

School District
Of
Ocean Township



Ocean Township Board of Education
Waretown, New Jersey

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

OCEAN TOWNSHIP BOARD OF EDUCATION

OCEAN TOWNSHIP, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

PREPARED BY

**OCEAN TOWNSHIP BOARD OF EDUCATION
FINANCE DEPARTMENT**

OCEAN TOWNSHIP SCHOOL DISTRICT

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INTRODUCTORY SECTION

OCEAN TOWNSHIP SCHOOL DISTRICT

December 5, 2019

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

Dear Board Members:

The comprehensive annual financial report of the Ocean Township School District for the fiscal year ended June 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels Pre-school, Kindergarten through 6. These include regular, as well as special education for handicapped youngsters. The District Residential Enrollment for 2018-2019 school year has remained stable and within normal fluctuation. The following details the changes in the student enrollment of the District over the last eight years. These figures are based upon average daily enrollment.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2010-11	540	.94%
2011-12	537	-.56%
2012-13	537	0%
2013-14	519	-3.4%
2014-15	542	4.4%
2015-16	522	-3.7%
2016-17	507	-2.8%
2017-18	497	-2.0%
2018-19	507	4.0%

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

<u>Fiscal Year</u>	<u>Number Students Sent</u>	<u>Total Tuition Paid</u>
2012-13	455	\$6,977,345
2013-14	427	\$6,950,237
2014-15	418	\$7,079,551
2015-16	422	\$7,107,135
2016-17	405	\$6,933,788
2017-18	400	\$7,980,094
2018-19	414	\$8,058,787

2. ECONOMIC CONDITION AND OUTLOOK: The District's average daily enrollment for grades K-6 has increased slightly from the prior year. Special education programs requirements will continue to have a significant impact on the budget. Tuition costs represent approximately 40% of the school budget. In the upcoming years the district will continue to experience a significant decline in state aid within its budget. This decline in state funding will be addressed by a combination of operational, program, and ultimately staff decreases partially offset by increases to the local tax levy. The District has established, and funded, various fund balance reserve accounts, identified within this audit, that will assist the district in the management of its operations through these uncertain funding periods as well as provide for the continued maintenance and improvement of the school facilities.

3. MAJOR INITIATIVES:

Utilization of new technology (computers, action boards, Kindles, Google Docs) will be continued in our district. NJSLs, improvement in performance on state assessments and a revised code for special education continue to constitute major educational initiatives in our district.

The district continues its transportation jointure contract with Southern Regional School District for the majority of its transportation services since the 1998-1999 school year, which has developed into a continuation of contracted services for the district. We plan to continue this transportation jointure for the 2020-2021 school year.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2019.

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

7) FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2019 and the percent of total.

8) DEBT ADMINISTRATION: The district has a total outstanding debt as of June 30, 2019 in the amount of \$4,920,000.

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

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

11) OTHER INFORMATION:

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

12) ACKNOWLEDGMENTS:

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

Respectfully submitted,

Christopher Lommerin

Christopher Lommerin
Superintendent

George Gahles

George Gahles
Business Administrator/Board Secretary

5.

OCEAN TOWNSHIP BOARD OF EDUCATION

Waretown, New Jersey

ROSTER OF OFFICIALS

JUNE 30, 2019

	Term
<u>Members of the Board of Education</u>	<u>Expires</u>

Shawn Denning, President 2020

Evelyn McDowell, Vice President 2021

Kelly Zuzic, Jr. 2020

Brian Tart 2021

Daniel Eberenz 2019

Other Officials

Christopher Lommerin, Superintendent

George Gahles, Business Administrator

Andrew B. Brown, Attorney

OCEAN TOWNSHIP BOARD OF EDUCATION
Consultants and Advisors

Robert A. Hulsart & Company
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Wall, New Jersey 07719

Attorneys

Andrew B. Brown
Adams, Gutierrez & Lattiboudere, LLC
1037 Raymond Blvd,
Newark, NJ 07102

Official Depository

Ocean First

FINANCIAL SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

7.

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Ocean Township School District, in the County of Ocean, State of New Jersey, as of and for the year ended June 30, 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.

Auditors Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Ocean Township School District, in the County of Ocean, State of New Jersey, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion, the accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

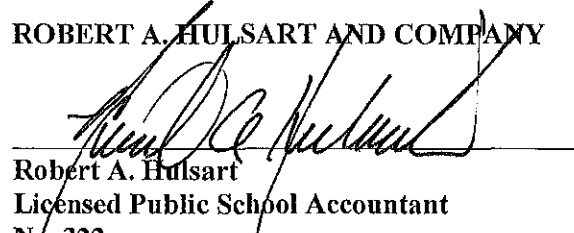
The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2019 on our consideration of the Ocean Township's Board of Education internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ocean Township Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY



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

December 5, 2019

REQUIRED SUPPLEMENTARY INFORMATION
PART I

OCEAN TOWNSHIP SCHOOL DISTRICT

COUNTY OF OCEAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

The discussion and analysis of the Ocean Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

Financial Highlights

Key Financial highlights for the 2018-2019 fiscal year are as follows:

- General revenues accounted for \$20,317,913 in revenue or 96% 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 \$826,503 or 4% percent to total revenues of \$21,144,416.
- The School District had \$18,851,649 in expenses; only \$826,503 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$20,317,913 were adequate to provide for these programs.
- The General Fund had \$19,613,747 in revenues and \$20,243,363 in expenditures. The General Fund's balance decreased \$629,616 over 2017-2018. This decrease was anticipated by the Board of Education due to insurance reimbursements and budget savings.

Using this Comprehensive Annual Financial Report (CAFR)

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

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Ocean Township School District, the General Fund is the most significant fund, with the Special Revenue Fund also having significance.

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2018-2019 fiscal year?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- Governmental activities – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

The School District as a Whole

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

Table 1
Net Position

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Current and Other Assets	\$ 5,197,150	5,906,659
Capital Assets, Net	<u>7,417,937</u>	<u>7,734,985</u>
Total Assets	<u>\$ 12,615,087</u>	<u>13,641,644</u>
<u>Deferred Outflow of Resources</u>		
Contribution to Pension Plan	<u>\$ 943,131</u>	<u>1,805,338</u>
<u>Deferred Inflow of Resources</u>		
Pension Deferrals	<u>\$ 1,290,089</u>	<u>1,647,892</u>
<u>Liabilities</u>		
Current Liabilities	\$ 628,120	679,849
Other Liabilities	<u>8,182,162</u>	<u>11,954,161</u>
Total Liabilities	<u>\$ 8,810,282</u>	<u>12,634,010</u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Debt	\$ 2,497,937	2,284,985
Restricted	5,475,541	6,098,015
Unrestricted	<u>(4,515,631)</u>	<u>(7,217,920)</u>
Total Net Position	<u>\$ 3,457,847</u>	<u>1,165,080</u>

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

Table 2
Changes in Net Position

	<u>2019</u>	<u>2018</u>
<u>Revenues</u>		
Program Revenues		
Operating Grants and Contributions	\$ 826,503	837,884
General Revenues		
Property Taxes	11,712,307	11,167,826
Grants and Entitlements	8,532,229	8,647,326
Other	<u>73,377</u>	<u>61,472</u>
Total Revenues	<u>21,144,416</u>	<u>20,714,508</u>
<u>Program Expenses</u>		
Instruction	4,475,580	4,468,140
Support Services		
Pupils and Instructional Staff	9,724,187	9,141,853
General Administration, School Administration,		
Business	752,898	731,107
Operations and Maintenance of Facilities	949,249	872,602
Pupil Transportation	897,461	955,122
Benefits	1,115,082	6,518,371
Miscellaneous	160,187	181,344
Depreciation	357,558	395,456
Capital Outlay	11,258	1,197
Enterprise	<u>408,189</u>	<u>413,030</u>
Total Expenses	<u>18,851,649</u>	<u>23,678,222</u>
Increase/ (Decrease) in Net Position	<u>\$ 2,292,767</u>	<u>(2,963,714)</u>

Governmental Activities

Property taxes made up 56% percent of revenues for governmental activities for the Ocean Township School District for fiscal year 2019. The District's total revenues were \$21,144,416 for the fiscal year ended June 30, 2019. Federal, state, local grants and other local revenues accounted for another 44%.

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

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

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

Governmental Activities (Continued)

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

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

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

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

Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

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

Other includes unallocated depreciation and amortization.

The School Board' Funds

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

As the School Board completed the fiscal year ended June 30, 2019, it reported a combined net position balance of \$3,457,847. The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net position.

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

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

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

Capital Assets

At June 30, 2019, the School Board had approximately \$7,387,243 million invested in a broad range of capital assets, including land, buildings, furniture, computers, instructional equipment and other equipment. Table II below shows the net book value of capital assets at the end of the 2018 fiscal year.

	<u>Governmental Activities</u>
Table II	
Capital Assets at June 30, 2019	
Buildings & Site Improvements	\$ 6,848,704
Machinery and Equipment	440,644
Land	<u>97,895</u>
Total	<u>\$ 7,387,243</u>

Debt Administration

At June 30, 2019, the School District had outstanding debt of \$8,737,162 consisting of serial bonds of \$4,920,000, which fully mature in 2027, compensated absences of \$296,031 and the District also reported a deferred pension liability of \$3,521,756.

Economic Factors and Next Year's Budget

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

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

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

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

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

OCEAN TOWNSHIP SCHOOL DISTRICTSTATEMENT OF NET POSITION

Exhibit A-1

JUNE 30, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ -	45,530	45,530
Accounts Receivables, Net	505,201	7,153	512,354
Inventory		4,594	4,594
Restricted Assets:			
Capital Reserve - Cash	2,516,158		2,516,158
Cash and Cash Equivalents	2,118,514		2,118,514
Capital Assets Not Being Depreciated	97,895		97,895
Capital Assets, Net	<u>7,289,348</u>	<u>30,694</u>	<u>7,320,042</u>
Total Assets	<u>12,527,116</u>	<u>87,971</u>	<u>12,615,087</u>
<u>Deferred Outflow of Resources</u>			
Contribution to Pension Plan	<u>943,131</u>		<u>943,131</u>
<u>Deferred Inflow of Resources</u>			
Pension Deferrals	<u>1,290,089</u>		<u>1,290,089</u>
<u>Liabilities</u>			
Deferred Revenue	445		445
Accounts Payable		1,943	1,943
Accrued Interest	70,732		70,732
Noncurrent Liabilities:			
Due Within One Year	555,000		555,000
Due Beyond One Year	<u>8,182,162</u>		<u>8,182,162</u>
Total Liabilities	<u>8,808,339</u>	<u>1,943</u>	<u>8,810,282</u>
<u>Net Position</u>			
Invested in Capital Assets, Net of Related Debt	2,467,243	30,694	2,497,937
Restricted For:			
Other Purposes	5,415,871	59,670	5,475,541
Unrestricted	<u>(4,511,295)</u>	<u>(4,336)</u>	<u>(4,515,631)</u>
Total Net Position	<u>\$ 3,371,819</u>	<u>86,028</u>	<u>3,457,847</u>

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

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit A-2
Sheet 1 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Functions/Programs</u>						
Governmental Activities:						
Instruction:						
Regular	\$ 2,359,863			(2,359,863)		(2,359,863)
Special Education	1,756,660		377,117	(1,379,543)		(1,379,543)
Other Instruction	359,057			(359,057)		(359,057)
Support Services and Undistributed Costs:						
Tuition	8,406,100			(8,406,100)		(8,406,100)
Student & Instruction Related Services	1,318,087		43,842	(1,274,245)		(1,274,245)
General Administrative Services	296,128			(296,128)		(296,128)
School Administrative Services	283,590			(283,590)		(283,590)
Plant Operations and Maintenance	949,249			(949,249)		(949,249)
Pupil Transportation	897,461			(897,461)		(897,461)
Business and Other Support Services	173,180			(173,180)		(173,180)
Unallocated Benefits	1,115,082			(1,115,082)		(1,115,082)
Capital Outlay	11,258			(11,258)		(11,258)
Interest on Long-Term Debt	160,187			(160,187)		(160,187)
Unallocated Depreciation	357,558			(357,558)		(357,558)
Total Government Activities	<u>18,443,460</u>	<u>-</u>	<u>420,959</u>	<u>(18,022,501)</u>	<u>-</u>	<u>(18,022,501)</u>
Business-Type Activities:						
Food Service and Latchkey	408,189	274,946	130,598		(2,645)	(2,645)
Total Business-Type Activities	<u>408,189</u>	<u>274,946</u>	<u>130,598</u>	<u>-</u>	<u>(2,645)</u>	<u>(2,645)</u>
Total Primary Government	<u>18,851,649</u>	<u>274,946</u>	<u>551,557</u>	<u>(18,022,501)</u>	<u>(2,645)</u>	<u>(18,025,146)</u>

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit A-2
Sheet 2 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purpose, Net				11,318,706		11,318,706
Taxes Levied for Debt Service				393,601		393,601
Federal and State Aid Not Restricted				8,532,229		8,532,229
Miscellaneous Income				58,675	61	58,736
Transfers and Adjustments					14,641	14,641
Total General Revenues, Special Items, Extraordinary Items and Transfers				<u>20,303,211</u>	<u>14,702</u>	<u>20,317,913</u>
Change in Net Position				2,280,710	12,057	2,292,767
Net Position - Beginning				<u>1,091,109</u>	<u>73,971</u>	<u>1,165,080</u>
Net Position - Ending				<u>\$ 3,371,819</u>	<u>86,028</u>	<u>3,457,847</u>

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 4,611,122	-	23,550	4,634,672
Interfund Receivable	180,518			180,518
Accounts Receivable, Net	151,866	39,335	314,000	505,201
Total Assets	<u>\$ 4,943,506</u>	<u>39,335</u>	<u>337,550</u>	<u>5,320,391</u>
<u>Liabilities and Fund Balance</u>				
<u>Liabilities:</u>				
Interfund Payable	\$ -	38,890	141,628	180,518
Deferred Revenue		445		445
Total Liabilities	<u>-</u>	<u>39,335</u>	<u>141,628</u>	<u>180,963</u>
<u>Fund Balance:</u>				
<u>Restricted For:</u>				
Reserve for Capital Reserve	2,516,158			2,516,158
Reserve for Maintenance	462,745			462,745
Excess Surplus - Current Year	519,697			519,697
<u>Committed To:</u>				
Other Purposes	114,106			114,106
<u>Assigned To:</u>				
Designated for Subsequent Years Expenditures				
Excess Surplus	357,243			357,243
Designated for Subsequent Years Expenditures				
Tuition Reserve	1,000,000			1,000,000
Designated for Subsequent Years Expenditures				
Emergency Reserve	250,000			250,000
<u>Unassigned:</u>				
Capital Projects			195,922	195,922
General Fund	(276,443)			(276,443)
Total Fund Balances	<u>4,943,506</u>	<u>-</u>	<u>195,922</u>	<u>5,139,428</u>
Total Liabilities and Fund Balance	<u>\$ 4,943,506</u>	<u>39,335</u>	<u>337,550</u>	

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$16,114,355 and the accumulated depreciation is \$8,727,112.	7,387,243
Deferred outflow of resources - contributions to the pension plan	943,131
Deferred inflow of resources - acquisition of assets applicable to future reporting periods	(1,290,089)
Accrued Interest	(70,732)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(8,737,162)</u>
Net position of governmental activities	<u>\$ 3,371,819</u>

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

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit B-2

Sheet 1 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 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>
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	\$ 11,318,706			393,601	11,712,307
Miscellaneous	58,675				58,675
Total Local Sources	11,377,381	-	-	393,601	11,770,982
State Sources	8,181,862			295,863	8,477,725
Federal Sources	54,504	420,959			475,463
Total Revenues	<u>19,613,747</u>	<u>420,959</u>	<u>-</u>	<u>689,464</u>	<u>20,724,170</u>
<u>Expenditures</u>					
Current:					
Regular Instruction	2,359,863				2,359,863
Special Education Instruction	1,379,543	377,117			1,756,660
Other Instruction	359,057				359,057
Support Services and Undistributed Costs:					
Tuition	8,406,100				8,406,100
Student and Instruction Related Services	1,274,245	43,842			1,318,087
General Administrative Services	296,128				296,128
School Administrative Services	283,590				283,590
Plant Operations and Maintenance	949,249				949,249
Pupil Transportation	897,461				897,461
Business and Other Support Services	173,180				173,180
Unallocated Benefits	3,827,677				3,827,677
Capital Outlay	37,270				37,270
Debt Service:					
Principal				530,000	530,000
Interest and Other Charges				170,225	170,225
Total Expenditures	<u>20,243,363</u>	<u>420,959</u>	<u>-</u>	<u>700,225</u>	<u>21,364,547</u>

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit B-2

Sheet 2 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 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>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(629,616)</u>	<u>-</u>	<u>-</u>	<u>(10,761)</u>	<u>(640,377)</u>
Net Change in Fund Balances	(629,616)	-	-	(10,761)	(640,377)
Fund Balance - July 1	<u>5,573,122</u>	<u>-</u>	<u>195,922</u>	<u>10,761</u>	<u>5,779,805</u>
Fund Balance - June 30	<u>\$ 4,943,506</u>	<u>-</u>	<u>195,922</u>	<u>-</u>	<u>5,139,428</u>

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

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

Exhibit B-3

TO THE STATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2019

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ (640,377)
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:	
Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation	(357,558)
Capital Outlay	26,012
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	530,000
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental fund, interest is reported when due.	10,038
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	(862,207)
Pension related deferrals	357,803
Change in net pension liability	3,234,756
In the statement of activities, certain operating expenses are measured by the amounts earned. In the governmental funds, however, expenditures are reported in the amount of financial resources used.	
Compensated Absences	<u>(17,757)</u>
Change in Net Position of Governmental Activities	<u>\$ 2,280,710</u>

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

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2019

	Business-Type Activities Enterprise Fund Totals	
	<hr/>	
<u>Assets</u>		
Current Assets:		
Cash and Cash Equivalents	\$	45,530
Accounts Receivable		
State		159
Federal		6,994
Inventories		4,594
Total Current Assets		<hr/> 57,277 <hr/>
Noncurrent Assets:		
Furniture, Machinery & Equipment		188,304
Less: Accumulated Depreciation		<hr/> (157,610) <hr/>
Total Noncurrent Assets		<hr/> 30,694 <hr/>
Total Assets	\$	<hr/> 87,971 <hr/>
<u>Liabilities</u>		
Accounts Payable	\$	<hr/> 1,943 <hr/>
Total Liabilities	\$	<hr/> 1,943 <hr/>
<u>Net Position</u>		
Invested in Capital Assets Net of Related		
Debt	\$	30,694
Unrestricted		(4,336)
Reserve for Latch Key		<hr/> 59,670 <hr/>
Total Net Position	\$	<hr/> 86,028 <hr/>

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

OCEAN TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION

Exhibit B-5

PROPRIETARY FUNDS

JUNE 30, 2019

	Business-Type Activities Enterprise Fund Totals
Operating Revenues:	
Charge for Services:	
Daily Sales - Reimbursable Programs	\$ 67,861
Daily Sales - Non Reimbursable Programs	29,901
Community Service Functions	177,184
Total Operating Revenues	274,946
Operating Expenses:	
Cost of Sales - Reimbursable Programs	67,316
Cost of Sales - Non Reimbursable Programs	30,243
Salaries	224,632
Employee Benefits	1,800
General Supplies	8,140
Depreciation	143
Miscellaneous	11,131
Other Purchased Professional Services	64,784
Total Operating Expenses	408,189
Operating Income (Loss)	(133,243)
Nonoperating Revenues (Expenses):	
Interest Revenue	61
State Sources:	
State School Lunch Program	2,538
Federal Sources:	
National Breakfast Program	16,740
National Breakfast Program - Prior Year	1,400
National School Lunch Program	93,017
National School PB Lunch Program	2,884
Food Distribution Program	14,019
Total Nonoperating Revenues (Expenses)	130,659
Change in Net Position	(2,584)
Adjustment for Fixed Assets	14,641
Total Net Position - Beginning	73,971
Total Net Position - Ending	\$ 86,028

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

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWSPROPRIETARY FUNDSJUNE 30, 2019

	Business-Type Activities Enterprise Fund Totals
	<u> </u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 274,946
Payments to Employees	(224,632)
Payments to Suppliers & Miscellaneous	(197,209)
Net Cash Provided (Used by) Operating Activities	<u>(146,895)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	2,538
Federal Sources	114,041
Net Cash Provided (Used by) Noncapital Financing Activities	<u>116,579</u>
Cash Flows from Investing Activities	
Interest	61
Net Increase (Decrease) in Cash & Cash Equivalents	(30,255)
Balances - Beginning of Year	<u>75,785</u>
Balances - End of Year	<u>\$ 45,530</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (133,243)
Depreciation	143
Federal Commonidities	14,019
(Increase) Decrease in Accounts Receivable	1,294
(Increase) Decrease in Inventories	2,171
Increase (Decrease) in Accounts Payable	<u>(31,279)</u>
Net Cash Provided (Used by) Operating Activities	<u>\$ (146,895)</u>

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

OCEAN TOWNSHIP SCHOOL DISTRICTSTATEMENT OF FIDUCIARY NET POSITION

Exhibit B-7

FIDUCIARY FUNDSJUNE 30, 2019

	<u>Unemployment Compensation Expendable Trust Fund</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$ 34,267
Total Assets	<u>\$ 34,267</u>
<u>Net Position</u>	
Reserved - Dedicated to Unemployment	\$ 34,267
Total Net Position	<u>\$ 34,267</u>

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

OCEAN TOWNSHIP SCHOOL DISTRICTSTATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Exhibit B-8

FIDUCIARY FUNDSJUNE 30, 2019

	<u>Unemployment Compensation Trust</u>
<u>Additions</u>	
Contributions:	
Other	\$ 16,706
Total Contributions	<u>16,706</u>
Investment Earnings:	
Interest	<u>85</u>
Net Investment Earnings	<u>85</u>
Total Additions	<u>16,791</u>
<u>Deductions</u>	
Unemployment Claims	<u>4,796</u>
Total Deductions	<u>4,796</u>
Change in Net Position	11,995
Net Position - Beginning of Year	<u>22,272</u>
Net Position - End of the Year	<u><u>\$ 34,267</u></u>

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

NOTES TO FINANCIAL STATEMENTS

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

JUNE 30, 2019

NOTE 1: Summary of Significant Accounting Policies

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

A. Reporting Entity:

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

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

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

B. Government-Wide and Fund Financial Statements

The School District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-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 government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the School District segregates transaction related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

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

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

D. Fund Accounting:

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

Governmental Fund Types

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

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

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

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

Proprietary Fund Type

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

NOTE 1: Summary of Significant Accounting Policies (Continued)**D. Fund Accounting (Continued):****Fiduciary Fund Types**

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

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

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

E. Basis of Accounting:

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2019 were insignificant.

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

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

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

G. Encumbrances:

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

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

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

H. Short-Term Interfund Receivables/Payables:

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

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

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2019.

J. Capital Assets and Depreciation

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

The District contracted with an outside service company to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2017-2018 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2018, fiscal year 2018 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

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

Capital asset activity for the year ended June 30, 2019 was as follows:

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

	Balance July 1, 2018	Additions	Adjustments	Balance June 30, 2019
Governmental Activities:				
Land	\$ 97,895	—	—	97,895
Total	<u>97,895</u>	<u>—</u>	<u>—</u>	<u>97,895</u>
Depreciable Assets:				
Site Improvements	379,403			379,403
Buildings	13,871,533			13,871,533
Machinery & Equip.	<u>1,740,816</u>	<u>24,708</u>	—	<u>1,765,524</u>
Total	<u>15,991,752</u>	<u>24,708</u>	<u>—</u>	<u>16,016,460</u>
Less: Accumulated Depreciation:				
Site Improvements	(380,707)		1,304	(379,403)
Buildings	(6,722,159)	(300,670)		(7,022,829)
Machinery & Equip.	<u>(1,267,992)</u>	<u>(56,888)</u>	—	<u>(1,324,880)</u>
Total Accumulated Depreciation	<u>(8,370,858)</u>	<u>(357,558)</u>	<u>1,304</u>	<u>(8,727,112)</u>
Net Depreciable Assets	<u>7,620,894</u>	<u>(332,850)</u>	<u>1,304</u>	<u>7,289,348</u>
Governmental Activities: Capital Assets, Net	<u>\$ 7,718,789</u>	<u>(332,850)</u>	<u>1,304</u>	<u>7,387,243</u>
Business-Type Activities: Equipment	\$ 173,663	14,641		188,304
Less: Accumulated Depreciation: Equipment	<u>(157,467)</u>	<u>(143)</u>	—	<u>(157,610)</u>
Business-Type Activities Capital Assets (Net)	<u>\$ 16,196</u>	<u>14,498</u>	<u>—</u>	<u>30,694</u>

Depreciation expense was charged to governmental functions as follows:

Unallocated	<u>\$ 357,558</u>
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K. Compensated Absences

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

K. Compensated Absences (Continued)

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

L. Unearned Revenue

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

M. Fund Equity

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

N. Net Position

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

Restricted – Net Position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance

The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

NOTE 1: Summary of Significant Accounting Policies (Continued)**N. Net Position (Continued)**

Restricted – The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) if employed to previously commit those amounts.

Assigned – The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position and standard operating procedures, approved by the Board of Education.

Unassigned – The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order; committed, assigned, then unassigned.

NOTE 2: Cash and Cash Equivalents and Investments

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

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

Deposits

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

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

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

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

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

Investments

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

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

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

As of June 30, 2019, the District's deposits and investments are summarized as follows:

FDIC	\$ 250,000
GUPDA	<u>4,670,739</u>
	<u>\$ 4,920,739</u>

Custodial Credit Risk – Deposits

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

The District had no uninsured deposits.

As of June 30, 2019, cash and cash equivalents and investments of the District consisted of the following:

**Cash and Cash
Equivalents
\$ 4,801,962**

During the period ended June 30, 2019 the District did not hold any investments. The carrying amount of the District's cash and cash equivalents at June 30, 2019 was \$4,801,962 and the bank balance was \$4,920,739. Of the bank balance, \$250,000 was covered by federal depository insurance and \$4,670,739 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

NOTE 3: General Long-Term Debt

During the fiscal year ended June 30, 2019, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Long-Term</u> <u>Portion</u>	<u>2019-20</u> <u>Payment</u>
Pension Liability	\$ 6,755,887		(3,234,756)	3,521,131	3,521,131	
Compensated Absences Payable	278,274	17,757		296,031	296,031	
Bonds Payable	<u>5,450,000</u>	<u>_____</u>	<u>(530,000)</u>	<u>4,920,000</u>	<u>4,365,000</u>	<u>555,000</u>
	<u>\$ 12,484,161</u>	<u>17,757</u>	<u>(3,764,756)</u>	<u>8,737,162</u>	<u>8,182,162</u>	<u>555,000</u>

NOTE 3: General Long-Term Debt (Continued)**A. Bonds Payable**

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

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

Year Ending June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019/2020	\$ 555,000	154,325	709,325
2020/2021	570,000	137,675	707,675
2021/2022	585,000	120,575	705,575
2022/2023	605,000	103,025	708,025
2023/2024	620,000	84,875	704,875
2023/24-2026/27	<u>1,985,000</u>	<u>137,323</u>	<u>2,122,323</u>
	<u>\$ 4,920,000</u>	<u>737,798</u>	<u>5,657,798</u>

B. Bonds Authorized But Not Issued

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

NOTE 4: Pension Plans

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

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

NOTE 4: Pension Plans (Continued)

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

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

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

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

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

NOTE 4: Pension Plans (Continued)

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

During the year ended June 30, 2019, the State of New Jersey contributed \$1,153,571 to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$313,941 during the 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 general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 24.

Three-Year Trend Information for PERS

Year	Annual	Percentage	Net
Funding	Pension	of APC	Pension
	Cost (APC)	Contributed	Obligation
6/30/19	\$ 184,479	100%	0
6/30/18	169,839	100%	0
6/30/17	169,553	100%	0

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

Year	Annual	Percentage	Net
Funding	Pension	of APC	Pension
	Cost (APC)	Contributed	Obligation
6/30/19	\$ 1,153,571	100%	0
6/30/18	1,010,692	100%	0
6/30/17	855,420	100%	0

Public Employees' Retirement System (PERS)**Plan Description**

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division).

The vesting and benefit provisions are set by N.J.S.A. 43:15A, PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

NOTE 4: Pension Plans (Continued)

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation

The schedule of employer allocations and the schedule of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Allocation Methodology and Reconciliation to Financial Statements

GASB Statement No. 68, *Accounting and Financial Reporting for Pension*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2017 through June 30, 2018. Employer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

NOTE 4: Pension Plans (Continued)

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedule of pension amount by employer. The allocation percentages for each group of June 30, 2018 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2018.

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

For the year ended June 30, 2019, the District recognized pension expense of \$184,479. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 67,149	18,156
Changes of Assumptions	580,224	1,125,871
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		33,028
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	111,279	113,034
District Contributions Subsequent to the Measurement Date	<u>184,479</u>	<u> </u>
Total	<u>\$ 943,131</u>	<u>1,290,089</u>

NOTE 4: Pension Plans (Continued)

\$184,479 reported as deferred outflows of resources related to pensions resulting from school district, project contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2019, the plan measurement date is June 30, 2018) will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending**June 30,**

2019	\$ 24,434
2020	(33,829)
2021	(242,583)
2022	(210,274)
2023	<u>(67,333)</u>
	<u>\$ (529,585)</u>

Additional Information

Collective balances at December 31, 2018 and 2017 are as follows:

	<u>Dec. 31, 2018</u>	<u>Dec. 31, 2017</u>
Collective Deferred Outflows of Resources	\$ 943,131	1,805,338
Collective Deferred Inflows of Resources	1,290,089	1,647,892
Collective Net Pension Liability	3,521,131	6,755,887
District's Proportion	.01788%	.02902%

Components of Net Pension Liability

The components of the collective net pension liability of the participating employers as of June 30, 2018 were as follows:

	2018		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 30,434,600,657	42,431,573,511	72,866,174,168
Plan Fiduciary Net Position	<u>6,730,302,564</u>	<u>22,742,071,972</u>	<u>29,472,374,536</u>
Net Pension Liability	<u>\$ 23,704,298,093</u>	<u>19,689,501,539</u>	<u>43,393,799,632</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.11%	53.60%	40.45%

NOTE 4: Pension Plans (Continued)

The collective 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 actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% – 5.15% Based on Age
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 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 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.

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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

NOTE 4: Pension Plans (Continued)

<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%
U.S. 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 Estate	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	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability 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 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>2018</u>		
	<u>At 1% Decrease (4.66%)</u>	<u>At Current Discount Rate (5.66%)</u>	<u>At 1% Increase (6.66%)</u>
School District's Proportionate Share Of the Net Pension Liability	<u>\$ 4,427,417</u>	<u>3,521,131</u>	<u>2,760,815</u>

Teachers Pensions and Annuity Fund (TPAF)**Plan Description**

The State of New Jersey, Teacher's Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contribution, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division).

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, member's beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

NOTE 4: Pension Plans (Continued)

Service retirement benefits of $1/55^{\text{th}}$ of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{\text{th}}$ of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation

The Schedule of employers and nonemployer allocations and the schedule of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Allocation Methodology

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocation and applied to, presented in the schedule of pension amount by employer and nonemployer are based on the ratio of the State's actual contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2018. Employer and nonemployer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation had modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, State's pension contribution was less than the actuarial determined amount.

NOTE 4: Pension Plans (Continued)**Special Funding Situation**

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.

Components of Net Pension Liability

The components of the net pension liability of the State as of June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Total Pension Liability	\$ 86,797,467,286	90,726,371,000
Plan Fiduciary Net Position	<u>22,991,116,840</u>	<u>23,056,161,829</u>
Net Pension Liability	<u>\$ 63,806,350,446</u>	<u>67,670,209,171</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.49%	25.41%

State Proportionate Share of Net Pension Liability Attributable to District

	<u>2018</u>	<u>2017</u>
District's Liability	<u>\$ 25,876,334</u>	<u>27,941,872</u>
District's Proportion	.04055%	.04129%

NOTE 4: Pension Plans (Continued)

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 actuarial assumptions, applied to all periods 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%

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

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. 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%
U.S. 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 Estate	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	8.25%	13.08%

NOTE 4: Pension Plans (Continued)**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 in the most recent fiscal year. The State contributed 40% 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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the State as of June 30, 2018 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	2018		
	<u>At 1% Decrease (3.86%)</u>	<u>At Current Discount Rate (4.86%)</u>	<u>At 1% Increase (5.86%)</u>
School District's Proportionate Share Of the Net Pension Liability	\$ 0	0	0
State of New Jersey's Proportionate Share Of the Net Pension Liability	<u>30,585,335</u>	<u>25,876,334</u>	<u>21,972,687</u>
	<u>\$ 30,585,335</u>	<u>25,876,334</u>	<u>21,972,687</u>

NOTE 5: Post-Retirement Benefits**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.

NOTE 5: Post-Retirement Benefits (Continued)

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 attributed 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 the provision of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations 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 re-measured to \$97.1 billion, an increase of \$60.6 billion or 166 percent from the previous year’s \$36.5 billion 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 re-measured 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 GASBS No. 75.

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 CAFR at <https://www.nj.gov/treasury/omb/cafr.shtml>.

NOTE 5: Post-Retirement Benefits (Continued)

Actuarial assumptions and other imputes. 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 rate	2.50%		
	<u>TPAF/ABP</u>	<u>TPAF</u>	<u>PERS</u>
Salary Increases:			
Through 2026	1.55 – 4.55%	2.15% - 4.15% based on age	2.10% - 8.98% based on age
Thereafter	2.00 – 5.45%	3.15% - 5.15% based on age	3.10% - 9.98% based on age

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. Postretirement 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.

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, July 1, 2011 – June 30, 2014, and July 1, 2010 – June 30, 2013 for TPAF, PERS and PFRS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and 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 self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. 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 Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the Division. The source is 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.

NOTE 5: Post-Retirement Benefits (Continued)

Changes in the State of New Jersey's proportionate share of the total Non-Employer OPEB Liability associated with the School District:

	Total OPEB Liability
Balances at June 30, 2017	\$ 26,796,278
Changes for the Year:	
Service Cost	970,660
Interest	983,254
Difference Between Expected and Actual Experience	(1,850,896)
Changes in Assumptions or Other Inputs	(2,706,390)
Benefit Payments	(630,630)
Member Contributions	<u>21,796</u>
Balance at June 30, 2018	<u>\$ 23,584,072</u>

There were no changes in benefit terms between the June 30, 2017 measurement date and the June 30, 2018 measurement date.

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

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 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:

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
State of New Jersey's Proportionate Share Of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 27,881,174</u>	<u>23,584,072</u>	<u>20,168,320</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. 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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share Of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 19,493,609</u>	<u>23,584,072</u>	<u>28,993,866</u>

NOTE 5: Post-Retirement Benefits (Continued)

OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

For the year ended June 30, 2018, the Board of Education recognized OPEB expense of \$1,133,956 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the Ocean Township Board of Education proportionate share of school retirees OPEB is zero; there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows or 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$	2,289,361
Changes in Proportion	744,847	
Changes of Assumptions or Other Inputs	<u> </u>	<u>5,286,490</u>
Total	<u>\$ 744,847</u>	<u>7,575,851</u>

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

Year Ended June 30:	
2020	\$ (803,648)
2021	(803,648)
2022	(803,648)
2023	(803,648)
2024	(803,648)
Thereafter	<u>(2,812,764)</u>
	<u>\$ (6,831,004)</u>

NOTE 6: Interfund Receivables and Payables

Transfers between governmental and business-type activities on the governmental-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

NOTE 6: Interfund Receivables and Payables (Continued)

There were interfunds as of June 30, 2019 as follows:

	<u>From</u>	<u>To</u>
General Fund	\$	180,518
Special Revenue Fund	38,890	
Capital Projects Fund	<u>141,628</u>	_____
	<u>\$ 180,518</u>	<u>180,518</u>

These interfund loans are due to the Special Revenue and Capital Projects Funds awaiting State and Federal reimbursements. Once received, the interfunds will be eliminated, which is expected to be within one year.

NOTE 7: Compensated Absences

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

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

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

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

NOTE 8: Tuition Adjustments

Regulations specify that tuition adjustments for any given school year shall be remitted/received in the two following years after the tuition rate is certified. These adjustments have not been reflected on the June 30, 2019 financial statements.

NOTE 9: Capital Reserve Account

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

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

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	<u>\$ 2,516,158</u>
Ending Balance, June 30, 2019	<u>\$ 2,516,158</u>

NOTE 10: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Balance</u>
2018-2019	\$ 85	16,706	4,796	34,267
2017-2018	30	15,437	9,014	22,272
2016-2017	18	15,557	17,194	15,819

NOTE 11: Economic Dependency

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

NOTE 12: 2% Calculation of Excess Surplus

2018-19 Total General Fund Expenditures Per the CAFR	\$ 20,245,436
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(1,467,512)</u>
Adjusted 2018-19 General Fund Expenditures	<u>\$ 18,777,924</u>
2% of Adjusted 2018-19 General Fund Expenditures	<u>\$ 375,558</u>
Enter Greater of Above or \$250,000	\$ 375,558
Increased by Allowable Adjustment	<u>1,364</u>
Maximum Unassigned Fund Balance	<u>\$ 376,922</u>
 <u>Section 2</u>	
Total General Fund – Fund Balance @ 6-30-19	\$ 5,596,871
Decreased by:	
Year-End Encumbrances	(114,106)
Tuition Reserve - Designated for Subsequent Years Expenditures	(1,000,000)
Excess Surplus - Designated for Subsequent Years Expenditures	(357,243)
Emergency Reserve - Designated for Subsequent Years Expenditures	(250,000)
Other Restricted Fund Balances	<u>(2,978,903)</u>
Total Unassigned Fund Balance	<u>\$ 896,619</u>
Reserved Fund Balance - Excess Surplus	<u>\$ 519,697</u>
 <u>Section 3</u>	
Reserved Fund Balance – Excess Surplus Designated for	
Subsequent Years Expenditures	\$ 357,243
Excess Surplus	<u>519,697</u>
	<u>\$ 876,940</u>
 <u>Detail of Allowable Adjustments</u>	
Extraordinary Aid	\$ 1,364
Non Public Transportation	<u> </u>
	<u>\$ 1,364</u>
 <u>Detail of Other Reserved Fund Balance</u>	
Maintenance Reserve	\$ 462,745
Capital Reserve	<u>2,516,158</u>
Total	<u>\$ 2,978,903</u>

NOTE 13: Contingent Liabilities

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

NOTE 14: Fund Balance Appropriated

General Fund – Of the \$5,596,871 General Fund fund balance at June 30, 2019, \$114,106 is reserved for encumbrances; \$2,516,158 is reserved for capital reserve; \$462,745 is reserved for maintenance reserve; \$250,000 is emergency reserve designated for subsequent years expenditures; \$1,00,000 is tuition reserve designated for subsequent years expenditures; \$357,243 is excess surplus designated for subsequent years expenditures; \$519,697 excess surplus – current year; and \$376,922 is unreserved and undesignated.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

OCEAN TOWNSHIP SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 11,318,706		11,318,706	11,318,706	-
Tuition From Other LEA's	15,000		15,000		(15,000)
Interest Earned			-	20,916	20,916
Interest Earned - Capital Reserve	1,500		1,500		(1,500)
Miscellaneous	60,000		60,000	37,759	(22,241)
Total Local Sources	<u>11,395,206</u>	<u>-</u>	<u>11,395,206</u>	<u>11,377,381</u>	<u>(17,825)</u>
State Sources:					
Security Aid	176,928		176,928	176,928	-
Transportation Aid	443,920		443,920	443,920	-
Special Education Aid	541,176		541,176	541,176	-
Adjustment Aid	5,372,822		5,372,822	5,372,822	-
Extraordinary Aid	150,000		150,000	151,364	1,364
TPAF Pension (On-Behalf Non-Budgeted)			-	1,153,571	1,153,571
TPAF Social Security (Reimbursed Non-Budgeted)			-	313,941	313,941
Total State Sources	<u>6,684,846</u>	<u>-</u>	<u>6,684,846</u>	<u>8,153,722</u>	<u>1,468,876</u>
Federal Sources:					
Medical Assistance Program	16,469		16,469	54,504	38,035
Total Federal Sources	<u>16,469</u>	<u>-</u>	<u>16,469</u>	<u>54,504</u>	<u>38,035</u>
Total Revenues	<u>18,096,521</u>	<u>-</u>	<u>18,096,521</u>	<u>19,585,607</u>	<u>1,489,086</u>

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

Sheet 2 of 12

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Current Expenditures:					
Regular Programs - Instruction:					
Preschool-Salaries of Teachers	81,500		81,500	57,228	24,272
Kindergarten - Salaries of Teachers	313,608		313,608	308,549	5,059
Grades 1-5 - Salaries of Teachers	1,643,533	(148,560)	1,494,973	1,425,856	69,117
Grade 6-Salaries of Teachers	252,621	78,691	331,312	330,610	702
Regular Programs - Home Instruction:					
Salaries of Teachers	4,000		4,000	261	3,739
Regular Program - Undistributed Instruction:					
Purchased Professional Educational Services	14,785		14,785	7,869	6,916
Purchased Technical Services	85,298	(15,923)	69,375	29,903	39,472
Other Purchased Services (400-500 Series)	44,950	15,923	60,873	50,697	10,176
General Supplies	316,890	(138,740)	178,150	139,809	38,341
Textbooks	5,000	4,081	9,081	9,081	-
Other Objects	200		200		200
Total Regular Programs - Instruction	<u>2,762,385</u>	<u>(204,528)</u>	<u>2,557,857</u>	<u>2,359,863</u>	<u>197,994</u>
Special Education - Instruction:					
Multiple Disabilities					
Salaries of Teachers	178,902	6,186	185,088	184,977	111
Other Salaries for Instruction	179,783	43,774	223,557	223,557	-
Purchased Professional Educational Services	25,000	(25,000)	-		-
General Supplies	7,200	(1,559)	5,641	1,858	3,783
Total Learning and/or Language Disabilities	<u>390,885</u>	<u>23,401</u>	<u>414,286</u>	<u>410,392</u>	<u>3,894</u>

OCEAN TOWNSHIP SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Resource Room/Center:					
Salaries of Teachers	562,921	115,852	678,773	677,898	875
Other Salaries for Instruction	211,055	12,000	223,055	191,610	31,445
General Supplies	10,500	184	10,684	6,771	3,913
Total Resource Room/Center	<u>784,476</u>	<u>128,036</u>	<u>912,512</u>	<u>876,279</u>	<u>36,233</u>
Pre-School -Disabilities - Part-Time:					
Salaries of Teachers	71,320	2,956	74,276	74,276	-
Other Salaries for Instruction	19,865	(2,032)	17,833	17,833	-
General Supplies	800	(383)	417	191	226
Total Pre-School Disabilities - Part-Time	<u>91,985</u>	<u>541</u>	<u>92,526</u>	<u>92,300</u>	<u>226</u>
Home Instruction:					
Salaries of Teachers	8,000	(542)	7,458	572	6,886
Total Home Instruction	<u>8,000</u>	<u>(542)</u>	<u>7,458</u>	<u>572</u>	<u>6,886</u>
Total Special Education - Instruction	<u>1,275,346</u>	<u>151,436</u>	<u>1,426,782</u>	<u>1,379,543</u>	<u>47,239</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	356,600	(25,301)	331,299	314,639	16,660
General Supplies	600	182	782	382	400
Total Basic Skills/Remedial - Instruction	<u>357,200</u>	<u>(25,119)</u>	<u>332,081</u>	<u>315,021</u>	<u>17,060</u>

OCEAN TOWNSHIP SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
School-Sponsored Co-Curricular Activities - Instruction:					
Salaries	40,000	4,036	44,036	44,036	-
Total School-Sponsored Co-Curricular Activities - Inst.	40,000	4,036	44,036	44,036	-
Total Instruction	4,434,931	(74,175)	4,360,756	4,098,463	262,293
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within the State - Regular	6,747,513	3,840	6,751,353	6,746,420	4,933
Tuition to Other LEA's Within the State - Special	1,311,274	(43,366)	1,267,908	1,266,460	1,448
Tuition Private Schools Within the State - Disabilities	431,772	(13,063)	418,709	393,220	25,489
Total Undistributed Expenditures - Instruction	8,490,559	(52,589)	8,437,970	8,406,100	31,870
Undistributed Expenditures - Attendance and Social Work:					
Attendance - Salaries	15,375	450	15,825	15,825	-
Total Undistributed Expenditures - Attendance and Social Work	15,375	450	15,825	15,825	-
Undistributed Expenditures - Health Services:					
Salaries	145,407	(420)	144,987	142,425	2,562
Purchased Professional and Technical Services	1,220		1,220	517	703
Supplies and Materials	6,620	140	6,760	4,267	2,493
Total Undistributed Expenditures - Health Services	153,247	(280)	152,967	147,209	5,758

OCEAN TOWNSHIP SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries	160,880	648	161,528	161,528	-
Purchased Professional - Educational Services	53,200	55,664	108,864	69,319	39,545
Supplies and Materials	9,000	(6,518)	2,482	2,269	213
Total Undistributed Expenditures - Other Support Services Students - Related Services	<u>223,080</u>	<u>49,794</u>	<u>272,874</u>	<u>233,116</u>	<u>39,758</u>
Undistributed Expenditures - Other Support Services - Students - Extra Services:					
Salaries	95,000	(7,396)	87,604	87,604	-
Purchased Professional Educational Services	35,000	35,690	70,690	70,690	-
Supplies and Materials	-	2,046	2,046	2,008	38
Total Undistributed Expenditures - Other Support Services - Students - Extra Services	<u>130,000</u>	<u>30,340</u>	<u>160,340</u>	<u>160,302</u>	<u>38</u>
Undistributed Expenditures - Other Support Services - Students - Regular:					
Salaries of Other Professional Staff	<u>138,290</u>	<u>8,746</u>	<u>147,036</u>	<u>147,036</u>	<u>-</u>

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

Sheet 6 of 12

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Other Support Services - Students - Special:					
Salaries of Other Professional Staff	258,275	15,173	273,448	272,193	1,255
Salaries of Secretarial and Clerical Assistants	40,530	(561)	39,969	39,969	-
Other Purchased Services	3,520	(547)	2,973	2,751	222
Supplies and Materials	12,500	(8,928)	3,572	2,858	714
Other Objects	3,500	(820)	2,680	2,680	-
Total Undistributed Expenditures - Other Support Services - Students - Special	<u>318,325</u>	<u>4,317</u>	<u>322,642</u>	<u>320,451</u>	<u>2,191</u>
Undistributed Expenditures - Improvement of Instructional Services:					
Salaries -Supervisor of Instruction	40,000	(1,650)	38,350	20,000	18,350
Salaries- Other Professional Staff	9,000	(1,157)	7,843	7,843	-
Purchased Professional Educational Services	5,000	(193)	4,807	1,045	3,762
Supplies and Materials	2,500	306	2,806	2,055	751
Total Undistributed Expenditures - Imp. of Instructional Svcs.	<u>56,500</u>	<u>(2,694)</u>	<u>53,806</u>	<u>30,943</u>	<u>22,863</u>
Undistributed Expenditures - Educational Media Services/ School Library:					
Salaries	57,810		57,810	56,095	1,715
Purchased Professional and Technical Services	144,500	15,419	159,919	142,203	17,716
Supplies and Materials	39,790	(10,682)	29,108	17,510	11,598
Total Undistributed Expenditures - Educational Media Services/School Library	<u>242,100</u>	<u>4,737</u>	<u>246,837</u>	<u>215,808</u>	<u>31,029</u>

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

Sheet 7 of 12

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Instructional Staff Training Services:					
Purchased Professional Educational Services	15,875	(5,000)	10,875	3,555	7,320
General Supplies	1,000		1,000		1,000
Total Undistributed Expenditures - Instructional Staff Training Services	<u>16,875</u>	<u>(5,000)</u>	<u>11,875</u>	<u>3,555</u>	<u>8,320</u>
Undistributed Expenditures - Support Services - General Admin.:					
Salaries	218,350	(4,747)	213,603	201,137	12,466
Legal Services	20,000	30,000	50,000	40,729	9,271
Audit Fees	9,700		9,700	9,000	700
Other Purchased Services	22,582		22,582	18,000	4,582
Purchased Technical Services	4,100	40	4,140	4,140	-
Communications/Telephone	14,650	(40)	14,610	3,764	10,846
Miscellaneous Purchase Services	3,800	669	4,469	3,949	520
General Supplies	2,000	74	2,074	1,978	96
Board of Education-Membership Fees & Dues	9,100	(438)	8,662	8,541	121
Miscellaneous Expenditures	4,350	540	4,890	4,890	-
Total Undistributed Expenditures - Support Services - General Administration	<u>308,632</u>	<u>26,098</u>	<u>334,730</u>	<u>296,128</u>	<u>38,602</u>
Undistributed Expenditures - Support Services - School Admin.:					
Salaries of Principals/Assistant Principals	127,742	31,388	159,130	159,130	-
Salaries of Other Professional Staff	-				
Salaries of Secretarial and Clerical Assistants	118,143	(2,340)	115,803	114,803	1,000
Salaries-Other	4,500		4,500	4,500	-
Purchased Professional and Technical Services	1,000		1,000	180	820
Other Purchased Services (400-500 Series)	3,500		3,500	75	3,425
Supplies and Materials	6,030	(1,338)	4,692	2,918	1,774
Other Objects	3,695	(1,711)	1,984	1,984	-
Total Undistributed Expenditures - Support Services - School Administration	<u>264,610</u>	<u>25,999</u>	<u>290,609</u>	<u>283,590</u>	<u>7,019</u>

OCEAN TOWNSHIP SCHOOL DISTRICT

**Exhibit C-1
Sheet 8 of 12**

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	77,101	1,329	78,430	67,074	11,356
Cleaning, Repair and Maintenance Services	126,500	11,264	137,764	130,749	7,015
General Supplies	3,000	363	3,363	2,122	1,241
Total Undistributed Expenditures - Required Maintenance - School Facilities	<u>206,601</u>	<u>12,956</u>	<u>219,557</u>	<u>199,945</u>	<u>19,612</u>
Undistributed Expenditures - Other Operations and Maintenance of Plant:					
Salaries	341,004	9,775	350,779	345,750	5,029
Purchased Professional and Technical Services	50,000	(43,835)	6,165	6,165	-
Cleaning, Repair and Maintenance Services	6,450	8,052	14,502	13,496	1,006
Other Purchased Property Services	11,000	(1,558)	9,442	9,442	-
Insurance	89,000	(7,814)	81,186	81,186	-
General Supplies	70,000	(26,741)	43,259	43,259	-
Energy/Electricity	145,000	16,030	161,030	132,164	28,866
Energy- Gasoline	4,000	(1,476)	2,524	1,236	1,288
Energy-Natural Gas	60,000	(4,080)	55,920	47,684	8,236
Other Objects	13,000	3,445	16,445	15,759	686
Total Undistributed Expenditures - Other Operations and Maintenance of Plant	<u>789,454</u>	<u>(48,202)</u>	<u>741,252</u>	<u>696,141</u>	<u>45,111</u>
Total Undistributed Expenditures - Operations and Maintenance of Plant	<u>996,055</u>	<u>(35,246)</u>	<u>960,809</u>	<u>896,086</u>	<u>64,723</u>
Undistributed Expenditures-Care & Upkeep of Grounds:					
Salaries	<u>29,300</u>	<u>3,331</u>	<u>32,631</u>	<u>32,906</u>	<u>(275)</u>

OCEAN TOWNSHIP SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Security					
Salaries	15,535	(1,500)	14,035	10,572	3,463
Purchased Professional and Technical Services		25,000	25,000	9,685	15,315
Total Undistributed Expenditures - Security	<u>15,535</u>	<u>23,500</u>	<u>39,035</u>	<u>20,257</u>	<u>18,778</u>
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	4,000		4,000	4,000	-
Salaries for Pupil Transportation (Between Home & School) Reg.	14,000	21,083	35,083	30,403	4,680
Contracted Services (Between Home & School) Jointures	646,000		646,000	638,584	7,416
Contracted Services (Spec. Ed.) - Vendors	130,000		130,000	65,218	64,782
Contracted Services (Between Home & School) Special Education - Jointures	159,500		159,500	156,372	3,128
Contracted Services - Aid in Lieu	5,000		5,000	2,884	2,116
Total Undistributed Expenditures - Student Transportation Services	<u>958,500</u>	<u>21,083</u>	<u>979,583</u>	<u>897,461</u>	<u>82,122</u>
Undistributed Expenditures - Central Services:					
Salaries	149,763	17,833	167,596	167,596	-
Purchased Professional Services	1,500	(1,500)	-	-	-
Miscellaneous Purchased Services	100	(43)	57	57	-
Supplies and Materials	6,000	(1,234)	4,766	4,683	83
Miscellaneous Expenditures	550	294	844	844	-
Total Undistributed Expenditures - Central Services	<u>157,913</u>	<u>15,350</u>	<u>173,263</u>	<u>173,180</u>	<u>83</u>

OCEAN TOWNSHIP SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Employee Benefits:					
Social Security Benefits	135,000	(2,639)	132,361	132,361	-
Other Retirement Benefits-PERS	245,000	(57,843)	187,157	184,479	2,678
Workman's Compensation	93,209	5,700	98,909	98,908	1
Health Benefits	2,252,338	(105,774)	2,146,564	1,888,955	257,609
Other Employee Benefits	25,000	19,155	44,155	44,155	-
Tuition Reimbursement	26,000		26,000	11,307	14,693
Total Undistributed Expenditures Unallocated Benefits	<u>2,776,547</u>	<u>(141,401)</u>	<u>2,635,146</u>	<u>2,360,165</u>	<u>274,981</u>
On-Behalf TPAF Pension Contributions - Non-Budgeted				1,153,571	(1,153,571)
Reimbursed TPAF Social Security Contributions Non-Budgeted				313,941	(313,941)
Total Non-Budgeted Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,467,512</u>	<u>(1,467,512)</u>
Total Undistributed Expenditures	<u>15,291,443</u>	<u>(23,465)</u>	<u>15,267,978</u>	<u>16,107,630</u>	<u>(839,652)</u>
Total Current Expense	<u>19,726,374</u>	<u>(97,640)</u>	<u>19,628,734</u>	<u>20,206,093</u>	<u>(577,359)</u>
Capital Outlay:					
Interest on Maintenance Reserve	500		500		500
Interest on Capital Reserve	1,000		1,000		1,000
Regular Programs - Instruction:					
Grades 1-5	20,000	12,836	32,836	32,836	-
Required Maintenance	7,500	(7,500)	-		-
Information Technology		3,237	3,237	3,237	-
Total Equipment	<u>29,000</u>	<u>8,573</u>	<u>37,573</u>	<u>36,073</u>	<u>1,500</u>
Facilities Acquisition and Construction Services:					
Debt Service Assessment	1,197		1,197	1,197	-
Total Facilities Acquisition and Construction Services	<u>1,197</u>	<u>-</u>	<u>1,197</u>	<u>1,197</u>	<u>-</u>

OCEAN TOWNSHIP SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Capital Outlay	<u>30,197</u>	<u>8,573</u>	<u>38,770</u>	<u>37,270</u>	<u>1,500</u>
Total Expenditures	<u>19,756,571</u>	<u>(89,067)</u>	<u>19,667,504</u>	<u>20,243,363</u>	<u>(575,859)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(1,660,050)</u>	<u>89,067</u>	<u>(1,570,983)</u>	<u>(657,756)</u>	<u>913,227</u>
Fund Balance July 1	<u>6,254,627</u>	<u></u>	<u>6,254,627</u>	<u>6,254,627</u>	<u></u>
Fund Balance June 30	<u>\$ 4,594,577</u>	<u>89,067</u>	<u>4,683,644</u>	<u>5,596,871</u>	<u>913,227</u>

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 12 of 12

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Recapitulation:					
Restricted Fund Balance:					
Maintenance Reserve				\$ 462,745	
Capital Reserve				2,516,158	
Excess Surplus - Designated for Subsequent Year's Expenditures				357,243	
Excess Surplus - Current Year				519,697	
Committed Fund Balance:					
Year End Encumbrances				114,106	
Assigned Fund Balances:					
Designed For Subsequent Year's Expenditures - Emergency Reserve				250,000	
Designed For Subsequent Year's Expenditures - Tuition Reserve				1,000,000	
Unassigned Fund Balance				<u>376,922</u>	
				5,596,871	
Reconciliation to Governmental Funds Statement (GAAP):					
Final State Audit Payments not Recognized on GAAP Basis				<u>(653,365)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 4,943,506</u>	

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Federal Sources	\$ -	387,245	387,245	383,495	3,750
Total Revenues	<u>\$ -</u>	<u>387,245</u>	<u>387,245</u>	<u>383,495</u>	<u>3,750</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ -	134,354	134,354	134,354	
Other Salaries for Instruction		5,998	5,998	5,998	
Tuition		5,683	5,683	5,683	
General Supplies		193,727	193,727	193,618	109
Total Instruction	<u>-</u>	<u>339,762</u>	<u>339,762</u>	<u>339,653</u>	<u>109</u>
Support Services:					
Personal Services - Benefits		40,050	40,050	40,050	
Purchased Professional Educational Services		1,785	1,785	1,785	-
Other Purchased Services		5,648	5,648	2,007	3,641
Total Support Services	<u>-</u>	<u>47,483</u>	<u>47,483</u>	<u>43,842</u>	<u>3,641</u>
Total Expenditures	<u>\$ -</u>	<u>387,245</u>	<u>387,245</u>	<u>383,495</u>	<u>3,750</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit C-3

REQUIRED SUPPLEMENTARY INFORMATIONBUDGET-TO-GAAP RECONCILIATIONNOTE TO RSIJUNE 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual Amounts (budgetary) "revenues" from the budgetary comparison schedule	\$ 19,585,607	383,495
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		37,464
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	681,505	
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).	<u>(653,365)</u>	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.	<u>\$ 19,613,747</u>	<u>420,959</u>
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 20,243,363	383,495
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>37,464</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 20,243,363</u>	<u>420,959</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

OCEAN TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE

NET PENSION LIABILITY - PERS

Exhibit L-1

LAST SIX FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,521,131	6,755,887	5,507,162	4,075,034	3,344,465	3,259,576
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,521,131</u>	<u>6,755,887</u>	<u>5,507,162</u>	<u>4,075,034</u>	<u>3,344,465</u>	<u>3,259,576</u>
District's Covered-Employee Payroll	\$ 1,186,453	1,222,477	1,215,177	1,272,368	914,319	956,085
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	33.70%	18.09%	22.07%	31.22%	27.34%	29.33%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.45%	36.78%	31.20%	38.21%	42.74%	40.71%

OCEAN TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - PERS

Exhibit L-2

LAST SIX FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 169,839	169,553	169,553	147,546	128,507	147,395
Contributions in Relation to the Contractually Required Contribution	<u>169,839</u>	<u>169,553</u>	<u>169,553</u>	<u>147,546</u>	<u>128,507</u>	<u>147,395</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's Covered-Employee Payroll	\$ 1,186,453	1,222,477	1,215,177	1,272,368	914,319	956,085
Contributions as a Percentage of Covered-Employee Payroll	14.31%	13.87%	13.95%	11.60%	14.05%	15.42%

OCEAN TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE

NET PENSION LIABILITY - TPAF

Exhibit L-3

LAST SIX FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	-	-	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>25,876,334</u>	<u>27,941,872</u>	<u>32,037,804</u>	<u>25,824,667</u>	<u>21,924,949</u>	<u>20,709,570</u>
Total	<u>\$25,876,334</u>	<u>27,941,872</u>	<u>32,037,804</u>	<u>25,824,667</u>	<u>21,924,949</u>	<u>20,709,570</u>
District's Covered-Employee Payroll	\$ 4,356,738	4,162,106	4,189,531	4,210,789	3,246,108	4,054,311
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	16.84%	14.90%	13.08%	16.31%	14.81%	19.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING
FOR OPEB (GASB 75) - M**

OCEAN TOWNSHIP SCHOOL DISTRICTSCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOSLAST THREE FISCAL YEARS

Exhibit M-1

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>State's OPEB Liability Attributable to the District</u>			
Service Cost	\$ 970,660	1,164,013	*
Interest	983,254	843,770	*
Benefit Payments	(630,630)	(620,659)	*
Member Contributions	21,796	22,854	*
Difference between Expected and Actual Experience	(1,850,896)		*
Change of Assumptions	(2,706,390)	(3,352,455)	*
Net Change in Total OPEB Liability	<u>(3,212,206)</u>	<u>(1,942,477)</u>	*
Total Attributable OPEB Liability - Beginning	<u>26,796,278</u>	<u>28,738,755</u>	*
Total Attributable OPEB Liability - Ending	<u>\$ 23,584,072</u>	<u>26,796,278</u>	<u>28,738,755</u>
District's Covered Payroll	\$ 5,543,191	5,384,583	5,404,708
District's Contribution	None	None	None
State's Proportionate Share of OPEB Liability as a Percentage of the District's Covered-Employee Payroll	425.46%	497.65%	531.74%

* - Information not available

Source: GASB 75 report on State of New Jersey Health Benefits Program; District Records.

Note: This schedule is required by GASB 75 to show information for a 10 year period. However, information is only currently available for two years. Additional years will be presented as they become available.

OCEAN TOWNSHIP SCHOOL DISTRICTNOTES TO REQUIRED SUPPLEMENTARY INFORMATIONFOR THE FISCAL YEAR ENDED JUNE 30, 2019

Exhibit M-2

Change of Benefit Terms

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

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit E-1

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

JUNE 30, 2019

	<u>Title I</u>	<u>Title II A</u>	<u>IDEA Basic</u>	<u>IDEA Preschool</u>	<u>Total</u>
Revenues:					
Federal Sources	\$ 142,119	40,802	193,618	6,956	383,495
Total Revenues	<u>\$ 142,119</u>	<u>40,802</u>	<u>193,618</u>	<u>6,956</u>	<u>383,495</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 109,354	25,000			134,354
Other Salaries for Instruction				5,998	5,998
General Supplies	5,184			499	5,683
Tuition			193,618		193,618
Total Instruction	<u>114,538</u>	<u>25,000</u>	<u>193,618</u>	<u>6,497</u>	<u>339,653</u>
Support Services:					
Employee Benefits	27,581	12,010		459	40,050
Purchased Professional Educational Services		1,785			1,785
Other Purchased Services		2,007			2,007
Total Support Services	<u>27,581</u>	<u>15,802</u>	<u>-</u>	<u>459</u>	<u>43,842</u>
Total Expenditures	<u>\$ 142,119</u>	<u>40,802</u>	<u>193,618</u>	<u>6,956</u>	<u>383,495</u>

CAPITAL PROJECTS FUND – F

OCEAN TOWNSHIP SCHOOL DISTRICT

CAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2019

Fund Balance - Beginning	\$ 195,922
Fund Balance - Ending	<u>\$ 195,922</u>

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit F-1a

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,AND PROJECT STATUS - BUDGETARY BASISWARETOWN ELEMENTARY SCHOOL HAVC PROJECTFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
Transfer from General - Capital Reserve	\$ 243,600		243,600	243,600
SDA Grants	162,400		162,400	162,400
Total Revenues	<u>406,000</u>	<u>-</u>	<u>406,000</u>	<u>406,000</u>
<u>Expenditures and Other Financing Uses</u>				
Purchased Professional and Technical Services	32,752		32,752	32,752
Construction Services	312,877		312,877	373,248
Total Expenditures	<u>345,629</u>	<u>-</u>	<u>345,629</u>	<u>406,000</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>\$ 60,371</u>	<u>-</u>	<u>60,371</u>	<u>-</u>

Additional Project Information

Project Number	3820-050-14-1002
Grant Date	4/7/2014
Original Authorized Cost	\$ 406,000
Additional Authorized Cost	-
Revised Authorized Cost	406,000
Percentage Increase Over Original Authorized Cost	
Percentage Completion	100%
Original Target Completion Date	2014
Revised Target Completion Date	2016

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit F-1b

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,AND PROJECT STATUS - BUDGETARY BASISWARETOWN ELEMENTARY SCHOOL EMERGENCY GENERATOR PROJECTFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
Transfer from General - Capital Reserve	\$ 105,000		105,000	105,000
SDA Grants	70,000		70,000	70,000
Total Revenues	<u>175,000</u>	<u>-</u>	<u>175,000</u>	<u>175,000</u>
<u>Expenditures and Other Financing Uses</u>				
Purchased Professional and Technical Services	13,500		13,500	13,500
Construction Services	26,144		26,144	161,200
Total Expenditures	<u>39,644</u>	<u>-</u>	<u>39,644</u>	<u>174,700</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>\$ 135,356</u>	<u>-</u>	<u>135,356</u>	<u>-</u>
<u>Additional Project Information</u>				
Project Number		3820-050-14-1003		
Grant Date		4/7/2014		
Original Authorized Cost		\$ 175,000		
Additional Authorized Cost		-		
Revised Authorized Cost		175,000		
Percentage Increase Over Original Authorized Cost				
Percentage Completion		100%		
Original Target Completion Date		2014		
Revised Target Completion Date		2016		

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit F-1c

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,AND PROJECT STATUS - BUDGETARY BASISFREDERICK A. PRIFF ELEMENTARY SCHOOLEMERGENCY GENERATOR REPLACEMENT PROJECTFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
Transfer from General - Capital Reserve	\$ 48,000		48,000	48,000
SDA Grants	32,000		32,000	32,000
Total Revenues	<u>80,000</u>	<u>-</u>	<u>80,000</u>	<u>80,000</u>
<u>Expenditures and Other Financing Uses</u>				
Purchased Professional and Technical Services	6,200		6,200	6,200
Construction Services	73,605		73,605	73,800
Total Expenditures	<u>79,805</u>	<u>-</u>	<u>79,805</u>	<u>80,000</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>\$ 195</u>	<u>-</u>	<u>195</u>	<u>-</u>

Additional Project Information

Project Number	3820-030-14-1001
Grant Date	4/7/2014
Original Authorized Cost	\$ 80,000
Additional Authorized Cost	-
Revised Authorized Cost	80,000
Percentage Increase Over Original Authorized Cost	
Percentage Completion	100%
Original Target Completion Date	2014
Revised Target Completion Date	2016

PROPRIETARY FUNDS – G

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit G-1

COMBINING STATEMENT OF NET POSITIONPROPRIETARY FUNDSJUNE 30, 2019

	Business-Type Activities - Enterprise Funds		Totals
	Food Service	Latch Key Program	
<u>Assets</u>			
Current Assets:			
Cash and Cash Equivalents	\$ (16,083)	61,613	45,530
Accounts Receivable:			
State	159		159
Federal	6,994		6,994
Inventories	4,594		4,594
Total Current Assets	<u>(4,336)</u>	<u>61,613</u>	<u>57,277</u>
Noncurrent Assets:			
Furniture, Machinery & Equipment	188,304		188,304
Less: Accumulated Depreciation	<u>(157,610)</u>		<u>(157,610)</u>
Total Noncurrent Assets	<u>30,694</u>	<u>-</u>	<u>30,694</u>
Total Assets	<u>\$ 26,358</u>	<u>61,613</u>	<u>87,971</u>
<u>Liabilities</u>			
Accounts Payable	<u>\$ -</u>	<u>1,943</u>	<u>1,943</u>
Total Liabilities	<u>\$ -</u>	<u>1,943</u>	<u>1,943</u>
<u>Net Position</u>			
Invested in Capital Assets Net of Related			
Debt	\$ 30,694		30,694
Unrestricted	(4,336)		(4,336)
Reserve for Latch Key		<u>59,670</u>	<u>59,670</u>
Total Net Position	<u>\$ 26,358</u>	<u>59,670</u>	<u>86,028</u>

COMBINING STATEMENT OF REVENUES, EXPENSES AND

CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2019

	Business-Type Activities - Enterprise Funds		Totals
	Food Service	Latch Key Program	
Operating Revenues:			
Charge for Services:			
Daily Sales - Reimbursable Programs	\$ 67,861		67,861
Daily Sales - Non Reimbursable Programs	29,901		29,901
Community Service Functions		177,184	177,184
Total Operating Revenues	97,762	177,184	274,946
Operating Expenses:			
Cost of Sales - Reimbursable Programs	67,316		67,316
Cost of Sales - Non Reimbursable Programs	30,243		30,243
Salaries	94,084	130,548	224,632
Employee Benefits		1,800	1,800
General Supplies	8,140		8,140
Depreciation	143		143
Miscellaneous		11,131	11,131
Other Purchased Professional Services	64,508	276	64,784
Total Operating Expenses	264,434	143,755	408,189
Operating Income (Loss)	(166,672)	33,429	(133,243)
Nonoperating Revenues (Expenses):			
Interest Revenue	61		61
State Sources:			
State School Lunch Program	2,538		2,538
Federal Sources:			
National Breakfast Program	16,740		16,740
National Breakfast Program - Prior Year	1,400		1,400
National School Lunch Program	93,017		93,017
National School PB Lunch Program	2,884		2,884
Food Distribution Program	14,019		14,019
Total Nonoperating Revenues (Expenses)	130,659	-	130,659
Change in Net Position	(36,013)	33,429	(2,584)
Adjustment to Fixed Assets	14,641		14,641
Total Net Position - Beginning	47,730	26,241	73,971
Total Net Position - Ending	\$ 26,358	59,670	86,028

COMBINING STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

JUNE 30, 2019

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Food Service</u>	<u>Latch Key Program</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 97,762	177,184	274,946
Payments to Employees	(94,084)	(130,548)	(224,632)
Payments to Suppliers	(185,945)	(11,264)	(197,209)
Net Cash Provided (Used by) Operating Activities	<u>(182,267)</u>	<u>35,372</u>	<u>(146,895)</u>
Cash Flows from Noncapital Financing Activities:			
State Sources	2,538		2,538
Federal Sources	114,041		114,041
Net Cash Provided (Used by) Noncapital Financing Activities	<u>116,579</u>	<u>-</u>	<u>116,579</u>
Cash Flows from Investing Activities			
Interest	61	-	61
Net Increase (Decrease) in Cash & Cash Equivalents	(65,627)	35,372	(30,255)
Balances - Beginning of Year	49,544	26,241	75,785
Balances - End of Year	<u>\$ (16,083)</u>	<u>61,613</u>	<u>45,530</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (166,672)	33,429	(133,243)
Depreciation	143		143
Federal Commodities	14,019		14,019
(Increase) Decrease in Accounts Receivable	1,294		1,294
(Increase) Decrease in Inventories	228	1,943	2,171
Increase (Decrease) in Accounts Payable	(31,279)		(31,279)
Net Cash Provided (Used by) Operating Activities	<u>\$ (182,267)</u>	<u>35,372</u>	<u>(146,895)</u>

FIDUCIARY FUND – H

OCEAN TOWNSHIP SCHOOL DISTRICTTRUST AND AGENCY FUND

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET POSITIONJUNE 30, 2019

	<u>Student Activity</u>	<u>Payroll Agency</u>	<u>Payroll Salary</u>	<u>Unemployment Compensation Expendable Trust Fund</u>	<u>Total 2019</u>
<u>Assets</u>					
Cash and Cash Equivalents	\$ 3,815	83,023	655	34,267	121,760
Total Assets	<u>\$ 3,815</u>	<u>83,023</u>	<u>655</u>	<u>34,267</u>	<u>121,760</u>
<u>Liabilities</u>					
Due to Student Groups	\$ 3,815				3,815
Payroll Withholdings		83,023	655		83,678
Total Liabilities	<u>\$ 3,815</u>	<u>83,023</u>	<u>655</u>	<u>-</u>	<u>87,493</u>
<u>Net Position</u>					
Reserved - Dedicated to Unemployment				34,267	34,267
Total Net Position				<u>34,267</u>	<u>34,267</u>

OCEAN TOWNSHIP SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Exhibit H-2

FIDUCIARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Unemployment Compensation Trust</u>
<u>Additions</u>	
Contributions:	
Other	\$ 16,706
Total Contributions	<u>16,706</u>
Investment Earnings:	
Interest	<u>85</u>
Net Investment Earnings	<u>85</u>
Total Additions	16,791
<u>Deductions</u>	
Unemployment Claims	<u>4,796</u>
Total Deductions	<u>4,796</u>
Change in Net Position	11,995
Net Position - Beginning of Year	<u>22,272</u>
Net Position - End of the Year	<u>\$ 34,267</u>

OCEAN TOWNSHIP SCHOOL DISTRICTSTUDENT ACTIVITY AGENCY FUND

Exhibit H-3

SCHEDULE OF RECEIPTS AND DISBURSEMENTSFOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2019</u>
Elementary School	\$ 3,488	2,771	2,444	3,815

OCEAN TOWNSHIP SCHOOL DISTRICT

PAYROLL AGENCY

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 625	3,112,530	3,030,132	83,023
<u>Liabilities</u>				
Payroll Deductions, Withholdings and Amount Due Employees	\$ 625	3,112,530	3,030,132	83,023

LONG-TERM DEBT – I

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit I-1

LONG-TERM DEBT

SCHEDULE OF SERIAL BONDS

JUNE 30, 2019

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2018</u>	<u>Retired</u>	<u>Balance June 30, 2019</u>	
			<u>Date</u>	<u>Amount</u>					
Refunding -2015	7/15/15	\$ 6,010,000	1/15/20	\$ 555,000	3.000%				
			1/15/21	570,000					
			1/15/22	585,000					
			1/15/23	605,000					
			1/15/24	620,000					
			1/15/25	640,000					
			1/15/26	660,000					3.500%
			1/15/27	685,000					
								\$ 5,450,000	530,000
					\$ 5,450,000	530,000	4,920,000		

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit I-3

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 393,601		393,601	393,601	
State Aid:					
Debt Service Aid	295,863		295,863	295,863	
Total Revenues	<u>689,464</u>	<u>-</u>	<u>689,464</u>	<u>689,464</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	170,225		170,225	170,225	-
Redemption of Principal	530,000		530,000	530,000	
Total Expenditures	<u>700,225</u>	<u>-</u>	<u>700,225</u>	<u>700,225</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,761)	-	(10,761)	(10,761)	-
Fund Balance July 1	<u>10,761</u>		<u>10,761</u>	<u>10,761</u>	<u>-</u>
Fund Balance June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

STATISTICAL SECTION

(Unaudited)

Ocean Township Board of Education
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-1

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Invested in capital assets, net of related debt	\$ 1,092,288	1,092,228	1,172,628	1,211,985	993,174	1,908,300	1,798,900	2,077,375	2,268,789	2,467,243
Restricted	2,882,876	2,882,876	4,314,134	4,714,541	5,206,294	5,139,663	5,777,654	5,969,425	6,098,015	5,415,871
Unrestricted	(888,504)	(888,194)	(897,561)	(586,672)	(51,716)	(3,835,303)	(3,970,274)	(4,005,892)	(7,275,695)	(4,511,295)
Total governmental activities net position	\$ 3,086,660	3,086,910	4,589,201	5,339,854	6,147,752	3,212,660	3,606,280	4,040,908	1,091,109	3,371,819
Business-type activities										
Invested in capital assets, net of related debt	\$ 36,707	36,707	-	23,277	17,316	13,685	18,276	17,236	16,196	30,694
Restricted	7,774	7,774	-	29,432	42,645	38,228	39,154	35,927		59,670
Unrestricted	9,396	9,396	26,738	32,727	44,737	52,231	30,359	34,723	57,775	(4,336)
Total business-type activities net position	\$ 53,877	53,877	26,738	85,436	104,698	104,144	87,789	87,886	73,971	86,028
District-wide										
Invested in capital assets, net of related debt	\$ 3,140,537	1,128,935	1,172,628	1,235,262	1,010,490	1,921,985	1,817,176	2,094,611	2,284,985	2,497,937
Restricted	2,890,650	2,890,650	4,314,134	4,743,973	5,248,939	5,177,891	5,816,808	6,005,352	6,098,015	5,475,541
Unrestricted	(879,108)	(878,798)	(870,823)	(553,945)	(6,979)	(3,783,072)	(3,939,915)	(3,971,169)	(7,217,920)	(4,515,631)
Total district net position	\$ 5,152,079	3,140,787	4,615,939	5,425,290	6,252,450	3,316,804	3,694,069	4,128,794	1,165,080	3,457,847

Source: CAFR Schedule A-1

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

Exhibit J-2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 2,487,430	2,240,260	1,977,645	2,294,668	2,367,728	2,318,149	2,552,204	2,520,354	2,555,367	2,359,863
Special Education	1,160,249	1,537,257	1,045,592	1,115,048	1,584,781	1,357,740	1,439,622	1,249,238	1,559,488	1,756,660
Other Instruction	196,809	265,444	414,160	386,663	373,842	415,414	338,261	643,045	353,285	359,057
Support Services:										
Tuition	7,509,277	6,940,320	6,881,050	7,043,773	7,151,221	6,789,614	6,255,211	6,757,641	7,818,307	8,406,100
Student & Instruction Related Services	1,148,441	1,032,633	1,012,223	1,026,022	1,080,447	1,126,939	1,193,482	1,260,931	1,323,546	1,318,087
General Administrative Services			255,393	199,391	263,869	276,858	289,238	269,689	305,475	296,128
School Administrative Services	292,420	258,279	197,979	-	225,980	295,614	262,894	237,967	273,589	283,590
Other Administrative Services	209,233	205,246	-	247,988						
Plant Operations and Maintenance	1,008,615	958,822	815,682	867,298	989,683	938,616	867,928	963,238	872,602	949,249
Pupil Transportation	728,349	757,663	930,851	970,596	943,013	1,042,749	1,052,621	1,098,653	955,122	897,461
Business and Other Support Services	219,401	198,628	172,935	166,241	144,392	144,425	145,499	147,801	152,043	173,180
Unallocated Benefits	2,263,797	2,318,543	2,237,067	2,291,864	2,484,976	2,603,044	3,274,660	3,735,571	6,518,371	1,115,082
Capital Outlay			258,023	103,521	38,771		260,352	1,200	1,197	11,258
Interest on Long-term Debt	256,230	341,219	325,307	308,986	297,510	280,917	332,262	89,168	181,344	160,187
Unallocated Depreciation	105,998	392,036	403,480	365,643	321,819	366,257	369,788	390,238	395,456	357,558
Total Governmental Activities Expenses	317,493	17,446,350	16,927,387	17,387,702	18,268,032	17,956,336	18,634,022	19,364,734	23,265,192	18,443,460
Business-type Activities:										
Food Service	76,624	308,367	337,675	-	312,258	-	-	-	280,747	264,434
Latch Key	8,117	85,800	74,223	106,388	112,863	120,594	(21,986)		132,283	143,755
Total Business-type Activities Expense	84,741	394,167	411,898	106,388	425,121	120,594	(21,986)	476,982	413,030	408,189
Total District Expenses	\$ 18,088,483	17,840,517	17,339,285	17,494,090	18,693,153	18,076,930	18,612,036	19,841,716	23,678,222	18,851,649
Program Revenues										
Governmental activities:										
Charges for services:										
Taxes	\$ 9,331,450	9,418,649	9,592,649	9,771,626	9,944,546	10,143,430	10,224,870	10,415,270	10,779,804	11,318,706
Taxes on Debt Service	205,598	409,101	425,902	430,977	414,056	415,021	416,706	409,648	388,022	393,601
Federal & State Aid Not Restricted	522,032	8,369,238	8,734,904	8,007,268	8,749,931	8,268,070	8,439,049	9,028,587	9,037,187	8,953,188
Miscellaneous Income		343,281	510,733	151,826	138,459	242,712	51,957	85,857	160,380	58,675
Sale of Bonds										
Account Receivable Cancelled	(33)	(5,159)	-							
Transfers			(50,000)	(29,215)	(125,000)		(104,940)	(140,000)	(50,000)	
Total Governmental Activities Program Revenues	17,894,903	18,535,110	19,214,188	18,332,482	19,121,992	19,069,233	19,027,642	19,799,362	20,315,393	20,724,170
Business Type Program Revenues								477,079	399,115	420,246
Change in Net Position										
Governmental Activities	(177,720)	700,833	1,502,231	779,694	853,960	992,857	393,620	434,628	(2,949,799)	2,280,710
Business -Type Activities	(15,860)	(6,240)	(27,139)	58,698	19,262	(554)	(21,986)	97	(13,915)	12,057
Total District	\$ (193,580)	694,593	1,475,092	838,392	873,222	992,303	371,634	434,725	(2,963,714)	2,292,767

Source: CAFR Schedule A-2

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

Exhibit J-3

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 252,099	442,388	3,844,675	4,464,541	4,247,052	4,374,838	5,305,549	5,719,425	5,641,332	4,969,949
Unreserved	(400,927)	(258,312)	(334,011)	(293,662)	(282,182)	(250,007)	(188,505)	(167,867)	(318,210)	(276,443)
Emergency Reserve		400,000	400,000	250,000	450,000	840,019	250,000	250,000	250,000	250,000
Total general fund	\$ 1,851,172	584,076	3,910,664	4,420,879	4,414,870	4,964,850	5,367,044	5,801,558	5,573,122	4,943,506
All Other Governmental Funds										
Reserved										
Capital Projects	\$ 510,973	67,802	67,802	-	739,640	234,262	205,504	195,922	195,922	195,922
Debt Service	23,038	6,509		-	68		16,601	27,362	10,761	
Unreserved, reported in:										
Special revenue fund										
Capital Reserve fund		992,282		-	-	-	-	-	-	-
Maintenance Reserve		805,500		-	-	-	-	-	-	-
Debt Service	1,990	6,509	1,657	1,725						
Total all other governmental funds	\$ 536,001	1,878,602	69,459	1,725	739,708	234,262	222,105	223,284	206,683	195,922

Source: CAFR Schedule B-1

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

Exhibit J-4

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax levy	\$ 9,537,048	9,827,750	10,018,551	10,202,603	10,358,602	10,358,602	10,641,576	10,824,918	11,167,826	11,712,307
Tuition charges							137,649	50,425	98,971	
Interest earnings										
Miscellaneous	522,947	111,276	175,994	151,740	138,459	138,459	51,957	35,432	61,409	58,675
State sources	7,713,381	7,807,297	8,008,226	7,984,682	8,390,515	8,390,515	8,411,758	8,594,907	8,588,457	8,477,725
Federal sources	728,089	457,860	726,678	387,926	359,416	359,416	372,882	433,680	448,730	475,463
Total revenue	18,501,465	18,204,183	18,929,449	18,726,951	19,246,992	19,246,992	19,615,822	19,939,362	20,365,393	20,724,170
Expenditures										
Instruction										
Regular Instruction	2,455,758	231,048	2,045,486	2,294,668	2,367,728	2,367,728	2,550,952	2,513,632	2,555,367	2,359,863
Special education instruction	1,715,426	1,537,257	1,440,178	1,449,117	1,584,781	1,584,781	1,439,622	1,249,238	1,559,488	1,756,660
Other instruction	196,809	265,444	414,160	386,663	373,842	373,842	656,040	643,045	353,285	359,057
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Tuition	7,509,277	6,940,320	6,881,050	7,043,773	7,151,221	7,151,221	6,392,860	6,757,641	7,818,307	8,406,100
Student & instruction related services	1,148,441	1,032,633	1,067,468	1,057,293	1,080,447	1,080,447	1,221,294	1,260,931	1,323,546	1,318,087
General administrative services	292,420	258,279	255,393	247,988	263,869	263,869	289,238	269,689	305,475	296,128
School Administrative services	209,233	205,246	197,979	199,391	225,980	225,980	262,894	237,967	273,589	283,590
Business administrative services										
Plant operations and maintenance	1,008,615	958,822	906,965	867,298	989,683	989,683	867,928	963,238	872,602	949,249
Pupil transportation	728,349	757,663	930,851	970,596	943,013	943,013	1,052,621	1,098,653	955,122	897,461
Business and Other Support Services	219,401	198,628	172,935	166,241	144,392	144,392	145,499	147,801	152,043	173,180
Unallocated employee benefits	2,315,230	2,318,543	2,495,090	2,582,275	2,469,855	2,469,855	3,140,635	3,336,528	3,617,864	3,827,677
Capital outlay	3,950	489,625	566	103,521	75,326	75,326	396,263	179,492	73,067	37,270
Debt service:										
Principal	355,000	370,000	385,000	405,000	415,000	415,000	450,000	500,000	515,000	530,000
Interest and other charges	362,458	347,775	332,278	316,431	304,881	304,881	254,999	205,814	185,675	170,225
Total expenditures	18,776,105	17,911,283	17,525,399	18,090,255	18,390,018	18,390,018	19,120,845	19,363,669	20,560,430	21,364,547
Excess (Deficiency) of revenues over (under) expenditures	(274,640)	292,900	1,404,050	636,696	856,974	856,974	494,977	575,693	(195,037)	(640,377)
Other Financing sources (uses)										
Accounts Payable Cancelled							15,060			
Additional Accounts Payable	(33)	(5,310)								
Adjustments				(29,215)						
Accounts Receivable Cancelled										
Sale of Bonds										
Transfers - Food Service	(68,800)	(52,000)	(50,000)	(165,000)	(125,000)	(125,000)	(120,000)	(140,000)	(50,000)	
Total other financing sources (uses)	(68,833)	(57,310)	(50,000)	(194,215)	(125,000)	(125,000)	(104,940)	(140,000)	(50,000)	-
Net change in fund balances	\$ (343,473)	235,590	1,354,050	442,481	731,974	731,974	390,037	435,693	(245,037)	(640,377)
Debt service as a percentage of noncapital expenditures	3.8%	4.1%	4.1%	4.0%	3.9%	3.9%	3.8%	3.7%	3.4%	3.3%

Source: CAFR Schedule B-2

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Rentals	Misc.	Total
2010	\$ 18,501	453,547	400	16,442	488,890
2011	26,363	23,059	-	19,103	68,525
2012	2,097	153,160		20,598	175,855
2013	9,856			141,816	151,672
2014	7,149			131,310	138,459
2015		37,647		37,844	75,491
2016		137,649		51,957	189,606
2017		50,425		35,432	85,857
2018		98,971		61,409	160,380
2019				58,675	58,675

Source: District Records

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

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2010	\$ 71,455,800	1,199,130,600	3,301,000	264,300	62,240,200	574,600	1,336,966,500		1,602,840	1,338,569,340	0.734	0.328
2011	68,645,800	1,233,141,900	3,301,000	264,300	62,384,700	574,600	1,368,312,300		1,437,244	1,369,749,544	0.731	0.331
2012	58,150,100	1,115,942,500	2,311,400	264,000	66,333,100	925,800	1,243,926,900		1,437,244	1,245,364,144	0.819	0.343
2013	55,358,200	1,119,796,100	2,320,200	258,300	64,303,200	925,800	1,242,961,800		1,333,171	1,244,294,971	0.832	0.357
2014	50,824,100	1,142,069,800	2,320,200	264,100	63,064,600	925,800	1,259,468,600		1,193,220	1,260,622,320	0.838	0.387
2015	44,663,000	1,165,958,200	3,453,700	271,000	63,060,900	925,800	1,380,678,186	101,148,200	1,227,386	1,279,529,986	0.832	0.432
2016	44,663,000	1,165,958,200	3,453,700	271,000	63,060,900	925,800	1,380,678,186	101,148,200	1,227,386	1,279,529,986	0.833	0.432
2017	33,405,800	1,208,530,500	3,386,100	280,400	63,452,300	925,800	1,419,433,900	109,453,000	1,227,386	1,309,980,900	0.853	0.803
2018	34,038,300	1,213,816,300	3,386,100	280,800	63,603,500	925,800	1,316,039,000	110,158,800		1,305,023,120	0.890	0.379
2019	33,731,900	1,216,267,600	3,386,100	272,500	64,662,900	925,800	1,319,296,800	110,346,400	1,227,386	1,430,093,200	0.912	0.373

Source: Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Ocean Township Board of Education General Obligation			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate ^a	Debt Service ^b	Total Direct	School District	Ocean Township	Library/Oth er	Ocean County	
2010	0.718	0.160	0.734	0.734	0.421	0.035	0.328	1.548 *Plus Municipal Open Space .030
2011	0.700	0.031	0.731	0.731	0.421	0.036	0.331	1.549 Inc. Mun. Open Space .03
2012	0.786	0.033	0.819	0.819	0.463	0.039	0.343	1.722 Inc. Mun. Open Space .029
2013	0.800	0.032	0.832	0.832	0.523	0.041	0.357	1.753
2014	0.805	0.033	0.838	0.838	0.575	0.040	0.387	1.840
2015	0.799	0.033	0.832	0.832	0.587	0.040	0.423	1.855
2016	0.800	0.033	0.833	0.833	0.629	0.040	0.403	1.905
2017	0.821	0.032	0.853	0.853	0.667	0.040	0.401	1.961
2018	0.860	0.030	0.890	0.890	0.662	0.041	0.379	1.972
2019	0.882	0.030	0.912	0.091	0.681	0.041	0.373	2.068

Source: Municipal Tax Collector

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

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

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

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

Exhibit J-8

<u>Taxpayer</u>	<u>As of December 31, 2019</u>	
	<u>Taxable Assessed Value</u>	<u>Rank [Optional]</u>

Information not available at this time

Total	<u>\$</u>	<u>-</u>
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Source: Municipal Tax Assessor

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

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
2010	\$ 9,537,048	9,537,048	100.00%
2011	9,827,750	9,827,750	100.00%
2012	10,018,551	10,018,551	100.00%
2013	10,202,603	10,202,603	100.00%
2014	10,358,602	10,358,602	100.00%
2015	10,558,457	10,558,457	100.00%
2016	10,641,576	10,641,576	100.00%
2017	10,824,918	10,824,918	100.00%
2018	11,712,307	11,712,307	100.00%
2019	12,031,744	12,031,744	100.00%

Source: District records including the Certificate and Report of School Taxes

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

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

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	
2010	\$ 9,795,000					9,795,000	39,521
2011	8,425,000					8,425,000	39,677
2012	8,040,000					8,040,000	41,986
2013	7,635,000					7,635,000	43,200
2014	7,220,000		23,327			7,243,327	43,214
2015	6,790,000		16,662			6,806,662	44,381
2016	6,465,000		9,579			6,474,579	46,109
2017	5,965,000		-			5,965,000	N/A
2018	5,450,000		-			5,450,000	N/A
2019	4,920,000		-			4,920,000	N/A

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

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

^a See Exhibit NJ J-13 for population data.

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

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita Income ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2010	9,150,000	355,000	8,795,000	0.66%	39,521
2011	8,795,000	370,000	8,425,000	0.62%	39,677
2012	8,425,000	385,000	8,040,000	0.65%	41,986
2013	8,040,000	405,000	7,635,000	0.61%	43,200
2014	7,635,000	415,000	7,220,000	0.57%	43,214
2015	7,220,000	430,000	6,790,000	0.53%	44,381
2016	6,790,000	325,000	6,465,000	0.53%	46,109
2017	6,465,000	500,000	5,965,000	0.50%	50,184
2018	5,965,000	515,000	5,450,000	N/A	N/A
2019	5,450,000	530,000	4,920,000	N/A	N/A

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

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

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

Ocean Township Board of Education
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2019

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Ocean Township	24,804,231	100%	\$ 24,804,231
Other debt			0.00%
Ocean County	457,710,812	1.47%	<u>6,728,349</u>
Subtotal, overlapping debt			31,532,580
Ocean Township School District Direct Debt			<u>4,920,000</u>
Total direct and overlapping debt			<u><u>\$ 36,452,580</u></u>

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

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

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

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

Exhibit J-13

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ -				33,014,695	31,537,060	31,537,060	32,749,520	32,749,500	32,749,500
Total net debt applicable to limit	8,795,000	8,425,000	8,040,000	7,635,000	7,220,000	6,790,000	6,465,000	5,965,000	5,450,000	4,920,000
Legal debt margin	\$ 8,795,000	8,425,000	8,040,000	7,635,000	7,220,000	24,747,060	25,072,060	26,784,520	27,299,500	27,829,500
Total net debt applicable to the limit as a percentage of debt limit										

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

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

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

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2009	9,121	39,521	12.0%
2010	8,346	39,677	12.6%
2011	8,372	41,986	13.1%
2012	8,518	43,200	13.4%
2013	8,653	43,214	11.6%
2014	8,658	44,381	8.4%
2015	8,850	46,109	6.8%
2016	9,013	N/A	5.9%
2017	9,013	N/A	5.1%
2018	9,013	N/A	4.9%

Source:

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

b Personal income NJ Department of Education

c Per Capita NJ Department of Education

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

Ocean Township Board of Education
 Principal Employers,
 Latest Available

Exhibit J-15

2019

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

-	0.00%
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Source:

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

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

Exhibit J-16

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Administration	3	4	4	4	4	4	4	4	4	4
Certified Educational Support Staff	4	3	3	3	3	3	3	3	3	3
Instruction					38	38	38	38	38	38
Regular	38	38	38	38	15	15	15	15	15	15
Special education	15	15	15	15						
Support Services:										
Student & instruction related services	20	20	20	20	20	20	20	20	20	20
General administrative services	1	1	1	1	1	1	1	1	1	1
School administrative services	5	5	5	5	5	5	5	5	5	5
Business administrative services	2	2	2	2	2	2	2	2	2	2
Plant operations and maintenance	16	16	16	16	16	16	16	16	16	16
Food Service										
Total	<u>104</u>	<u>104</u>	<u>104</u>	<u>104</u>	<u>104</u>	<u>104</u>	<u>104</u>	<u>104</u>	<u>104</u>	<u>104</u>

Source: District Personnel Records

Ocean Township Board of Education
 Operating Statistics
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment
					Teaching Staff ^b	Elementary			
2010	535	16,721,104	31,254	-0.02%	53		535	504	-0.01%
2011	540	15,755,164	29,176	0.06%	52		540	511	0.06%
2012	532	16,904,003	31,774	8.90%	53		537	499	-1.80%
2013	541	16,935,682	31,304	-0.02%	53		537	504	0.00%
2014	514	0	0	0.00%	53		519	489	-3.35%
2015	546	0	0	0.00%	53		542	512	4.44%
2016	519	18,401,497	35,456	0.00%	53		522	494	-3.70%
2017	513	18,300,548	35,674	0.00%	53		507	480	-2.90%
2018	488	-	-	0.00%	53		497	471	-5.00%
2019	507	18,870,072	37,219	0.00%	53		517	492	4.00%

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

Note: Enrollment based on annual October district count.

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

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

Exhibit J-18

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>District Building</u>										
<u>Elementary</u>										
Frederic A. Priff School										
Square Feet	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
Capacity (students)	318	318	318	318	318	318	318	318	318	318
Enrollment	216	216	216	218	209	209	210	201	198	198
Waretown Elementary School										
Square Feet	40,002	40,002	40,002	40,002	40,002	40,002	40,002	40,002	40,002	30,002
Capacity (students)	349	349	349	349	349	349	349	349	349	349
Enrollment	327	327	327	319	305	305	312	306	298	309
Total Enrollment	535	535	535	537	514	514	522	507	488	507
<u>Other</u>										
Superintendent's Office										
Square Feet	840	840	840	840	840	840	840	840	840	840
Business Office										
Square Feet	840	840	840	840	840	840	840	840	840	840
Maintenance Offices										
Square Feet	840	840	840	840	840	840	840	840	840	840
Latchkey Trailer										
Square Feet	0	0	0	0	0	0	0	0	0	0
Municipal Alliance										
Square Feet	0	0	0	0	0	0	0	0	0	0
Number of Schools at June 30, 2017	2	2	2	2	2	2	2	2	2	2

Elementary = 2

Other = 5

Source: District records, ASSA

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

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

Exhibit J-19

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

School Facilities	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Frederic Priff School	\$ 94,974	89,434	91,791	74,690	86,539	73,421	60,836	63,464	64,172	69,767
Waretown Elementary School	104,972	98,965	107,755	87,223	101,093	93,446	76,243	79,846	69,204	69,644
Total School Facilities	199,946	188,399	199,546	161,913	187,632	166,867	137,079	143,310	133,376	139,411
Grand Total	\$ 199,946	188,399	199,546	161,913	187,632	166,867	137,079	143,310	133,376	139,141

Source: District Records

OCEAN TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

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

Source: District Records

(Continued)

OCEAN TOWNSHIP SCHOOL DISTRICT
 INSURANCE SCHEDULE (CONTINUED)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 UNAUDITED

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

SINGLE AUDIT SECTION

Robert A. Hulsart and Company
CERTIFIED PUBLIC ACCOUNTANTS

114.

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

K-1

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ocean Township Board of Education, County of Ocean, State of New Jersey as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Ocean Township Board of Education, County of Ocean, State of New Jersey's basic financial statements, and have issued our report thereon dated December 5, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Ocean Township Board of Education, County of Ocean, State of New Jersey's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions of the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ocean Township Board of Education, County of Ocean, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Ocean Township Board of Education, County of Ocean, State of New Jersey's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Ocean Township Board of Education, County of Ocean, State of New Jersey's financial statements are free from material misstatement, we performed tests of 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*.

Purpose of this Report

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

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

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

December 5, 2019

Robert A. Hulsart and Company

116.

CERTIFIED PUBLIC ACCOUNTANTS

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

ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.

ROBERT A. HULSART, JR., C.P.A., P.S.A.

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

K-2

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

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Ocean Township School District, County of Ocean, State of New Jersey's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Board of Education of the Ocean Township School District, County of Ocean, State of New Jersey's major state programs for the year ended June 30, 2019. The Board of Education of the Ocean Township School District, County of Ocean, State of New Jersey's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board of Education of the Ocean Township School District, County of Ocean, State of New Jersey's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education of the Ocean Township School District, County of Ocean, State of New Jersey's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Board of Education of the Ocean Township School District, County of Ocean, State of New Jersey's compliance.

Opinion on Each Major State Program

In our opinion, the Board of Education of the Ocean Township School District, County of Ocean, State of New Jersey's, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the Board of Education of the Ocean Township School District, County of Ocean, State of New Jersey's is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board of Education of the Ocean Township School District, County of Ocean, State of New Jersey's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education of the Ocean Township School District, County of Ocean, State of New Jersey's internal control over compliance.

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

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

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

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

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

December 5, 2019

OCEAN TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2019

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2018	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2019			
					From	To						(Accounts Receivable)	Deferred Revenue	Due to Grantor	
U.S. Department of Education:															
General Fund:															
Medical Assistance Program	93.778	1605NJ5MAP	N/A	\$ 54,504	07/01/2018	06/30/2019	\$ -		54,504	(54,504)					
Total General Fund							-	-	54,504	(54,504)	-	-	-	-	
Special Revenue:															
NCLB:															
Title I	84.010A	S010A180030	NCLB-19	141,992	07/01/2018	06/30/2019			141,992	(141,884)				108	
Title I	84.010A	S010A170030	NCLB-18	153,198	07/01/2017	06/30/2018	(37,770)		38,005	(235)					
Title II Part A	84.367	S367A160029	NCLB-17	47,273	07/01/2016	06/30/2017	(371)				371				
Title II Part A	84.367	S367A170029	NCLB-18	38,585	07/01/2017	06/30/2018	(11,880)		13,718	(1,838)					
Title II Part A	84.367	S367A180029	NCLB-19	42,605	07/01/2018	06/30/2019				(38,964)		(38,964)			
IDEA:															
Preschool	84.173	H173A170114	IDEA-18	6,929	07/01/2017	06/30/2018	(769)		769						
Preschool	84.173	H173A180114	IDEA-19	6,957	07/01/2018	06/30/2019			6,957	(6,956)				1	
Basic	84.027	H027A180100	IDEA-19	193,618	07/01/2018	06/30/2019			193,618	(193,618)					
Total Special Revenue							(50,790)	-	395,059	(383,495)	371	(38,964)	109	-	
U.S. Department of Agriculture:															
Passed Through State Department of Education:															
Enterprise Fund:															
National School Breakfast Program	10.553	191NJ304N1099		16,740	07/01/2018	06/30/2019			15,677	(16,740)		(1,065)			
National School Breakfast Program	10.553	186NJ304N1099		16,021	07/01/2017	06/30/2018	(158)		1,558		(1,400)				
National School Lunch Program	10.555	191NJ304N1099		93,017	07/01/2018	06/30/2019			87,267	(93,017)		(5,750)			
National School Lunch Program	10.555	186NJ304N1099		89,897	07/01/2017	06/30/2018	(7,806)		7,806						
National School PB Lunch Program	10.555	191NJ304N1099		2,884	07/01/2018	06/30/2019			2,703	(2,884)		(181)			
National School PB Lunch Program	10.555	186NJ304N1099		2,904	07/01/2017	06/30/2018	(257)		257						
U.S. Food Distribution Program	10.550	191NJ304N1099		14,019	07/01/2018	06/30/2019			14,019	(14,019)					
Total Enterprise Fund							(8,221)	-	129,287	(126,660)	(1,400)	(6,994)	-	-	
Total Federal Assistance							\$ (59,011)	-	578,850	(564,659)	(1,029)	(45,958)	109	-	

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

OCEAN TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

Schedule B
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FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program State Department of Education: General Fund:	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2018	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2019			MEMO	
			From	To						(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
Extraordinary Aid	18-495-034-5120-044	\$ 150,022	07/01/2017	06/30/2018	\$ (150,022)		150,022							
Extraordinary Aid	19-495-034-5120-044	151,364	07/01/2018	06/30/2019				(151,364)			(151,364)		151,364	
Security Aid	19-495-034-5120-084	176,928	07/01/2018	06/30/2019			159,287	(176,928)					(17,641)	176,928
Transportation Aid	19-495-034-5120-014	443,920	07/01/2018	06/30/2019			399,491	(443,920)					(44,429)	443,920
Special Education Aid	19-495-034-5120-089	541,176	07/01/2018	06/30/2019			486,947	(541,176)					(54,229)	541,176
Adjustment Aid	19-495-034-5120-085	5,372,822	07/01/2018	06/30/2019			4,835,756	(5,372,822)					(537,066)	5,372,822
Non Public Transportation	18-495-034-5120-014	154	07/01/2017	06/30/2018	(154)		154							
Reimbursed TPAF Contributions (Reimbursed Non-Budgeted)	19-495-034-5095-002	1,153,571	07/01/2018	06/30/2019			1,153,571	(1,153,571)						1,153,571
TPAF Social Security (Reimbursed Non-Budgeted)	19-495-034-5095-002	313,941	07/01/2018	06/30/2019			313,941	(313,941)						313,941
Total General Fund					<u>(150,176)</u>	<u>-</u>	<u>7,499,169</u>	<u>(8,153,722)</u>	<u>-</u>	<u>(151,364)</u>	<u>-</u>	<u>-</u>	<u>(653,365)</u>	<u>8,153,722</u>
Capital Projects:														
State Grant - Waretown Elementary HVAC	3820-050-14-1002	162,400	04/07/2014	06/30/2015	(162,400)						(162,400)			
State Grant - Waretown Elementary Generator	3820-050-14-1003	70,000	04/07/2014	06/30/2015	(70,000)						(70,000)			
State Grant - Waretown Elementary Windows	3820-050-14-1004	49,600	04/07/2014	06/30/2015	(49,600)						(49,600)			
State Grant - Priff Elementary Generator	3820-030-14-1001	32,000	04/07/2014	06/30/2015	(32,000)						(32,000)			
Total Capital Projects					<u>(314,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(314,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
State Department of Agriculture Enterprise Fund:														
National School Lunch Program (State Share)	19-100-010-3350-023	2,538	07/01/2018	06/30/2019			2,379	(2,538)			(159)			2,538
National School Lunch Program (State Share)	18-100-010-3350-023	2,552	07/01/2017	06/30/2018	(226)									
Total Enterprise Fund					<u>(226)</u>	<u>-</u>	<u>2,379</u>	<u>(2,538)</u>	<u>-</u>	<u>(159)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,538</u>
Debt Service Fund:														
Debt Service Aid	19-495-034-5120-017	295,863	07/01/2018	06/30/2019			295,863	(295,863)						295,863
Total State Financial Assistance					<u>\$ (464,402)</u>	<u>-</u>	<u>7,797,411</u>	<u>(8,452,123)</u>	<u>-</u>	<u>(463,523)</u>	<u>-</u>	<u>-</u>	<u>(653,365)</u>	<u>8,452,123</u>
Less on Behalf TPAF Pension System Contributions								\$ 1,153,571						
Total for State Financial Assistance-Major Program Determination								<u>\$ (7,296,014)</u>						

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

BOARD OF EDUCATION

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OCEAN TOWNSHIP SCHOOL DISTRICT**NOTES TO SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE****JUNE 30, 2019****NOTE 1: General**

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

NOTE 2: Basis of Accounting

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

NOTE 3: Relationship to General Purpose Financial Statements

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>State Assistance</u>					
Actual Amounts (Budgetary)					
“Revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 8,153,722		295,863	2,538	8,452,123
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized					

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Food Service</u>	<u>Total</u>
The Last State Aid Payment Is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33)	28,140	_____	_____	_____	28,140
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 8,181,862</u>	_____	<u>295,863</u>	<u>2,538</u>	<u>8,480,263</u>
<u>Federal Assistance</u>					
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of Federal Awards	\$ 54,504	383,495		126,660	564,659
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized	_____	<u>37,464</u>	_____	_____	<u>37,464</u>
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances	<u>\$ 54,504</u>	<u>420,959</u>	_____	<u>126,660</u>	<u>602,123</u>

NOTE 4: Relationship to Federal and State Financial Reports

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

NOTE 5: Other

TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2019. The amount reported as TPAF pension contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2019. Revenues and expenditures reported under the food distribution program represent current year value received and current year distributions respectively.

OCEAN TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

State Awards

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

Auditee qualified as low-risk auditee? x Yes No

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

Internal Control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB's Circular 15-08? Yes x No

Identification of major programs:

GMIS Number(s)

19-495-034-5120-089

19-495-034-5120-085

19-495-034-5120-084

19-495-034-5120-014

Name of State Program

Special Education Aid (State Aid - Public Cluster)

Adjustment Aid (State Aid - Public Cluster)

Security Aid (State Aid - Public Cluster)

Transportation Aid (Transportation Aid Cluster)

OCEAN TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Part 1 - Summary of Auditor's Results

Financial Statement Section

Unmodified

(A) Type of auditor's report issued:

(B) Internal control over financial reporting:

1) Material weakness(es) identified?

_____ Yes x No

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

_____ Yes x No

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

_____ Yes x No

Federal Awards Section

Not Applicable

OCEAN TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Part 2 - Financial Statement Findings

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

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's Response: N/A

OCEAN TOWNSHIP SCHOOL DISTRICTSCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2019*Part 3 - Schedule of Federal and State Award Findings and Questioned Costs*

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

FEDERAL AWARDS

Not Applicable

STATE AWARDS

Finding: None

State program information: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

Management's response: N/A

OCEAN TOWNSHIP SCHOOL DISTRICT**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

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FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

Prior Audit Findings:

There were no prior year audit findings.