital expenditures	4.77%	4.74%	4.63%	4.36%	4.26%	4.08%	3.00%	4.34%	3.91%	3.83%

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Sale of energy	\$ -	\$ 18,360	\$ 17,085	\$ 3,990	\$ 3,884	\$ 4,480	\$ -	\$ 6,898	\$ 2,410	\$ -
FEMA Reimbursement	-	-	-	-	83,042	-	-	-	-	-
Grants and Donations	-	44,149	31,628	-	193,279	25,000	1,620	-	-	-
Facility charge	227,401	254,889	267,470	259,327	273,683	273,485	277,016	282,979	272,332	295,444
Prior-year insurance refunds	-	-	-	-	-	-	41,466	-	720	560
Prior-year miscellaneous refunds	8,026	39,582	66,826	85,174	74,840	31,424	95,136	6,681	12,934	33,146
Sponsorship	23,950	30,950	27,950	27,250	24,250	25,800	23,100	25,100	23,600	16,500
Sale of assets	-	18,093	17,982	-	3,688	-	-	-	7,608	925
Tuition	24,968	19,600	20,698	6,813	66,021	65,142	19,248	138,091	233,095	310,487
Transportation fees	-	8,840	-	25,223	21,055	17,718	15,938	35,804	41,499	102,755
Interest	24,997	16,406	13,824	17,625	15,354	10,301	13,907	25,179	84,805	232,079
Cancellation of prior year checks	-	-	-	-	-	-	-	22,996	-	15,085
OTEA/OT	-	-	-	-	-	-	-	-	-	17,851
Shared services	-	11,141	38,939	26,233	38,584	30,090	27,529	47,447	110,740	105,619
Advertising- School Buses	-	-	-	-	-	-	-	-	-	6,300
Miscellaneous	7,960	3,535	2,940	2,110	510	18,360	14,480	7,990	12,706	4,599
<b>Total other local revenue</b>	<b>\$ 317,302</b>	<b>\$ 465,545</b>	<b>\$ 505,342</b>	<b>\$ 453,745</b>	<b>\$ 798,190</b>	<b>\$ 501,800</b>	<b>\$ 529,440</b>	<b>\$ 599,165</b>	<b>\$ 802,449</b>	<b>\$ 1,141,350</b>

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 <sup>a</sup>	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>b</sup>
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
2019	79,745,200	4,326,880,300	1,311,000	4,100	608,674,920	-	242,693,900	5,259,309,420	213,680	4,064,174	5,263,159,914	5,269,784,142	1.286

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.

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 <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct School Tax Rate	Township of Ocean	Monmouth County	
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	1.280	0.044	1.324	0.428	0.287	2.039
2019	1.233	0.053	1.286	0.415	0.285	1.986

**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**  
**Current Year and Nine Years Ago**  
*Unaudited*

	<b>2019</b>	
	<b>Taxable Assessed Value</b>	<b>% of Total District Net Assessed Value</b>
Woodshire Apartments	\$ 68,408,100	1.30%
Seaview Acquisition LLC	56,317,900	1.07%
Continental Land Developers, L.L.C.	29,897,000	0.57%
Gold Enterprises	25,500,000	0.48%
Primrose Estates, LLC	23,328,000	0.44%
Cold Indian Spring Corp	27,166,400	0.52%
Sunset Arcadia Center Inc	24,715,100	0.47%
Westwood Oaks Associates	21,654,200	0.41%
Continental Enterprise Apart., LLC	15,127,200	0.29%
Middlebrook at Monmouth	13,562,700	0.26%
<b>TOTAL</b>	<b>\$ 305,676,600</b>	<b>5.81%</b>

	<b>2010</b>	
	<b>Taxable Assessed Value</b>	<b>% of Total District Net Assessed Value</b>
Seaview Square, LLC	\$ 99,000,000	2.29%
Woodshire Apartments	52,766,400	1.22%
Sunset Arcadia Center, Inc.	29,032,600	0.67%
Continental Land Developers, LLC	25,678,200	0.59%
Ocean Seniors, LLC	23,987,300	0.56%
Sears Roebuck & Co.	22,517,600	0.52%
Westwood Oaks Associates	21,576,600	0.50%
Cold Indian Springs Corp	20,060,000	0.46%
Gold Enterprises	18,487,500	0.43%
Hollywood Golf Club	15,420,000	0.36%
<b>TOTAL</b>	<b>\$ 328,526,200</b>	<b>7.60%</b>

**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*

**Collected within the Fiscal Year of the Levy <sup>a</sup>**

<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>
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%	1,140,142
2018	105,415,006	104,054,548	98.71%	N/A

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

<sup>a</sup> 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 <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases			
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	2.84%	1,425
2018	32,470,000	2,675,426	35,145,426	N/A	N/A
2019	30,030,000	2,256,278	32,286,278	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.

**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**

<u>Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value of Property <sup>a</sup></u>	<u>Net Bonded Debt Per Capita <sup>b</sup></u>
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
2019	30,030,000	-	30,030,000	0.57%	1,124.38

**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, 2018**  
*Unaudited*

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Ocean	\$ 34,036,586	100.00%	\$ 34,036,586
Monmouth County General Obligation Debt	485,117,930	4.251%	20,622,363
Other debt			<u>-</u>
Subtotal overlapping debt			54,658,949
Ocean Township School District Direct Debt			<u>32,470,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 87,128,949</u></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 2018

Equalized valuation basis	
2018	\$ 5,263,373,594
2017	\$ 4,984,379,860
2016	4,896,089,922
	<u>\$ 15,143,843,376</u>
Average equalized valuation of taxable property	\$ 5,047,947,792
Debt limit (4% of average equalization value)	201,917,912 <sup>a</sup>
Total Net Debt Applicable to Limit	<u>30,030,000</u>
Legal debt margin	<u>\$ 171,887,912</u>

Average equalized valuation of taxable property \$ 5,047,947,792  
 Debt limit (4% of average equalization value) 201,917,912 <sup>a</sup>  
 Total Net Debt Applicable to Limit 30,030,000  
 Legal debt margin \$ 171,887,912

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 233,788,839	\$ 204,231,014	\$ 213,728,756	\$ 200,266,753	\$ 189,054,243	\$ 146,622,630	\$ 124,268,127	\$ 192,172,462	\$ 163,570,407	\$ 171,887,912
Total net debt applicable to limit	<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>	<u>32,470,000</u>	<u>30,030,000</u>
Legal debt margin	\$ <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>	\$ <u>131,100,407</u>	\$ <u>141,857,912</u>

Total net debt applicable to the limit 9.83% 9.94% 8.28% 7.52% 6.54% 26.30% 30.01% 18.15% 19.85% 17.47%  
 as a percentage of debt limit

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.

<sup>a</sup> 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 <sup>a</sup></u>	<u>Personal Income <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2010	28,204	\$ 1,125,396,008	\$ 39,902	8.40%
2011	27,276	1,133,508,732	41,557	8.80%
2012	27,204	1,164,521,628	42,807	8.70%
2013	27,099	1,169,890,929	43,171	7.00%
2014	27,024	1,210,891,392	44,808	5.60%
2015	26,978	1,263,892,322	46,849	4.30%
2016	26,927	1,295,619,532	48,116	3.90%
2017	26,634	1,336,600,656	50,184	3.50%
2018	26,815	N/A	N/A	N/A
2019	26,708	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**

<u>Employer</u>	<u>2019</u>		<u>2010</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>
N/A		N/A		N/A

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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Instruction:</b>										
Regular	285.1	263.7	264.8	263.5	266.8	267.4	267.9	265.4	256.0	255.0
Special education	95.5	105.5	103.0	111.7	116.0	126.4	133.5	142.4	141.2	138.3
Other special education	51.6	27.6	35.5	31.0	31.0	20.5	25.0	25.0	21.0	18.5
Other instruction	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
<b>Support Services:</b>										
Student and instruction related services	76.1	76.6	79.7	82.0	87.0	97.0	93.0	103.0	105.0	101.8
General Administration	8.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
School administration services	33.0	25.0	25.0	25.0	25.0	25.0	25.0	24.0	23.0	23.0
Central services	9.5	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	7.0
Administrative information technology	9.0	8.0	8.0	9.0	11.0	11.0	11.0	11.0	13.0	13.0
Plant operations and maintenance	59.5	57.0	60.0	57.0	56.0	61.5	62.0	61.0	63.5	67.0
Pupil transportation	51.0	49.0	41.0	43.0	44.0	45.0	45.0	44.0	44.0	46.0
<b>Total</b>	<b>681.3</b>	<b>630.4</b>	<b>635.0</b>	<b>640.2</b>	<b>654.8</b>	<b>671.8</b>	<b>680.4</b>	<b>693.8</b>	<b>684.7</b>	<b>679.6</b>

Source: District records.

OCEAN TOWNSHIP SCHOOL DISTRICT  
 Operating Statistics  
 Last Ten Fiscal Years  
*Unaudited*

Fiscal Year	Pupil/Teacher Ratio											
	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
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%
2019	3,426	84,901,161	24,781	3.87%	355	9.5:1	9.3:1	10.2:1	3,400	3,243	-2.44%	95.38%

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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Elementary</b>										
Wanamassa Elementary School										
Square feet	59,580	59,580	59,580	59,580	59,580	59,580	59,580	59,580	80,529	80,529
Capacity (students)	477	477	477	477	477	477	477	477	477	477
Enrollment	410	383	371	342	325	318	295	315	309	316
Ocean Township Elementary School										
Square feet	76,160	76,160	76,160	76,160	76,160	76,160	76,160	76,160	77,797	77,797
Capacity (students)	609	609	609	609	609	609	609	609	609	609
Enrollment	446	473	459	440	460	419	411	386	426	396
Wayside Elementary School										
Square feet	147,375	147,375	147,375	147,375	147,375	147,375	147,375	147,375	96,987	96,987
Capacity (students)	713	713	713	713	713	713	713	713	713	713
Enrollment	608	591	581	602	630	677	660	652	606	585
<b>Middle School</b>										
Ocean Township Intermediate School										
Square feet	257,400	257,400	257,400	257,400	257,400	257,400	257,400	257,400	231,031	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	1,323	1,284	1,284	1,230	1,175	1,135	1,081	1,075	1,053	1,050
<b>High School</b>										
Ocean Township High School										
Square feet	200,215	200,215	200,215	200,215	200,215	200,215	200,215	200,215	224,295	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	1,319	1,279	1,236	1,238	1,226	1,201	1,208	1,156	1,120	1,079

**Number of Schools at June 30, 2019**

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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Gross Square Footage										
<b>School facilities</b>										
Ocean Township Elementary School	76,160	\$ 81,679	\$ 93,678	\$ 94,390	\$ 124,610	\$ 122,247	\$ 100,822	\$ 128,875	\$ 120,169	\$ 97,900
Ocean Township High School	200,215	307,507	319,582	391,314	308,456	423,187	319,849	270,142	323,544	298,983
Ocean Township Intermediate School	257,400	259,333	291,724	305,409	276,040	324,327	322,773	274,200	288,107	294,184
Wanamassa Elementary School	59,580	74,366	80,522	83,580	75,967	77,613	76,277	76,810	114,669	97,457
Wayside Elementary School	147,375	152,552	136,485	154,798	152,939	155,759	158,277	157,805	141,516	104,926
<b>Total School Facilities</b>		<u>875,437</u>	<u>921,991</u>	<u>1,029,491</u>	<u>1,000,818</u>	<u>1,103,133</u>	<u>977,998</u>	<u>907,832</u>	<u>988,005</u>	<u>893,450</u>
<b>Grand Total</b>		<u>\$ 875,437</u>	<u>\$ 921,991</u>	<u>\$ 1,029,491</u>	<u>\$ 1,000,818</u>	<u>\$ 1,103,133</u>	<u>\$ 977,998</u>	<u>\$ 907,832</u>	<u>\$ 988,005</u>	<u>\$ 893,450</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, 2019

Unaudited

	Coverage	Deductible/ Self-Insured Retention
<b>Through the New Jersey Schools Insurance Group:</b>		
<b>Property coverage- Real and personal</b>		
Limit of Liability, per Occurrence	\$ 500,000,000	\$ 5,000
<b>Electronic Data Processing Equipment</b>		
Limit of Liability, per Occurrence	\$ 5,881,900	\$ 1,000
<b>Equipment Breakdown</b>		
Limit of Liability, per Loss	\$ 100,000,000	\$ 5,000
<b>Crime</b>		
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
Computer Fraud	\$ 1,000,000	\$ 1,000
<b>Comprehensive General Liability</b>		
Limit of Liability, per Occurrence	\$ 11,000,000	\$ -
<b>Automobile</b>		
<b>Liability- any Auto</b>		
Bodily Injury and Property Damage		
Limit of Liability, per Accident	\$ 11,000,000	\$ -
Terrorism, per occurrence/annual NJSIG aggregate	\$ 1,000,000	\$ -
<b>Physical Damage- Scheduled Vehicles only</b>		
Comprehensive, Collision and Hired Car Physical Damage	\$ -	\$ 1,000
<b>Workers' Compensation</b>		
<b>Workers' compensation</b>		
Limit of Liability	Statutory	\$ -
<b>Employers Liability/Occupational Disease</b>		
Limit of Liability, per Occurrence	\$ 2,000,000	\$ -
<b>School Leaders Errors and Omissions Liability</b>		
Limit of Liability, each policy period	\$ 11,000,000	-
Each claim		\$ 20,000
<b>Bonds:</b>		
Treasurer	\$ 375,000	-
Board Secretary	\$ 3,000	-
<b>Through Federal Insurance Company:</b>		
<b>Supplemental Indemnity Program- Business Travel Accident</b>		
Limit of liability, per accident	\$ 100,000	-
<b>Through Catlin Insurance Company Incorporated:</b>		
<b>Student Accident- Basic</b>		
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	-

## OCEAN TOWNSHIP SCHOOL DISTRICT

## Insurance Schedule

June 30, 2019

*Unaudited*

	<u>Coverage</u>	<u>Deductible/ Self-Insured Retention</u>
<b>Through United States Fire Insurance Company:</b>		
<b>Student Accident- Catastrophic</b>		
Accident Medical Expense Benefit, per occurrence annually	\$ 50,000	
Benefit period of ten years with a maximum benefit amount	\$ 5,000,000	\$ 25,000
<b>Through National Union Fire Insurance Company of Pittsburgh, PA:</b>		
<b>Crisis Management</b>		
Ransom, each insured event	\$ 1,000,000	-
In-Transit/Delivery, each insured event	\$ 1,000,000	-
Expenses, each insured event	\$ 1,000,000	-
Judgements, each insured event	\$ 1,000,000	-
Death or Dismemberment, each insured event	\$ 2,500,000	-
Death or Dismemberment, each insured person	\$ 250,000	-
Disappearance, each insured event	\$ 200,000	-
Disappearance, each insured person	\$ 150,000	-
Threat, each insured event	\$ 150,000	-
<b>Through Breazley Insurance Company, Inc.</b>		
<b>Cyber Liability</b>		
Aggregate sublimit of liability	\$ 2,000,000	-
<b>Through Ironshore Specialty Insurance Company</b>		
<b>Environmental</b>		
Policy Aggregate Limit	\$ 11,000,000	\$ 1,000,000
<b>Through Aspen Specialty Insurance Company</b>		
<b>Demolition and Rebuild following an Active Assailant Incident</b>		
Policy Aggregate Limit	\$ 10,000,000	-
<b>Through Lloyd's Insurance Company</b>		
<b>Terrorism</b>		
Policy Aggregate Limit	\$ 100,000,000	-

## **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, 2019, 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 December 20, 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.

### **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  
December 20, 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, 2019. 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, 2019.

### **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 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  
December 20, 2019

OCEAN TOWNSHIP SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2019

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, 2018		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2019	
						Deferred Revenue (Accts. Rec.)	Due to Grantor						Accounts Receivable	Deferred Revenue
<b>U.S. Department of Education</b>														
General Fund:														
Medical Assistance Program (SEMI)	93.778	1905NUSMAP	N/A	\$ 83,034	7/1/18	6/30/19	-	-	\$ 83,034	\$ (83,034)	-	-	\$ -	\$ -
Total General Fund									83,034	(83,034)	-	-	-	-
<b>U.S. Department of Education</b>														
Passed-through State Department of Education:														
Special Revenue Fund:														
Title I, Part A, Improving Basic Skills	84.010A	5010A180030	NCLB-19	495,000	7/1/18	6/30/19	-	-	305,769	(495,171)	-	-	-	(193,402)
Title I, Part A, Improving Basic Skills	84.010A	5010A170030	NCLB-18	494,810	9/1/17	9/30/18	(190,343)	(4,171)	190,343	-	-	-	-	-
Title I, Part A, Improving Teacher Quality	84.367A	S367A180029	NCLB-19	106,290	7/1/18	6/30/19	-	-	53,592	(94,577)	-	-	-	(40,985)
Title II, Part A, Improving Teacher Quality	84.367A	S367A170029	NCLB-18	56,030	9/1/17	9/30/18	(16,336)	-	16,336	-	-	-	-	-
Title IIIA, English Language Enhancement	84.365	S365A180030	NCLB-19	50,590	7/1/18	6/30/19	-	-	31,860	(50,590)	-	-	-	(18,730)
Title IIIA, English Language Enhancement	84.365	S365A170030	NCLB-18	54,513	9/1/17	9/30/18	(23,342)	-	23,342	-	-	-	-	-
Title IIIA, Immigrant	84.365A	S365A180030	NCLB-19	11,014	7/1/18	6/30/19	-	-	7,850	(10,564)	-	-	-	(2,714)
Career and Technical Education-Teacher Pathway	84.051D	V051D170008	N/A	100,000	3/1/18	2/28/19	-	-	100,000	(67,353)	-	-	-	-
Special Education Cluster (IDEA):														
IDEA, Part B, Basic Regular	84.027	H027A160100	FT-19	965,861	7/1/18	6/30/19	-	6,143	886,502	(965,992)	-	-	-	(79,490)
IDEA, Part B, Basic Regular	84.027	H027A150100	FT-18	963,580	9/1/17	9/30/18	(135,893)	(6,143)	135,893	-	-	-	-	-
IDEA, Preschool	84.173	H173A160114	PS-19	41,894	7/1/18	6/30/19	-	-	39,336	(41,894)	-	-	-	(2,558)
Total Special Revenue Fund							(398,561)	-	1,790,823	(1,730,141)	-	-	-	(337,879)
<b>U.S. Department of Agriculture</b>														
Passed-through State Department of Education:														
Enterprise Fund (Children Nutrition Cluster):														
Food Distribution Program	10.555	191N304N1099	N/A	68,379	7/1/18	6/30/19	-	-	68,379	(68,379)	-	-	-	-
Food Distribution Program	10.555	181N304N1099	N/A	91,681	7/1/17	6/30/18	570	-	-	(570)	-	-	-	-
School Breakfast Program	10.553	191N304N1099	N/A	82,028	7/1/18	6/30/19	-	-	64,959	(82,028)	-	-	-	(17,069)
School Breakfast Program	10.553	181N304N1099	N/A	98,816	7/1/17	6/30/18	(22,258)	-	22,258	-	-	-	-	-
National School Lunch Program	10.555	191N304N1099	N/A	405,209	7/1/18	6/30/19	-	-	329,477	(405,209)	-	-	-	(75,732)
National School Lunch Program	10.555	181N304N1099	N/A	381,328	7/1/17	6/30/18	(78,298)	-	78,298	-	-	-	-	-
Total Enterprise Fund							(99,986)	-	563,371	(556,186)	-	-	-	(92,801)
<b>Total Federal Awards</b>							\$ (498,547)	\$ -	\$ 2,437,228	\$ (2,369,361)	\$ -	\$ -	\$ -	\$ (430,680)

OCEAN TOWNSHIP SCHOOL DISTRICT  
Schedule of Expenditures of State Financial Assistance  
For the Fiscal Year Ended June 30, 2019

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2018		Carryover/(Walkover) Amount	GAAP Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2019		Memo		
				Deferred Revenue (Accounts Receivable)	Due to Grantor					Accounts Receivable	Deferred Revenue	Budgetary Receivable	Cumulative Total Expenditures	
<b>State Department of Education</b>														
General Fund:														
Categorical Special Education Aid	19-495-034-5120-089	\$ 2,526,776	7/1/18	6/30/19	\$ -	\$ -	\$ 2,274,098	\$ (2,526,776)	-	-	\$ -	\$ -	\$ 252,678	\$ 2,526,776
Categorical Security Aid	19-495-034-5120-084	552,389	7/1/18	6/30/19	-	-	497,150	(552,389)	-	-	-	-	55,239	552,389
Adjustment Aid	19-495-034-5120-085	2,663,843	7/1/18	6/30/19	-	-	2,407,618	(2,663,843)	-	-	-	-	256,225	2,663,843
Categorical Transportation Aid	19-495-034-5120-014	1,729,784	7/1/18	6/30/19	-	-	1,556,906	(1,729,784)	-	-	-	-	172,978	1,729,784
Extraordinary Special Education Costs Aid	19-495-034-5120-044	867,468	7/1/18	6/30/19	-	-	3,203	(1,057,603)	-	-	-	-	3,203	867,468
Nonpublic Transportation Cost Aid	19-495-034-5120-044	1,662,116	7/1/18	6/30/19	-	-	-	(1,057,603)	-	-	-	-	1,054,168	1,662,116
Nonpublic Transportation Cost Aid	19-495-034-5120-014	62,710	7/1/18	6/30/19	-	-	-	(62,710)	-	-	-	-	62,710	62,710
Reimbursed TPAF Social Security Contributions	2,234,113	7/1/17	6/30/18	(109,234)	-	-	109,234	-	-	109,234	-	-	-	2,233,385
TPAF pension-non contributory insurance	19-495-034-5094-003	2,233,385	7/1/18	6/30/19	-	-	2,123,038	(2,233,385)	-	-	-	-	2,233,385	2,233,385
TPAF pension-normal costs	19-495-034-5094-004	122,846	7/1/18	6/30/19	-	-	122,846	(122,846)	-	-	-	-	122,846	122,846
TPAF pension-non term disability	19-495-034-5094-002	5,991,478	7/1/18	6/30/19	-	-	5,868,632	(5,868,632)	-	-	-	-	5,868,632	5,868,632
TPAF pension-post retirement medical	19-495-034-5095-004	5,178	7/1/18	6/30/19	-	-	5,178	(5,178)	-	-	-	-	5,178	5,178
TPAF pension-long term disability	19-495-034-5095-001	2,717,725	7/1/18	6/30/19	(109,234)	-	2,717,725	(2,717,725)	-	-	-	-	2,717,725	2,717,725
Total General Fund:					(109,234)	-	17,685,428	(19,540,633)	-	-	109,234	-	1,853,998	19,540,633
<b>Special Revenue Fund:</b>														
NJ Nonpublic Aid:														
Textbook Aid	19-100-034-5120-064	39,196	7/1/18	6/30/19	-	-	39,196	(37,873)	-	-	1,323	-	-	37,873
Textbook Aid	18-100-034-5120-064	79,734	7/1/17	6/30/18	-	-	-	-	(173)	-	-	-	-	79,696
Nursing Services Aid	18-100-034-5120-070	86,039	7/1/17	6/30/18	-	-	-	-	(604)	-	-	-	-	86,039
Technology Initiative	19-100-034-5120-373	26,424	7/1/18	6/30/19	-	-	26,424	(26,420)	-	-	-	-	-	26,420
Technology Initiative	18-100-034-5120-373	29,563	7/1/17	6/30/18	-	-	-	-	(84)	-	-	-	-	29,563
Security Aid	18-100-034-5120-509	66,525	7/1/17	6/30/18	237	-	-	(237)	-	-	-	-	-	66,525
Security Aid	19-100-034-5120-509	123,300	7/1/18	6/30/19	-	-	123,300	(123,300)	-	-	-	-	-	123,300
Auxiliary Services:														
Compensation Education	18-100-034-5120-067	178,064	7/1/17	6/30/18	-	-	-	-	(25,689)	-	-	-	-	178,064
Compensation Education	19-100-034-5120-067	168,360	7/1/18	6/30/19	-	-	168,360	(168,360)	-	-	-	-	-	168,360
Home Instruction	19-100-034-5120-067	138	7/1/18	6/30/19	-	-	-	(138)	-	-	-	-	-	138
English as a Second Language	19-100-034-5120-067	6,039	7/1/18	6/30/19	-	-	6,039	(2,784)	-	-	3,255	-	-	2,784
English as a Second Language	18-100-034-5120-067	9,034	7/1/17	6/30/18	-	-	-	-	(3,614)	-	-	-	-	9,034
Handicapped Services:														
Examination and Classification	19-100-034-5120-066	146,311	7/1/18	6/30/19	-	-	146,311	(145,622)	-	-	689	-	-	145,622
Examination and Classification	18-100-034-5120-066	146,311	7/1/18	6/30/19	-	-	-	-	(1,473)	-	-	-	-	146,311
Corrective Speech	19-100-034-5120-066	40,801	7/1/18	6/30/19	-	-	40,801	(39,730)	-	-	1,071	-	-	39,730
Corrective Speech	18-100-034-5120-066	49,997	7/1/17	6/30/18	-	-	-	-	(8,035)	-	-	-	-	49,997
Supplemental Instruction	19-100-034-5120-066	82,310	7/1/18	6/30/19	-	-	82,310	(82,310)	-	-	-	-	-	82,310
Supplemental Instruction	18-100-034-5120-066	95,948	7/1/17	6/30/18	-	-	-	-	(3,965)	-	-	-	-	95,948
Advanced Computer Science Grant	19-100-034-5120-066	75,014	1/15/19	6/30/20	-	-	712,475	(706,233)	-	-	6,380	-	-	712,475
Total Special Revenue Fund					-	-	712,475	(706,233)	(43,674)	-	(138)	-	6,380	706,233
Debt Service Fund:														
Debt Service Aid- Type II	19-495-034-5120-017	606,675	7/1/18	6/30/19	-	-	606,675	(606,675)	-	-	-	-	-	606,675
<b>State Department of Agriculture</b>														
Enterprise Fund:														
National School Lunch Program (State share)	19-100-010-3350-023	10,589	7/1/18	6/30/19	(2,121)	-	8,056	(10,598)	-	(1,972)	-	-	-	-
National School Lunch Program (State share)	18-100-010-3350-023	10,268	7/1/17	6/30/18	(2,121)	-	10,747	(10,598)	-	(1,972)	-	-	-	-
Total Enterprise Fund					(111,355)	-	19,015,425	(20,864,145)	(43,674)	107,124	-	6,380	1,853,998	20,853,547
<b>Total State Financial Assistance</b>														
<b>State Financial Assistance Not Subject to Single Audit</b>														
Determination - General Fund (Non Cash Assistance)														
TPAF pension-normal costs	19-495-034-5094-002	122,846	7/1/18	6/30/19	-	-	(122,846)	122,846	-	-	-	-	-	(122,846)
TPAF pension-normal costs	19-495-034-5094-002	5,991,478	7/1/18	6/30/19	-	-	(5,868,632)	5,868,632	-	-	-	-	-	(5,868,632)
TPAF pension-long term disability	19-495-034-5094-004	5,178	7/1/18	6/30/19	-	-	(5,178)	5,178	-	-	-	-	-	(5,178)
TPAF pension-post retirement medical	19-495-034-5094-001	2,717,725	7/1/18	6/30/19	-	-	(2,717,725)	2,717,725	-	-	-	-	-	(2,717,725)
Total State Financial Assistance Subject to Single Audit					\$ (111,355)	\$ 43,674	\$ -	\$ (12,149,764)	\$ (43,674)	\$ 107,124	\$ -	\$ 6,380	\$ 1,853,998	\$ 12,139,166

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, 2019**

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**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 \$(212,385) for the general fund and \$11,731 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, 2019**

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**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (continued)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 83,034	\$19,328,254	\$19,411,288
Special Revenue Fund	1,741,871	706,233	2,448,104
Debt Service Fund	-	606,675	606,675
Food Service Fund	<u>555,616</u>	<u>10,598</u>	<u>566,214</u>
Total Awards and Financial Assistance	<u>\$2,380,521</u>	<u>\$20,651,760</u>	<u>\$23,032,281</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, 2019. 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, 2019.

**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, 2019**

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*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>
84.010	S010A180030	Title I Grants to Local Educational Agencies

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, 2019  
(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:

<b>State Grant/Project Number(s)</b>	<b>Name of State Program</b>
19-495-034-5120-084	State Aid Public Cluster:
19-495-034-5120-085	Categorical Security Aid
19-495-034-5120-089	Adjustment Aid
	Categorical Special Education 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, 2019**

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***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, 2019  
(continued)**

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***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, 2019**

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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