

SCHOOL DISTRICT

Oceanport School District
OF Monmouth County

Oceanport, New Jersey

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2019

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Of the

Oceanport Board of Education
of Monmouth County

Oceanport, New Jersey

For the Fiscal Year Ended June 30, 2019

Prepared by

Oceanport Board of Education
Finance Department

OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION



OCEANPORT PUBLIC SCHOOLS
29 Wolf Hill Avenue
Oceanport, NJ 07757

Anne R. Facendo, Superintendent
732-542-0683 X2110

Valery Petrone, SBA
732-542-0683 X4444

November 19, 2019

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

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections as follows:

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

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

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

The Single Audit Section: Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oceanport Board of Education's basic financial statements. The introductory section, combining fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic

financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

REPORTING ENTITY AND ITS SERVICES:

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

The District provides a full range of educational services appropriate to grade levels Pre-School through Eighth Grade. These services include regular as well as special education programs. The District completed the 2018-2019 fiscal year with an enrollment of 610 students.

ECONOMIC CONDITION AND OUTLOOK:

As a result of the District's efforts over the past several years, the financial status of the Oceanport School District remains stable and several accomplishments have occurred as a result. Funds have been set aside in Maintenance Reserve for unforeseen circumstances.

The Oceanport Public School District has spent considerable time over this past year evaluating the conditions of the facilities, and researching possible solutions to support curricular initiatives. As of June 30, 2019 the District was pursuing a referendum vote to be held during the coming school year, to support 21st Century classroom learning and improve both building environments.

MAJOR INITIATIVES:

Throughout the 2018-2019 school year, the District continued to refine, expand and re-evaluate programs to provide opportunities for both students and staff. We are pleased that several initiatives were supported through local funding. More specifically, instructional materials and resources, curricula writing stipends, and professional development services encompassed the relative purchases.

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

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

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

Special Services: Department members attended several professional development sessions related to special education and 504 compliance. The Child Study Team provided presentations for our district parent group around the evaluation process and offered several professional development opportunities for teaching staff and paraprofessionals related to mental health, significant behaviors, and IEP writing. Stakeholders from across the district also participated in a pilot program through Nextmark Schools, which focused on building knowledge and strategies for students with significant mental health needs.

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

Maple Place School: Students continued to explore the curriculum with additional focus on diagnostic measures of student progress and instructional effectiveness. This included the continued use of Google Classroom, as well as the implementation of i-Ready in grades 5-8 in the areas of ELA and math. With the use of i-Ready, a consistent benchmark process and plan has been implemented. By years end, staff will have been involved in 3 separate professional development experiences to understand how to maximize the program and use the data in classroom instruction. This process dovetails effectively with our continued implementation and development of our New Jersey Tiered System of Support. To this end, key staff are engaged in training around the NJTSS. Our Intervention and Referral Services team has also worked to refine and revamp our processes after their collective professional development experience in this area.

In support of our learners social and emotional growth we have implemented Suite 360. Learners are engaged in high value activities and lessons that allow them to consider their role in the world. Over the course of the year, the school had numerous educational assembly programs aimed at teaching tolerance and understanding. We have also focused our energies on giving the students the tools needed to make wise decisions related to vaping and their use of social media. Our tradition of providing excellent extracurricular activities and clubs allowed us to widen the learner's scope of understanding through positive peer socialization.

Facility Improvements: Lighting upgrades/replacements were completed in the Maple Place cafeteria. At Wolf Hill we replaced four exterior doors at the gym entrances, eight various interior doors.

INTERNAL ACCOUNTING CONTROLS:

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

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

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

BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2016.

ACCOUNTING SYSTEM AND REPORTS:

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

CASH MANAGEMENT:

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

RISK MANAGEMENT:

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

OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Jump, Perry and Company, LLP, Certified Public Accountants, was selected by the Board’s audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related Uniform Guidance and State Treasury Circular Letter 15-08. The auditor’s report on the general purpose financial statements and combined and individual fund statements and schedules are included in the financial section of this report. The auditor’s reports related specifically to the single audit section are included in the single audit section of this report.

ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Oceanport School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,

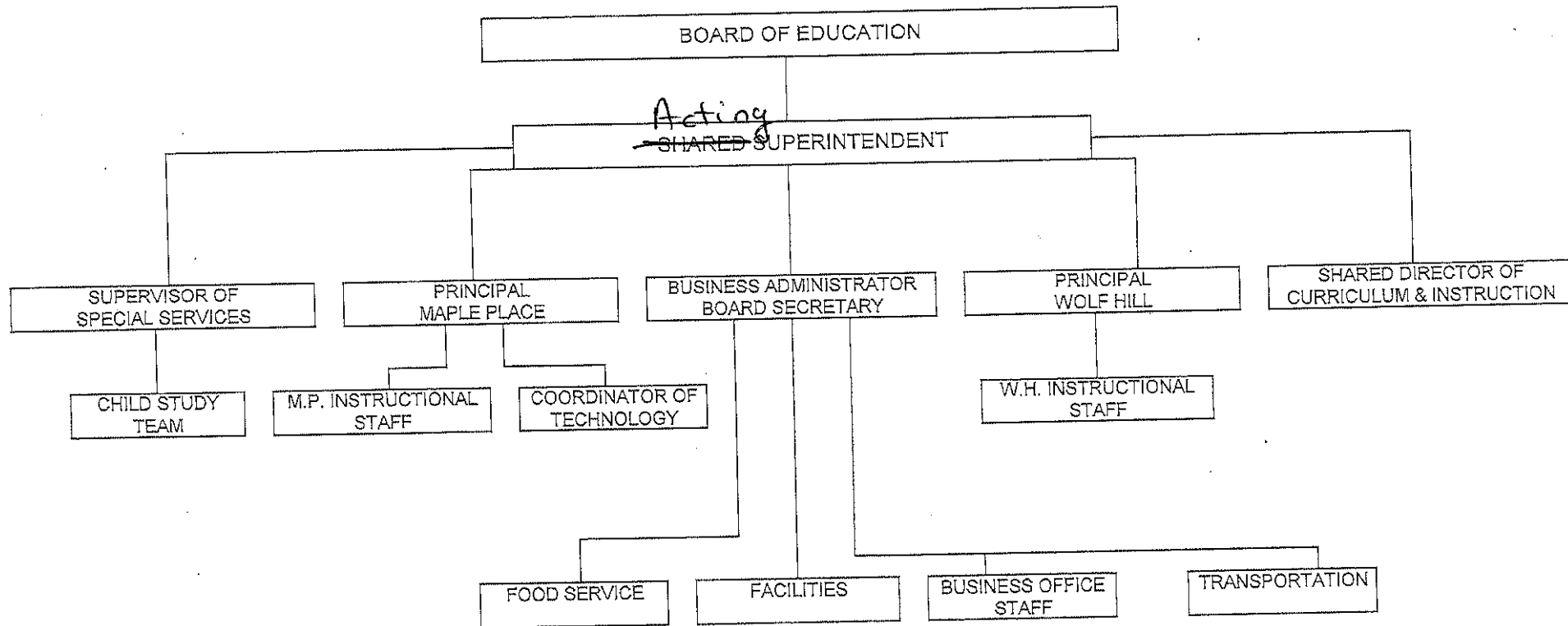


Anne Facendo
Interim Superintendent



Valery Petrone
Interim Business Administrator/Board Secretary

OCEANPORT BOARD OF EDUCATION
ORGANIZATIONAL CHART



Oceanport Board of Education
Oceanport, New Jersey

Roster of Officials
June 30, 2019

| <u>Members of the Board of Education</u> | <u>Term Expires</u> |
|--|---------------------|
| Michelle McMullin, President | 2019 |
| Natalie Papailiou, Vice President | 2021 |
| John Fleming | 2021 |
| Bryan Russell | 2020 |
| Lisa Harvey | 2020 |
| Andrea Fitzpatrick | 2021 |
| Michael Murphy | 2021 |
| Meghan Walker | 2019 |
| Marion Wilhalme | 2019 |

Other Officials

Melanie Lipinski, Acting Superintendent of Schools

Denise C. Friedmann, Interim Business Administrator/Board Secretary (July 1, 2018 - August 30, 2019)

Valery Petrone, Interim Business Administrator/Board Secretary (September 1, 2019 - present)

Oceanport School District
Consultants and Advisors

Audit Firm

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

Attorney

Kenney, Gross, Kovats and Parton
130 Maple Avenue, Building 8
Red Bank, New Jersey 07701

Official Depositories

Investors Savings Bank
169 Broadway
Long Branch, New Jersey 07740

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oceanport School District in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Other Matters

Required Supplementary Information

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

Other Information

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

Other Information (Cont'd)

The combining fund financial statements and schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects in relation to the basic financial statements as a whole.

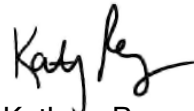
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2019 on our consideration of the Oceanport School District in the County of Monmouth, State of New Jersey internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oceanport School District in the County of Monmouth, State of New Jersey internal control over financial reporting and compliance.

Respectfully Submitted,

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



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

Toms River, New Jersey
November 12, 2019

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Oceanport School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

The discussion and analysis of Oceanport School District's financial performance provides an overall review of the School Board's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the School Board's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School Board's financial performance.

Financial Highlights

Key financial highlights for June 30, 2019 are as follows:

Net position totaled \$2,035,697, which represents a 4.19 percent decrease from June 30, 2018.

General revenues accounted for \$11,576,817 in revenue or 90.17 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,262,112 or 9.83 percent of total revenues of \$12,838,929.

Total assets decreased by \$678,154 as current assets increased by \$564,225 and capital assets, net decreased by \$113,929.

The School Board had \$12,757,020 in expenses; only \$1,262,112 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$11,576,817 were adequate to provide for these programs.

Among major funds, the General Fund had \$11,651,581 in revenues and \$12,172,228 in expenditures and transfers. The General Fund's balance decreased \$520,647 over June 30, 2018. The General Fund's balance is \$1,383,574.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School Board as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position and Statement of Activities provide information about the activities of the entire School District and are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business.

These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. The change in net position is important because it informs the reader that, for the School District as a whole, the financial position of the School District has improved or worsened. The causes of the change may be the result of many factors, some financial and some not. Non-financial factors include, but are not limited to, the District's property tax base, current laws in New Jersey restricting revenue growth, facility conditions, and required educational programs. In the Statement of Net Position and the Statement of Activities, the School Board is divided into two kinds of activities:

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

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

Reporting the School Board's Most Significant Funds

Fund Financial Statement

The Analysis of the School Board's major funds begins with Exhibit B-1. Fund financial reports provide detailed information about the School Board's major funds. The School Board's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

Governmental Funds

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

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities.

The School Board as a Whole

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

Table 1 provides a summary comparison of the School Board's net position for June 30, 2019 and 2018.

Table 1

Net Position as of June 30, 2019 and June 30, 2018

| | June 30, 2019 | | | June 30, 2018 | | |
|--------------------------------------|----------------------------|-----------------------------|--------------|----------------------------|-----------------------------|--------------|
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| Assets: | | | | | | |
| Current and other assets | \$ 1,479,300 | \$ 62,154 | \$ 1,541,454 | \$ 2,025,835 | \$ 79,844 | \$ 2,105,679 |
| Capital assets, net | 4,573,475 | - | 4,573,475 | 4,687,404 | - | 4,687,404 |
| Total assets | 6,052,775 | 62,154 | 6,114,929 | 6,713,239 | 79,844 | 6,793,083 |
| Deferred outflow of resources | 843,878 | - | 843,878 | 922,021 | - | 922,021 |
| Liabilities: | | | | | | |
| Current liabilities | 110,303 | 16,714 | 127,017 | 141,329 | 4,338 | 145,667 |
| Long-term liabilities outstanding | 3,801,852 | - | 3,801,852 | 4,831,180 | - | 4,831,180 |
| Total liabilities | 3,912,155 | 16,714 | 3,928,869 | 4,972,509 | 4,338 | 4,976,847 |
| Deferred inflow of resources | 994,241 | - | 994,241 | 784,469 | - | 784,469 |
| Net position: | | | | | | |
| Net investment in capital assets | 3,573,876 | - | 3,573,876 | 3,513,665 | - | 3,513,665 |
| Restricted | 1,131,410 | - | 1,131,410 | 1,655,089 | - | 1,655,089 |
| Unrestricted | (2,715,029) | 45,440 | (2,669,589) | (3,290,472) | 75,506 | (3,214,966) |
| Total Net Position | \$ 1,990,257 | \$ 45,440 | \$ 2,035,697 | \$ 1,878,282 | \$ 75,506 | \$ 1,953,788 |

The School Board's combined net position was \$2,035,697 on June 30, 2019. This is a change of 4.19% from the previous year.

Table 2 provides a comparison analysis of School Board's changes in net position from fiscal years June 30, 2019 and 2018.

Table 2

Changes in Net Position

| | June 30, 2019 | | | June 30, 2018 | | |
|--|-------------------------|--------------------------|-------------------|-------------------------|--------------------------|-------------------|
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 217,899 | \$ 241,342 | \$ 459,241 | \$ 295,448 | \$ 245,009 | \$ 540,457 |
| Operating and capital grants and contributions | 764,752 | 38,119 | 802,871 | 980,046 | 30,169 | 1,010,215 |
| General revenues: | | | | | | |
| Property taxes | 10,150,750 | - | 10,150,750 | 9,894,381 | - | 9,894,381 |
| Federal and state aid | 887,784 | - | 887,784 | 936,984 | - | 936,984 |
| Investment earnings | 32,815 | 1,244 | 34,059 | 28,212 | 1,377 | 29,589 |
| Miscellaneous | 504,224 | - | 504,224 | 28,621 | - | 28,621 |
| Total revenues | 12,558,224 | 280,705 | 12,838,929 | 12,163,692 | 276,555 | 12,440,247 |
| Expenses | | | | | | |
| Instructional services | 5,075,272 | - | 5,075,272 | 4,919,086 | - | 4,919,086 |
| Support services | 7,335,658 | 310,771 | 7,646,429 | 7,173,967 | 318,304 | 7,492,271 |
| Interest on long-term liabilities | 35,319 | - | 35,319 | 50,825 | - | 50,825 |
| Total expenses | 12,446,249 | 310,771 | 12,757,020 | 12,143,878 | 318,304 | 12,462,182 |
| Change in net position | 111,975 | (30,066) | 81,909 | 19,814 | (41,749) | (21,935) |
| Transfers | - | - | - | - | - | - |
| Net position - beginning | 1,878,282 | 75,506 | 1,953,788 | 1,858,468 | 117,255 | 1,975,723 |
| Net position (deficit) - ending | \$ 1,990,257 | \$ 45,440 | \$ 2,035,697 | \$ 1,878,282 | \$ 75,506 | \$ 1,953,788 |

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

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

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

Expenses for Fiscal Year June 30, 2019

Business-Type Activities

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

Total Enterprise Fund revenues fell behind expenses by \$30,066.

Charges for services represent \$241,342 of revenue. This represents the amount paid by patrons for daily food service and catering and child care.

Federal and state reimbursements for meals, including interest, payments for free and reduced lunches and donated commodities was \$38,119.

Governmental Activities

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

Table 3

| | Governmental Activities | | | |
|---|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
| | 2019 | | 2018 | |
| | Total Cost of <u>Services</u> | Net Cost of <u>Services</u> | Total Cost of <u>Services</u> | Net Cost of <u>Services</u> |
| Instruction | \$ 5,075,272 | \$ 4,857,373 | \$ 4,919,086 | \$ 4,623,638 |
| Support Services: | | | | |
| Pupils and Instructional Staff | 2,422,205 | 1,657,453 | 2,302,684 | 1,322,638 |
| General Administration, School Administration, Business Operation and Maintenance of Facilities | 4,453,725 | 4,453,725 | 4,591,202 | 4,591,202 |
| Pupil Transportation | 459,728 | 459,728 | 280,081 | 280,081 |
| Interest and Fiscal Charges | 35,319 | 35,319 | 50,825 | 50,825 |
| Total Expenses | \$ 12,446,249 | \$ 11,463,598 | \$ 12,143,878 | \$ 10,868,384 |

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

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

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

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

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

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

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

The School Board's Funds

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

As the School Board completed the fiscal year ended June 30, 2019, it reported a combined fund balance of \$1,383,580, which is an decrease of \$536,479. The Statement of Revenue Expenditures and Changes in Fund Balances of Governmental Funds, Exhibit B-2, presents the reader with a detailed explanation of the increase in fund balance for the fiscal year.

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2019.

| <u>Revenue</u> | <u>2019 Amount</u> | <u>Percent of Total</u> | <u>Increase/ (Decrease) from 2018</u> | <u>Percent of Increase/ (Decrease)</u> |
|-----------------|------------------------|-------------------------|---|--|
| Local Sources | \$ 10,452,190 | 86.35 % | \$ 205,528 | 2.01 % |
| State Sources | 1,367,397 | 11.30 | (184,388) | (11.88) |
| Federal Sources | <u>285,139</u> | <u>2.35</u> | <u>(80,106)</u> | <u>(21.93)</u> |
| Total | <u>\$ 12,104,726</u> | <u>100.00 %</u> | <u>\$ (58,966)</u> | <u>(0.48)%</u> |

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2019.

| <u>Expenditures</u> | <u>2019 Amount</u> | <u>Percent of Total</u> | <u>Increase/ (Decrease) from 2018</u> | <u>Percent of Increase/ (Decrease)</u> |
|-----------------------|------------------------|-------------------------|---|--|
| Current Expenditures: | | | | |
| Instruction | \$ 5,075,272 | 40.15 % | \$ 156,186 | 3.18 % |
| Undistributed | | | | |
| Expenditures | 7,233,929 | 57.22 | 718,462 | 11.03 |
| Capital Outlay | 165,060 | 1.31 | 42,506 | 34.68 |
| Debt Service: | | | | |
| Principal | 130,000 | 1.03 | - | - |
| Interest | <u>36,944</u> | <u>0.29</u> | <u>(4,610)</u> | <u>(11.09)</u> |
| Total | <u>\$ 12,641,205</u> | <u>100.00 %</u> | <u>\$ 912,544</u> | <u>7.78 %</u> |

General Fund Budgeting Highlights

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

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

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

The General Fund finished the fiscal year approximately \$143,283 better than had been budgeted in terms of expenditures. Revenue-wise, the General Fund fared about \$73,723 better than expected. Both these amounts have been adjusted for the non-budgeted amounts reflected in the comparison schedule for reimbursed TPAF social security contributions and on-behalf TPAF post-retirement medical contributions.

The General Fund has restricted a portion of its Fund Balance. The restricted Fund Balance items are as follows:

| | |
|---|------------|
| Excess Surplus - Designated for Subsequent Year | |
| Expenditures | \$ 350,948 |
| Capital Reserve | 41 |
| Maintenance Reserve | 442,459 |
| Emergency Reserve | 117,880 |
| Excess Surplus - Current Year | 220,076 |

These restricted reserves are regulated as to their use by the State of New Jersey. Therefore, the Board places funds in the reserves in combination with the future financial needs of the District.

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

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

The excesses will be carried forward into the beginning fund balance from the 2018-2019 fiscal year and will be used to reduce the local tax levy for the 2020-2021 fiscal year.

Capital Assets and Debt Administration

Capital Assets. At the end of the fiscal year June 30, 2019, the School Board had \$4,573,475 invested in land, buildings, and machinery and equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2019 and June 30, 2018

| | Governmental Activities | | Business-type Activities | | Total | |
|---------------------------|-------------------------|---------------------|--------------------------|-------------|---------------------|---------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Land | \$ 1,315,100 | \$ 1,315,100 | \$ - | \$ - | \$ 1,315,100 | \$ 1,315,100 |
| Construction in Progress | - | - | - | - | - | - |
| Building and Improvements | 2,908,322 | 3,049,674 | - | - | 2,908,322 | 3,049,674 |
| Machinery and Equipment | 350,053 | 322,630 | - | - | 350,053 | 322,630 |
| Total | \$ 4,573,475 | \$ 4,687,404 | \$ - | \$ - | \$ 4,573,475 | \$ 4,687,404 |

During the current fiscal year, \$102,223 of capital assets were capitalized as additions. Increases in capital assets were offset by depreciation expense for the year.

Debt Administration. The District's long-term liabilities are as follows for the governmental and business-type activities :

| | <u>June 30, 2019</u> | <u>June 30, 2018</u> |
|------------------------------------|----------------------------|----------------------------|
| Bonds Payable (net) | \$ 940,000 | \$ 1,504,153 |
| Capital Leases payable | 59,599 | 103,739 |
| Pension Liability-PERS | 2,401,217 | 2,647,812 |
| Compensated Absences payable | <u>401,036</u> | <u>575,476</u> |
| Total long-term liabilities | \$ <u>3,801,852</u> | \$ <u>4,831,180</u> |

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

Economic Factors and Next Year's Budget

For the 2018-2019 school year, the School Board was able to sustain its budget through the local tax levy, state education aid and local revenue sources. Approximately 13.65% of the School Board's revenue is from federal, state and local aid (restricted and not restricted), while 86.35% of total revenue is from local sources.

The \$(2,715,029) in unrestricted net position for all governmental activities represents the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's non-capital liabilities (compensated absences, etc.), the School Board would have that much in value.

The 2018-2019 budget was adopted in March 2018 based in part on the state education aid the School Board anticipated receiving. Due to the economic condition in the State of New Jersey funding from the State for the current year remained below the previous year. Any future increases based on the enrollment formula, originally formulated to allocate state education aid amongst school boards, will be minimal. Future decreases in local revenue and state education aid will place additional burden on the Borough of Oceanport for increased aid.

The School Board anticipates a slight decrease in enrollment for the 2019-2020 fiscal year. If the School Board were to experience a significant increase in enrollment with no appreciable increase in state aid for future budgets, the School Board will be faced with the following alternatives: (a) reduce programs and services, (b) increase local tax levy or (c) seek alternative sources of funding.

Contacting the School School Board's Financial Management

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

BASIC FINANCIAL STATEMENTS

OCEANPORT SCHOOL DISTRICT
Statement of Net Position
June 30, 2019

| | Governmental Activities | Business-type Activities | Total |
|---------------------------------------|------------------------------------|-------------------------------------|---------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 1,285,533 | \$ 54,870 | \$ 1,340,403 |
| Capital reserve cash | 41 | - | 41 |
| Interfund receivable | - | 4,026 | 4,026 |
| Receivables - state | 161,055 | 105 | 161,160 |
| Receivables - federal | 32,671 | 2,186 | 34,857 |
| Receivables- other | - | - | - |
| Inventory | - | 967 | 967 |
| Capital assets, non-depreciable | 1,315,100 | - | 1,315,100 |
| Capital assets, depreciable, net | 3,258,375 | - | 3,258,375 |
| Total assets | <u>6,052,775</u> | <u>62,154</u> | <u>6,114,929</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows - PERS | 843,878 | - | 843,878 |
| | <u>843,878</u> | <u>-</u> | <u>843,878</u> |
| LIABILITIES | | | |
| Accounts payable | - | 13,814 | 13,814 |
| Interfund payable | 45,711 | - | 45,711 |
| Other liabilities | 14,583 | - | 14,583 |
| Unearned revenue | 50,009 | 2,900 | 52,909 |
| Noncurrent liabilities: | | | |
| Due within one year | 167,599 | - | 167,599 |
| Due beyond one year | 3,634,253 | - | 3,634,253 |
| Total liabilities | <u>3,912,155</u> | <u>16,714</u> | <u>3,928,869</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows - PERS | 994,241 | - | 994,241 |
| | <u>994,241</u> | <u>-</u> | <u>994,241</u> |
| NET POSITION | | | |
| Net investment in capital assets | 3,573,876 | - | 3,573,876 |
| Restricted for: | | | |
| Capital projects | 41 | - | 41 |
| Debt service | 6 | - | 6 |
| Other purposes | 1,131,363 | - | 1,131,363 |
| Unrestricted | (2,715,029) | 45,440 | (2,669,589) |
| Total net positions | <u>\$ 1,990,257</u> | <u>\$ 45,440</u> | <u>\$ 2,035,697</u> |

OCEANPORT SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2019

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Positions | | |
|---|----------------------|----------------------|------------------------------------|----------------------------------|--|--------------------------|------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental activities: | | | | | | | |
| Current: | | | | | | | |
| Regular instruction | \$ 3,648,729 | \$ 217,899 | \$ - | \$ - | \$ (3,430,830) | \$ - | \$ (3,430,830) |
| Special education instruction | 1,223,531 | - | - | - | (1,223,531) | - | (1,223,531) |
| Other special instruction | 203,012 | - | - | - | (203,012) | - | (203,012) |
| Support services and undistributed costs: | | | | | | | |
| Instruction | 221,724 | - | - | - | (221,724) | - | (221,724) |
| Attendance and social work | 21,193 | - | - | - | (21,193) | - | (21,193) |
| Health services | 148,033 | - | - | - | (148,033) | - | (148,033) |
| Other support services | 1,101,563 | - | - | - | (1,101,563) | - | (1,101,563) |
| Educational media services | 155,932 | - | - | - | (155,932) | - | (155,932) |
| Instruction staff training | 9,008 | - | - | - | (9,008) | - | (9,008) |
| General administrative services | 301,641 | - | - | - | (301,641) | - | (301,641) |
| School administrative services | 380,218 | - | - | - | (380,218) | - | (380,218) |
| Central services | 183,975 | - | - | - | (183,975) | - | (183,975) |
| Admin. information technology | 4,748 | - | - | - | (4,748) | - | (4,748) |
| Allowed maintenance for school facilities | 432,884 | - | - | - | (432,884) | - | (432,884) |
| Other operation & maintenance of plant | 825,468 | - | - | - | (825,468) | - | (825,468) |
| Security | 93,329 | - | - | - | (93,329) | - | (93,329) |
| Student transportation services | 459,728 | - | - | - | (459,728) | - | (459,728) |
| Unallocated employee benefits | 2,231,462 | - | - | - | (2,231,462) | - | (2,231,462) |
| Non-budgeted expenditures | 764,752 | - | 764,752 | - | - | - | - |
| Interest expense | 35,319 | - | - | - | (35,319) | - | (35,319) |
| Total governmental activities | 12,446,249 | 217,899 | 764,752 | - | (11,463,598) | - | (11,463,598) |
| Business-type activities: | | | | | | | |
| Enterprise fund | 310,771 | 241,342 | 38,119 | - | - | (31,310) | (31,310) |
| Total business-type activities | 310,771 | 241,342 | 38,119 | - | - | (31,310) | (31,310) |
| Total primary government | \$ 12,757,020 | \$ 459,241 | \$ 802,871 | \$ - | \$ (11,463,598) | \$ (31,310) | \$ (11,494,908) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes levied for general purpose | | | | | \$ 10,056,401 | \$ - | \$ 10,056,401 |
| Taxes levied for debt service | | | | | 94,349 | - | 94,349 |
| Federal and state aid not restricted | | | | | 602,645 | - | 602,645 |
| Federal aid restricted | | | | | 285,139 | - | 285,139 |
| Miscellaneous income | | | | | 50,726 | - | 50,726 |
| Investment earnings | | | | | 32,815 | 1,244 | 34,059 |
| Transfer | | | | | - | - | - |
| Forgiveness of debt-CDL cancellation | | | | | 453,498 | - | 453,498 |
| Total general revenues | | | | | \$ 11,575,573 | \$ 1,244 | 11,576,817 |
| Change in net positions | | | | | 111,975 | (30,066) | 81,909 |
| Net position—beginning | | | | | 1,878,282 | 75,506 | 1,953,788 |
| Net position—ending | | | | | \$ 1,990,257 | \$ 45,440 | \$ 2,035,697 |

OCEANPORT SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2019

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|--|---------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 1,318,198 | \$ (32,671) | \$ - | \$ 6 | \$ 1,285,533 |
| Capital reserve | 41 | - | - | - | 41 |
| Interfund receivables | 92,024 | - | - | - | 92,024 |
| Receivables from federal | - | 32,671 | - | - | 32,671 |
| Receivables from state | 69,031 | - | 92,024 | - | 161,055 |
| Other - [tuition] | - | - | - | - | - |
| Total assets | 1,479,294 | - | 92,024 | 6 | 1,571,324 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | - | - | - | - | - |
| Other liabilities | - | - | - | - | - |
| Interfund payable | 45,711 | - | 92,024 | - | 137,735 |
| Payable to federal government | - | - | - | - | - |
| Payable to state government | - | - | - | - | - |
| Unearned revenue | 50,009 | - | - | - | 50,009 |
| Total liabilities | 95,720 | - | 92,024 | - | 187,744 |
| Fund Balances: | | | | | |
| Restricted for: | | | | | |
| Legally restricted -- designated for subsequent year's expenditures | - | - | - | - | - |
| Excess surplus - current year | 220,076 | - | - | - | 220,076 |
| Excess surplus - prior year- designated for Subsequent year's expenditures | 350,948 | - | - | - | 350,948 |
| Capital reserve account | 41 | - | - | - | 41 |
| Maintenance reserve account | 442,459 | - | - | - | 442,459 |
| Emergency reserve account | 117,880 | - | - | - | 117,880 |
| Debt services | - | - | - | 6 | 6 |
| Committed to: | | | | | |
| Debt Service Fund | - | - | - | - | - |
| Other purposes | - | - | - | - | - |
| Assigned to: | | | | | |
| Other purposes | - | - | - | - | - |
| Designated by the BOE for subsequent year's expenditures | - | - | - | - | - |
| Unassigned: | | | | | |
| General fund | 252,170 | - | - | - | 252,170 |
| Total fund balances | 1,383,574 | - | - | 6 | 1,383,580 |
| Total liabilities and fund balances | \$ 1,479,294 | \$ - | \$ 92,024 | \$ 6 | |

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

| | |
|--|---------------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$8,757,324 and the accumulated depreciation is \$4,183,848. | 4,573,475 |
| Deferred outflows related to the PERS pension plan | 843,878 |
| Deferred inflows related to the PERS pension plan | (994,241) |
| Accrued interest | (14,583) |
| 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. | (3,801,852) |
| Net position of governmental activities | \$ 1,990,257 |

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

| | General Fund | Special Revenue Fund | Debt Service Fund | Total Governmental Funds |
|--|----------------------|----------------------------|-------------------------|--------------------------------|
| REVENUES | | | | |
| Local sources: | | | | |
| Local tax levy | \$ 10,056,401 | \$ - | \$ 94,349 | \$ 10,150,750 |
| Tuition charges | 217,899 | - | - | 217,899 |
| Interest on investments | 26,195 | - | - | 26,195 |
| Interest earned on reserve funds | 6,620 | - | - | 6,620 |
| Transportation fees | 6,150 | - | - | 6,150 |
| Rents and royalties | 18,550 | - | - | 18,550 |
| Miscellaneous | 9,132 | 16,894 | - | 26,026 |
| Total - local sources | 10,340,947 | 16,894 | 94,349 | 10,452,190 |
| State sources | 1,310,634 | - | 56,763 | 1,367,397 |
| Federal sources | - | 285,139 | - | 285,139 |
| Total revenues | <u>\$ 11,651,581</u> | <u>\$ 302,033</u> | <u>\$ 151,112</u> | <u>\$ 12,104,726</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Regular instruction | \$ 3,421,925 | \$ 226,804 | \$ - | \$ 3,648,729 |
| Special education instruction | 1,223,531 | - | - | 1,223,531 |
| Other special instruction | 97,082 | - | - | 97,082 |
| School sponsored/other instructional | 105,930 | - | - | 105,930 |
| Undistributed - current: | | | | |
| Instruction | 221,724 | - | - | 221,724 |
| Bilingual education | 21,193 | - | - | 21,193 |
| Health services | 148,033 | - | - | 148,033 |
| Other support services | 1,026,334 | 75,229 | - | 1,101,563 |
| Educational media services | 155,932 | - | - | 155,932 |
| Instruction staff training | 9,008 | - | - | 9,008 |
| General administrative services | 301,641 | - | - | 301,641 |
| School administrative services | 380,218 | - | - | 380,218 |
| Central services | 183,975 | - | - | 183,975 |
| Admin. info. technology | 4,748 | - | - | 4,748 |
| Allowed maintenance for school facilities | 414,187 | - | - | 414,187 |
| Other operation & maintenance of plant | 609,316 | - | - | 609,316 |
| Security | 93,329 | - | - | 93,329 |
| Student transportation services | 459,728 | - | - | 459,728 |
| Unallocated employee benefits | 2,364,582 | - | - | 2,364,582 |
| Non-budgeted expenditures | 764,752 | - | - | 764,752 |
| Debt service: | | | | |
| Principal | - | - | 130,000 | 130,000 |
| Interest and other charges | - | - | 36,944 | 36,944 |
| Capital outlay | 165,060 | - | - | 165,060 |
| Total expenditures | <u>12,172,228</u> | <u>302,033</u> | <u>166,944</u> | <u>12,641,205</u> |
| Excess (deficiency) of revenues over expenditures | <u>(520,647)</u> | <u>-</u> | <u>(15,832)</u> | <u>(536,479)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Capital leases-non budgeted | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources and uses | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | (520,647) | - | (15,832) | (536,479) |
| Fund balance—July 1 | 1,904,221 | - | 15,838 | 1,920,059 |
| Fund balance—June 30 | <u>\$ 1,383,574</u> | <u>\$ -</u> | <u>\$ 6</u> | <u>\$ 1,383,580</u> |

**OCEANPORT SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2019**

| | | |
|--|----------------|-----------------------|
| Total net change in fund balances - governmental funds (from B-2) | \$ | (536,479) |
| <p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> | | |
| <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p> | | |
| Depreciation expense | (216,152) | |
| Capital outlays | <u>102,223</u> | (113,929) |
| <p>In the Statement of Activities, the PERS pension expense is the amount paid plus net change in the Deferred Outflows, Deferred Inflows and pension liability as reported by the State of New Jersey</p> | | |
| | | (41,320) |
| <p>In the statement of activities, interest expense is recorded when paid.</p> | | |
| <p>In the governmental funds, the interest is expensed when due and shown as payable at year end.</p> | | |
| | | 1,625 |
| <p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p> | | |
| | | 130,000 |
| <p>Forgiveness of CDL principal and interest in the governmental funds, but repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities</p> | | |
| | | 453,498 |
| <p>In the Statement of Activities, the principal payments on capital leases are recorded as a reduction in the long-term liability.</p> | | |
| <p>In the governmental funds, the payments is an expenditure. (Amount is net of payments included in capital outlay)</p> | | |
| | | 44,140 |
| <p>In the statement of activities, certain operating expenses, e.g., compensated absences (sick leave) and special termination benefits (early retirement incentive) are measured earned during the year. In the governmental funds, however, expenditures for these items are reported by the amounts in the amount of financial resources used, essentially, the amounts actually paid. This year, sick leave was decreased.</p> | | |
| | | <u>174,440</u> |
| Change in net position of governmental activities | \$ | <u>111,975</u> |

OCEANPORT SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2019

| | Business-type Activities - Enterprise Fund |
|------------------------------------|---|
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 54,870 |
| Interfund receivable | 4,026 |
| Receivable from state | 105 |
| Receivable from other governments | 2,186 |
| Other receivables | - |
| Inventory | 967 |
| Total current assets | 62,154 |
| Noncurrent assets: | |
| Furniture, machinery and equipment | 228,723 |
| Less accumulated depreciation | (228,723) |
| Total noncurrent assets | - |
| Total assets | 62,154 |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | 13,814 |
| Unearned revenue | 2,900 |
| Interfund payable | - |
| Total current liabilities | 16,714 |
| NET POSITION | |
| Investment in capital assets | - |
| Unrestricted | 45,440 |
| Total net position | 45,440 |
| Total liabilities and net position | \$ 62,154 |

OCEANPORT SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Positions
Proprietary Funds
For the Year Ended June 30, 2019

| | Business-type Activities - Enterprise Fund |
|---|---|
| Operating revenues: | |
| Daily Sales Reimbursable Programs | \$ 74,190 |
| Tuition | 115,492 |
| School Lunch | 51,660 |
| Miscellaneous | - |
| Total operating revenues | 241,342 |
| | |
| Operating expenses: | |
| Salaries | 163,363 |
| Employee Benefits | 23,878 |
| Other purchased services | 43,119 |
| Supplies and materials | 29,390 |
| Depreciation | - |
| Cost of sales - reimbursable programs | 39,076 |
| Cost of sales - non-reimbursable programs | 11,945 |
| Total operating expenses | 310,771 |
| Operating income | (69,429) |
| | |
| Non-operating revenues (expenses): | |
| State sources: | |
| State school lunch program | 1,307 |
| Federal sources: | |
| National school lunch program | 26,049 |
| National school lunch program-PB | 1,531 |
| Food distribution program | 9,232 |
| Interest and investment revenue | 1,244 |
| Total non-operating revenues (expenses) | 39,363 |
| Change in net position | (30,066) |
| | |
| Transfer from General Fund | - |
| | |
| Total net position—beginning | 75,506 |
| Total net position—ending | \$ 45,440 |

OCEANPORT SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

| | | <u>Business-type Activities - Enterprise Funds</u> |
|--|----|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | \$ | 241,919 |
| Payments to employees | | (163,363) |
| Payments for employee benefits | | (23,878) |
| Payments to suppliers | | (100,753) |
| Net cash provided by (used in) operating activities | | <u>(46,075)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| State sources | | 1,202 |
| Federal sources | | 27,014 |
| Transfers | | - |
| Interest income | | 1,244 |
| Net cash provided by (used in) non-capital financing activities | | <u>29,460</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Due from general fund | | (4,026) |
| Net cash provided by (used for) financing activities | | <u>(4,026)</u> |
| Net increase (decrease) in cash and cash equivalents | | (20,641) |
| Balances—beginning of year | | 75,511 |
| Balances—end of year | \$ | <u><u>54,870</u></u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | |
| Operating income (loss) | \$ | (69,429) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | |
| Depreciation | | - |
| Federal commodities | | 9,232 |
| Increase (decrease) in accounts receivable, net | | - |
| Increase (decrease) in inventories | | 1,746 |
| (Increase) decrease in accounts payable | | 11,799 |
| Increase (decrease) in interfund payable | | - |
| (Increase) decrease in unearned revenue | | 577 |
| Total adjustments | | <u>23,354</u> |
| Net cash provided by (used in) operating activities | \$ | <u><u>(46,075)</u></u> |

**OCEANPORT SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019**

| | <u>Unemployment Compensation Trust</u> | <u>Agency Fund</u> | <u>Total</u> |
|---|--|------------------------|-------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 150,231 | \$ 77,446 | \$ 227,677 |
| Interfund receivable | - | 41,685 | 41,685 |
| Total assets | <u>150,231</u> | <u>119,131</u> | <u>269,362</u> |
| LIABILITIES | | | |
| Payroll deductions and withholdings | - | 53,120 | 53,120 |
| Payable to student groups | - | 66,011 | 66,011 |
| Total liabilities | <u>-</u> | <u>119,131</u> | <u>119,131</u> |
| NET POSITION | | | |
| Held in trust for unemployment claims and other purposes | <u>150,231</u> | <u>-</u> | <u>150,231</u> |
| Total net position | <u>150,231</u> | <u>-</u> | <u>150,231</u> |
| Total liabilities and net position | <u>\$ 150,231</u> | <u>\$ 119,131</u> | <u>\$ 269,362</u> |

OCEANPORT SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2019

| | Unemployment Compensation Trust |
|---|--|
| ADDITIONS | |
| Contributions: | |
| Plan member | \$ 27,459 |
| Other | - |
| Total contributions | 27,459 |
| Investment earnings: | |
| Net increase (decrease) in fair value of investments | - |
| Interest | 2,126 |
| Dividends | - |
| Less investment expense | - |
| Net investment earnings | 2,126 |
| Total additions | 29,585 |
| DEDUCTIONS | |
| Quarterly contribution reports | - |
| Unemployment claims | 13,087 |
| Scholarships awarded | - |
| Refunds of contributions | - |
| Administrative expenses | - |
| Total deductions | 13,087 |
| Change in net position | 16,498 |
| Net position—beginning of the year | 133,733 |
| Net position—end of the year | \$ 150,231 |

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

1. Summary of Significant Accounting Policies

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

A. Reporting Entity:

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

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

B. Basis of Presentation

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

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

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

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

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

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

Basis of Presentation (Cont'd):

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

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

The District reports the following governmental funds:

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

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

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

Oceanport School District
Notes to Financial Statements
For the Year Ended June 30, 2019

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

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

Basis of Presentation (Cont'd):

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

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

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

The District reports the following proprietary fund:

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

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

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

| | |
|-----------|------------|
| Equipment | 5-20 Years |
|-----------|------------|

Additionally, the District reports the following fund type:

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

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

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

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

Basis of Accounting:

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

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

Governmental Fund Financial Statements: Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgment's, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital releases are reported as other financing sources.

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

C. Property Taxes

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

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are not voted upon in the annual school election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C 6A:23:23-16.2(f).

All budget amendments/transfers must be approved by School Board resolution. Budget amendments during the year ended June 30, 2019 were insignificant.

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

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

E. Encumbrances

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

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

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

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

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

F. Cash, Cash Equivalents and Investments

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

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

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

G. Tuition Receivable

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

H. Tuition Payable

Tuition charges for the fiscal year 2018-2019 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

I. Inventories and Prepaid Expenses

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

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

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

J. Short-Term Interfund Receivables/Payables

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

K. Capital Assets

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

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

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

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

L. Compensated Absences

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

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

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

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

L. Compensated Absences (Cont'd)

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

M. Unearned Revenue

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

N. Accrued Liabilities and Long-Term Obligations

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

O. Deferred Outflows/Inflows of Resources

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

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

P. Net Position

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

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

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

Q. Fund Balance Reserve

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

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

R. Revenues - Exchange and Non-exchange Transactions

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

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

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

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

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

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

S. Operating Revenues and Expenses

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

T. Management Estimates

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

2. Cash and Cash Equivalents and Investments

Operating cash, in the form of Negotiable Order of Withdrawal ("NOW") accounts, is held in the District's name by a commercial banking institution. At June 30, 2019, the carrying amount of the District's deposits was \$1,568,121 and the bank balance was \$2,112,041. Of the bank balance, \$250,000 was insured with Federal Deposit Insurance.

Pursuant to Government Accounting Standards, the District's NOW accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2019, all of the District's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The District does not have a policy for custodial credit risk.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

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

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

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

3. Investments

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

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

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

4. Capital Reserve Account

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

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

4. Capital Reserve Account (Cont'd)

Funds placed in the capital reserve account are restricted to capital projects in the District's Long Range Facilities Plan, ("LRFP"). Upon submission of the LRFP to the department, a district may deposit funds by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the Capital Reserve for the July 01, 2018 to June 30, 2019 fiscal year is as follows:

| | | |
|---------------------------|----|------------------|
| Balance, July 01, 2018 | \$ | 40 |
| Interest Earned | | 1 |
| Board Contribution | | - |
| Withdrawals | | <u>-</u> |
| Balance, at June 30, 2019 | \$ | <u><u>41</u></u> |

There were no withdrawals from the capital reserve for DOE approved facilities projects in 2019.

5. Maintenance Reserve Account

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

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

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

5. Maintenance Reserve Account (Cont'd)

The balance in the maintenance reserve does not exceed four percent of the replacement cost of the school district's school facilities for the current year at June 30, 2019.

The activity of the Maintenance Reserve for the July 01, 2018 to June 30, 2019 fiscal year is as follows:

| | | |
|---------------------------|----|-----------------------|
| Balance, July 01, 2018 | \$ | 657,528 |
| Interest earned | | 4,931 |
| Increase per resolution | | - |
| Withdrawals/use in budget | | <u>(220,000)</u> |
| Balance, at June 30, 2019 | \$ | <u><u>442,459</u></u> |

6. Emergency Reserve Account

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

The activity of the Emergency Reserve for the July 01, 2018 to June 30, 2019 fiscal year is as follows:

| | | |
|---------------------------|----|-----------------------|
| Balance, July 01, 2018 | \$ | 225,000 |
| Board Contribution | | - |
| Interest | | 1,688 |
| Withdrawals | | <u>(108,808)</u> |
| Balance, at June 30, 2019 | \$ | <u><u>117,880</u></u> |

7. Receivables

Receivables at June 30, 2019, consisted of accounts (rent and tuition), accrued interest, interfund, intergovernmental, and property taxes. All receivables are considered collectible in full. A summary of the principal items of governmental receivables follow on the next page.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

7. Receivables (Cont'd)

| | Governmental Fund Financial Statements | District-Wide Financial Statements |
|-----------------------------|--|--|
| State Aid | \$ 161,055 | \$ 161,160 |
| Federal Aid | 32,671 | 34,857 |
| Interfunds | <u>92,024</u> | <u>4,026</u> |
| Gross Receivables | 285,750 | 200,043 |
| Allowance for Uncollectible | - | - |
| Total Receivables, Net | <u>\$ 285,750</u> | <u>\$ 200,043</u> |

8. Capital Assets

Capital Assets consisted of the following at June 30, 2019.

| | Beginning Balance | Additions | Retirements | Ending Balance |
|---|----------------------|------------------|-------------|---------------------|
| Governmental Activities: | | | | |
| Capital Assets Not Being Depreciated | | | | |
| Land | \$ 1,315,100 | - | - | \$ 1,315,100 |
| Construction in Progress | - | - | - | - |
| Total Capital Assets Not Being Depreciated | <u>1,315,100</u> | - | - | <u>1,315,100</u> |
| Capital Assets Being Depreciated | | | | |
| Building and Building Improvements | 6,446,607 | - | - | 6,446,607 |
| Machinery and Equipment | <u>893,394</u> | <u>102,223</u> | - | <u>995,617</u> |
| Totals at Historical Cost | <u>7,340,001</u> | <u>102,223</u> | - | <u>7,442,224</u> |
| Less Accumulated Depreciation for: | | | | |
| Site Improvements | - | - | - | - |
| Building and Building Improvements | (3,396,933) | (141,352) | - | (3,538,285) |
| Machinery and Equipment | <u>(570,764)</u> | <u>(74,800)</u> | - | <u>(645,564)</u> |
| Total Accumulated Depreciation | <u>(3,967,697)</u> | <u>(216,152)</u> | - | <u>(4,183,849)</u> |
| Total Capital Assets Being Depreciated, Net of Accumulated Depreciation | <u>3,372,304</u> | <u>(113,929)</u> | - | <u>3,258,375</u> |
| Government Activity Capital Assets, Net | <u>\$ 4,687,404</u> | <u>(113,929)</u> | - | <u>\$ 4,573,475</u> |
| Business-Type Activities: | | | | |
| Capital Assets Being Depreciated: | | | | |
| Equipment | 228,723 | - | - | 228,723 |
| Less: Accumulated Depreciation | <u>(228,723)</u> | - | - | <u>(228,723)</u> |
| Enterprise Fund Capital Assets, Net | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|----------------------------|-------------------|
| Operations and maintenance | \$ <u>216,152</u> |
| Total depreciation expense | \$ <u>216,152</u> |

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

9. Non-current Liabilities

During the fiscal year ended June 30, 2019 the following changes occurred in the non-current liabilities:

| | Balance <u>July 01, 2018</u> | Increase/ <u>(Decrease)</u> | Balance <u>June 30, 2019</u> | Due within <u>one year</u> |
|------------------------------|---------------------------------|--------------------------------|---------------------------------|-------------------------------|
| Bonds payable | \$ 1,070,000 | (130,000) | 940,000 | \$ 130,000 |
| Community Development Loan | 434,153 | (434,153) | - | - |
| Capital leases | 103,739 | (44,140) | 59,599 | 37,599 |
| Compensated absences payable | 575,476 | (174,440) | 401,036 | - |
| Pension liability - PERS | <u>2,674,812</u> | <u>(273,595)</u> | <u>2,401,217</u> | - |
| | <u>\$ 4,858,180</u> | <u>(1,056,328)</u> | <u>3,801,852</u> | <u>\$ 167,599</u> |

For governmental activities, the bonds payable are liquidated from the School District's debt service fund. Capital leases compensated absences payable, and pension liability - PERS are liquidated by the general fund.

a. Bonds Payable

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

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

| Year ended June 30 | Principal | Interest | Total |
|-----------------------|-------------------|-------------------|---------------------|
| 2020 | \$ 130,000 | \$ 33,050 | \$ 163,050 |
| 2021 | 130,000 | 29,150 | 159,150 |
| 2022 | 135,000 | 24,500 | 159,500 |
| 2023 | 135,000 | 19,100 | 154,100 |
| 2024 | 135,000 | 13,700 | 148,700 |
| 2025-2026 | <u>275,000</u> | <u>11,100</u> | <u>286,100</u> |
| | <u>\$ 940,000</u> | <u>\$ 130,600</u> | <u>\$ 1,070,600</u> |

The bonds, issued in October 2016 for \$1,120,000, were used for the alterations and renovations of the Maple Place and Wolf Hill schools.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

9. Non-current Liabilities (cont'd)

b. Bonds Authorized But Not Issued

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

c. Capital Leases:

The District is leasing equipment under various capital leases. The following is a schedule of the remaining future minimum lease payments under the capital lease and the present value of the net minimum lease payments at June 30, 2019:

| | |
|-------------------------------------|------------------|
| Year ended June 30, | |
| 2020 | \$ 39,456 |
| 2021 | 22,550 |
| 2021 | - |
| Total minimum lease payments | <u>62,006</u> |
| Less: amounts representing interest | <u>(2,407)</u> |
| Present value of lease payments | <u>\$ 59,599</u> |

Amortization of the leased equipment under capital assets is included with depreciation expense.

10. FEMA Community Disaster Loan (CDL)

The school district applied for and received a CDL in response to the devastating effects on the property tax ratable base of the municipality due to Superstorm Sandy in October 2012. The district was approved for \$876,989 total loan and chose to withdraw \$434,153 as a reduction of the tax levy assessed for the 2013-2014 school year. The amount of principal and interest accrued through June 30, 2018 was \$434,153. The school district applied for and received cancellation from FEMA for the CDL loan in its entirety on July 23, 2018. The liability has been removed and the cancellation of debt income was recorded for the entire amount due of \$434,153.

11. Pension Plans

A. 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). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/financial-reports.shtml.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

11. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

Plan Description (cont'd) - 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.

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 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years 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.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

11. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

Contributions - 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 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.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2019, the School District reported a liability of \$2,401,217 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedure to roll forward the total pension liability from an actuarial valuation as of July 1, 2017, to the measurement date of June 30, 2018. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The School District's proportion measured as of June 30, 2018, was .0121954172%, which was an increase of .0008208734% from its proportion measured as of June 30, 2017.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

11. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

For the year ended June 30, 2019, the School District recognized full accrual pension expense of \$283,930 in the government-wide financial statements consisting of employer contributions of \$121,305 and non-employer contributions of \$162,625. This pension expense was based on the pension plans June 30, 2018 measurement date. At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | Deferred Outflows of <u>Resources</u> | Deferred Inflows of <u>Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 45,792 | \$ 12,381 |
| Changes of assumptions | 395,681 | 767,781 |
| Net difference between projected and actual earnings on pension plan investments | - | 22,524 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 280,864 | 191,555 |
| District contributions subsequent to the measurement date | <u>121,541</u> | <u>-</u> |
| Total | <u>\$ 843,878</u> | <u>\$ 994,241</u> |

\$121,541 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2018-2019 total salaries for PERS employees multiplied by an employer contribution rate. The payable is due on April 1, 2020 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|---------------------|---------------------|
| 2019 | \$ 12,545 |
| 2020 | (17,369) |
| 2021 | (124,549) |
| 2022 | (107,961) |
| 2023 | (34,570) |
| Thereafter | - |
| Total | <u>\$ (271,904)</u> |

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

11. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between Expected and Actual Experience | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | - | - |
| June 30, 2015 | 5.72 | - |
| June 30, 2016 | 5.57 | - |
| June 30, 2017 | 5.48 | - |
| June 30, 2018 | - | 5.63 |
| Changes of Assumptions | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | 6.44 | - |
| June 30, 2015 | 5.72 | - |
| June 30, 2016 | 5.57 | - |
| June 30, 2017 | - | 5.48 |
| June 30, 2018 | - | 5.63 |
| Net Difference between projected and Actual Earnings on Pension Plan Investments | | |
| year of Pension Plan Deferral: | | |
| June 30, 2014 | 5.00 | 5.00 |
| June 30, 2015 | 5.00 | 5.00 |
| June 30, 2016 | 5.00 | 5.00 |
| June 30, 2017 | 5.00 | 5.00 |
| June 30, 2018 | 5.00 | 5.00 |

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.63, 5.48, 5.57, 5.72 and 6.44 years for the 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

11. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

Actuarial Assumptions - 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 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. 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 (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 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.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranged of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

11. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

| <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 % |
| Public High Yield | 2.50 % | 6.82 % |
| Global Diversified Credit | 5.00 % | 7.10 % |
| Credit Oriented Hedge Funds | 1.00 % | 6.60 % |
| Debt Related Private Equity | 2.00 % | 10.63 % |
| Debt Related Real Estate | 1.00 % | 6.61 % |
| Private Real Asset | 2.50 % | 11.83 % |
| Equity Related Real Estate | 6.25 % | 9.23 % |
| U.S. Equity | 30.00 % | 8.19 % |
| Non-U.S. Developed Markets Equity | 11.50 % | 9.00 % |
| Emerging Markets Equity | 6.50 % | 11.64 % |
| Buyouts/Venture Capital | 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 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. State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

11. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

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

The following presents the collective net pension liability of the participating employers as of June 30, 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:

| | 1% Decrease (4.66%) | Current Discount Rate (5.66%) | 1% Increase (6.66%) |
|---|---------------------------|-------------------------------------|---------------------------|
| District's proportionate share of the net pension liability | 3,019,254 | 2,401,217 | 1,882,724 |

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2019 and 2018:

| | <u>6/30/19</u> | <u>6/30/18</u> |
|---|-----------------|----------------|
| Collective Deferred Outflows of Resources | (2,961,883,924) | 723,829,861 |
| Collective Deferred Inflows of Resources | - | - |
| Collective Net Pension Liability | 19,689,501,539 | 23,278,401,588 |
| School District's Portion | .0121954172% | .0113745438% |

B. Teachers' Pension and Annuity (TPAF)

Plan Description - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit plan with a special-funding situation, by which a State of New Jersey (the State) is responsible to fund 100% of the employer contributions, 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). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/financial-reports.shtml.

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, members' beneficiaries are entitled to full interest credited to the members' accounts.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

11. Pension Plans (cont'd)

B. Teachers' Pension and Annuity (TPAF) (cont'd)

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 |

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 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years 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.

Contributions - 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 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.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A. 18A:66-33*. Therefore, the School District is 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 School District does 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 School District.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

11. Pension Plans (cont'd)

B. Teachers' Pension and Annuity (TPAF) (cont'd)

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2018 was \$28,929,104. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2018, the State proportionate share of the TPAF net pension liability attributable to the School District was .0454732493000%, which was an increase of .0004249650% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the State of New Jersey recognized a pension expense in the amount of \$895,276 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2018 measurement date.

Actuarial Assumptions - 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 assumptions, applied to all periods in the measurement:

| | |
|---------------------------|----------------------------|
| Inflation Rate | 2.25% |
| Salary Increases: | |
| 2012-2021 | Varies Based on Experience |
| Thereafter | Varies Based on Experience |
| Investment Rate of Return | 7.00% |

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

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

11. Pension Plans (cont'd)

B. Teachers' Pension and Annuity (TPAF) (cont'd)

Long-term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranged of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in 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 % |
| Public High Yield | 2.50 % | 6.82 % |
| Global Diversified Credit | 5.00 % | 7.10 % |
| Credit Oriented Hedge Funds | 1.00 % | 6.60 % |
| Debt Related Private Equity | 2.00 % | 10.63 % |
| Debt Related Real Estate | 1.00 % | 6.61 % |
| Private Real Asset | 2.50 % | 11.83 % |
| Equity Related Real Estate | 6.25 % | 9.23 % |
| U.S. Equity | 30.00 % | 8.19 % |
| Non-U.S. Developed Markets Equity | 11.50 % | 9.00 % |
| Emerging Markets Equity | 6.50 % | 11.64 % |
| Buyouts/Venture Capital | 8.25 % | 13.08 % |

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

11. Pension Plans (cont'd)

B. Teachers' Pension and Annuity (TPAF) (cont'd)

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 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. State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the 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:

| | 1% Decrease (3.86%) | Current Discount Rate (4.86%) | 1% Increase (5.86%) |
|--|---------------------------|-------------------------------------|---------------------------|
| State's proportionate share of the net pension liability | 34,294,967 | 28,929,104 | 24,637,708 |

Pension Plan Fiduciary Net Position - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

12. Post-Retirement Benefits

General Information about the OPEB Plan

Plan description and benefits provided

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

The State is also responsible for the cost attributable to P.L. 1992, c.126 which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service.
(GASB Cod. Sec. 2300.106(g))

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

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

Employees covered by benefit terms

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

| | |
|---|-----------------------|
| Inactive plan members or beneficiaries currently receiving benefit payments | 145,050 |
| Active plan members | <u>217,131</u> |
| Total | <u><u>362,181</u></u> |

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

12. Post-Retirement Benefits (cont'd)

Total Nonemployer 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 returned PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB 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. Note that actual numbers will be published in the NJ State's CAFR (<https://www.nj.gov/treasury/omb/publications/archives.shtml>).

Actuarial assumptions and other 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 | 2.5% |
| Salary Increases through 2026 | PERS 2.15%-4.15% PFRS 2.1%-8.98% TPAF 1.55%-4.55% |
| Salary Increases after 2026 | PERS 3.15%-5.15% PFRS 3.1%-9.98% TPAF 2.0%-5.45% |
| Discount Rate | 3.58% |
| Healthcare Cost Trend Rates | 4.5%-5.9% |
| Retirees' Share of Benefit Related Costs | 1.5% of projected health insurance premiums for retirees |

Preretirement mortality rates were based on the RP-2014 Headcount-weighted Healthy Employee Male/Female Mortality Table with Fully Generational Mortality Improvement projections from the central year using Scale MP-2017. Postretirement mortality rates were based on the RP-2014 Headcount-weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. The disabled mortality was based on the RP-2014 Headcount-weighted Male/Female mortality table with fully generational improvement projects 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 an actuarial experience study for PERS-June 30, 2014; TPAF-June 30, 2015 and PFRS-June 30, 2013.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

12. Post-Retirement Benefits (cont'd)

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

| | |
|---|--------------------------|
| Balance at June 30, 2017 | \$ 53,639,841,858 |
| Changes for the year: | |
| Service cost | 1,984,642,729 |
| Interest on the total OPEB liability | 1,970,236,232 |
| Differences between expected and actual experiences | (5,002,065,740) |
| Changes in assumptions | (5,291,448,855) |
| Gross benefit payments by the state | (1,232,987,247) |
| Contributions from members | <u>42,614,005</u> |
| Net changes | <u>(7,529,008,876)</u> |
| Balance at June 30, 2018 | <u>\$ 46,110,832,982</u> |

Discount rate

The discount rate was 3.58% percent in 2017 and 3.87% percent in 2018. This represents the municipal bond rate chosen by the State of New Jersey Division of Pension and Benefits. 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.

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

The following presents the June 30, 2018 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the school district 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%) | Current Discount Rate (3.87%) | 1% Increase (4.87%) |
|---|---------------------------|-------------------------------------|---------------------------|
| Total OPEB Liability of the State for School Retirees | \$54,512,391,175 | \$46,110,832,982 | \$39,432,461,816 |
| Total OPEB Liability of the State Associated with the School District for School Retirees | \$31,101,941 | \$26,308,447 | \$22,498,116 |

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount is 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long term rate after eight years.

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

12. Post-Retirement Benefits (cont'd)

Health Care Trend Assumptions (cont'd)

For prescription drug benefits, the initial trend rate is 8.0% and decreases to 5.0% long term rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Sensitivity of the total OPEB liability to changes in the health care cost trend rates

The following presents the June 30, 2017 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the school district calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

| | 1% Decrease | Trend Rate | 1% Increase |
|---|------------------|------------------|------------------|
| Total OPEB Liability of the State for School Retirees | \$38,113,289,045 | \$46,110,832,982 | \$56,687,981,003 |
| Total OPEB Liability of the State Associated with the School District for School Retirees | \$21,745,463 | \$26,308,447 | \$32,343,168 |

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

For the year ended June 30, 2019, the board of education recognized OPEB expense of \$406,096 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

In accordance with GASB 75, the Oceanport School District's 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 of resources. At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

12. Post-Retirement Benefits (cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (cont'd)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ - | \$ (4,476,086,167) |
| Changes of assumptions | \$ - | \$(10,335,978,867) |
| Contributions made in fiscal year ending 2019 after June 30, 2018 measurement date | - | - |
| Total | <u>\$ -</u> | <u>\$(14,812,065,034)</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: | |
|---------------------|----------------------------|
| 2019 | \$ (1,825,218,593) |
| 2020 | (1,825,218,593) |
| 2021 | (1,825,218,593) |
| 2022 | (1,825,218,593) |
| 2023 | (1,825,218,593) |
| Thereafter | <u>(5,685,972,069)</u> |
| Total | <u>\$ (14,812,065,034)</u> |

13. Compensated Absences

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

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

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

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

14. Deferred Compensation

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

Prudential

15. Risk Management

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

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

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

| District Financial Year | Employee Contributions | Interest | Amount Reimbursed | Ending Balance |
|-------------------------|------------------------|----------|-------------------|----------------|
| 2018-2019 | \$ 27,459 | \$ 2,126 | \$ (13,087) | \$ 150,231 |
| 2017-2018 | - | 1,571 | (12,486) | 133,733 |
| 2016-2017 | - | 640 | (1,804) | 144,348 |

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

16. Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at June 30, 2019:

| | Interfund Receivable | Interfund Payable |
|-----------------------|-------------------------|----------------------|
| General Fund | \$ 92,024 | \$ 45,711 |
| Special Revenue Fund | - | - |
| Capital Projects Fund | - | 92,024 |
| Debt Service Fund | - | - |
| Enterprise Fund | 4,026 | - |
| Trust and Agency Fund | 41,685 | - |
| | <u>\$ 137,735</u> | <u>\$ 137,735</u> |

The Capital Projects Fund owes the General Fund for cash advances during the fiscal year.

The General Fund owes the Enterprise Fund for cash collected but not transferred by year end.

The General Fund owes the Agency Fund for timing differences in cash transfers.

17. Inventory

Inventory in the Food Service Fund at June 30, 2019 consisted of the following:

| | |
|----------|---------------|
| Food | \$ 439 |
| Supplies | <u>528</u> |
| | <u>\$ 967</u> |

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

18. Contingent Liabilities

Grant Programs

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

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

Oceanport School District

Notes to Financial Statements

For the Year Ended June 30, 2019

19. Fund Balances

General Fund - Of the \$1,383,574 General Fund balance at June 30, 2019, \$- of encumbrances is assigned to other purposes, \$41 is restricted for capital reserve, \$442,459 is restricted for maintenance reserve, \$117,880 is restricted for the emergency reserve, \$350,948 is restricted for excess surplus for subsequent year expenditures, \$- has been classified as assigned fund balance designated for subsequent year expenditures, \$220,076 is restricted for excess surplus and \$252,170 is unassigned.

20. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2019 is \$220,076. The excess fund balance at June 30, 2018 was \$350,948.

21. Uncertain Tax Positions

The school district had no unrecognized tax benefits at June 30, 2019. The school district files tax returns in the U.S. federal jurisdiction and various states. The school district has no open year prior to June 30, 2016.

22. Subsequent Events

Management has evaluated subsequent events through November 12, 2019, the date the financial statements were available to be issued.

23. Tax Abatement

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

23. Economic Dependency

Economic Dependency - The School 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, could have an effect on the School District's programs and activities.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

OCEANPORT SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2019

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|-------------------|------------------|-------------------|-------------------|--------------------------|
| REVENUES: | | | | | |
| Local sources: | | | | | |
| Local tax levy | \$ 10,056,401 | \$ - | \$ 10,056,401 | \$ 10,056,401 | \$ - |
| Tuition - non-residents | 47,464 | - | 47,464 | 36,084 | (11,380) |
| Tuition -LEAS | 39,609 | - | 39,609 | 27,227 | (12,382) |
| Tuition - Pre-K | 100,800 | - | 100,800 | 154,588 | 53,788 |
| Interest | - | - | - | 26,195 | 26,195 |
| Interest earned on current expense emergency reserve | 5 | (5) | - | 1,688 | 1,688 |
| Interest earned on maintenance reserve | 10 | (10) | - | 4,931 | 4,931 |
| Interest earned on capital reserve funds | 1 | - | 1 | 1 | - |
| Transportation fees | - | 4,000 | 4,000 | 6,150 | 2,150 |
| Rents and royalties | 15,105 | (4,000) | 11,105 | 18,550 | 7,445 |
| Miscellaneous | 6,000 | - | 6,000 | 9,132 | 3,132 |
| Total - local sources | 10,265,395 | (15) | 10,265,380 | 10,340,947 | 75,567 |
| State sources: | | | | | |
| Transportation aid | 92,108 | - | 92,108 | 92,108 | - |
| Special education aid | 360,177 | - | 360,177 | 360,177 | - |
| Extraordinary aid | - | 52,749 | 52,749 | 43,208 | (9,541) |
| Non-public transportation | - | - | - | 7,697 | 7,697 |
| Categorical security | 20,253 | - | 20,253 | 20,253 | - |
| Adjustment aid | 34,358 | (8,808) | 25,550 | 25,550 | - |
| TPAF-LTDI (on-behalf - Non-budgeted) | - | - | - | 542 | 542 |
| TPAF - post retirement medical (on-behalf - Non-budgeted) | - | - | - | 406,096 | 406,096 |
| Teacher's pension and annuity fund (on-behalf - Non-budgeted) | - | - | - | 895,276 | 895,276 |
| TPAF social security (reimbursed - Non-budgeted) | - | - | - | 358,114 | 358,114 |
| Total state sources | 506,896 | 43,941 | 550,837 | 2,209,021 | 1,658,184 |
| Total revenues | 10,772,291 | 43,926 | 10,816,217 | 12,549,968 | 1,733,751 |
| EXPENDITURES: | | | | | |
| Current Expenditures: | | | | | |
| Regular Programs - Instruction | | | | | |
| Preschool/Kindergarten - Salaries of teachers | 251,698 | (2,837) | 248,861 | 248,861 | - |
| Grades 1-5 - Salaries of teachers | 1,630,413 | (193,997) | 1,436,416 | 1,436,416 | - |
| Grades 6-8 - Salaries of teachers | 1,179,625 | 22,383 | 1,202,008 | 1,202,008 | - |
| Regular Programs - Home Instruction: | | | | | |
| Salaries of teachers | 7,200 | 735 | 7,935 | 7,935 | - |
| Purchased professional-educational services | 185,000 | 33,420 | 218,420 | 218,420 | - |
| Regular Programs - Undistributed Instruction | | | | | |
| Other purchased services (400-500 series) | 111,862 | (4,224) | 107,638 | 107,638 | - |
| General supplies | 118,776 | (206) | 118,570 | 117,664 | 906 |
| Textbooks | 92,800 | (17,453) | 75,347 | 75,347 | - |
| Other objects - misc. exp. | 10,000 | (2,364) | 7,636 | 7,636 | - |
| TOTAL REGULAR PROGRAMS - INSTRUCTION | 3,587,374 | (164,543) | 3,422,831 | 3,421,925 | 906 |
| SPECIAL EDUCATION - INSTRUCTION | | | | | |
| Learning and/or Language Disabilities: | | | | | |
| Salaries of teachers | 167,592 | 10,151 | 177,743 | 177,743 | - |
| Other salaries for instruction | 112,614 | (33,010) | 79,604 | 79,538 | 66 |
| Purchased professional-educational services | - | 1,900 | 1,900 | 1,900 | - |
| General supplies | 986 | (818) | 168 | 168 | - |
| Total Learning and/or Language Disabilities | 281,192 | (21,777) | 259,415 | 259,349 | 66 |
| Resource Room/Resource Center: | | | | | |
| Salaries of teachers | 621,196 | 71,811 | 693,007 | 693,007 | - |
| General supplies | 1,000 | (890) | 110 | 110 | - |
| Total Resource Room/Resource Center | 622,196 | 70,921 | 693,117 | 693,117 | - |
| Preschool Disabilities - Full Time | | | | | |
| Salaries | 177,815 | (5,249) | 172,566 | 172,566 | - |
| Other salaries for instruction | 73,382 | 23,804 | 97,186 | 97,186 | - |
| General supplies | 500 | 835 | 1,335 | 1,313 | 22 |
| Total Preschool Disabilities - Full Time | 251,697 | 19,390 | 271,087 | 271,065 | 22 |
| TOTAL SPECIAL EDUCATION - INSTRUCTION | 1,155,085 | 68,534 | 1,223,619 | 1,223,531 | 88 |

OCEANPORT SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2019

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|------------------|------------------|------------------|------------------|--------------------------|
| Basic Skills/Remedial - Instruction | | | | | |
| Salaries of teachers | \$ 106,560 | \$ (9,607) | \$ 96,953 | \$ 96,953 | \$ - |
| General supplies | 400 | (271) | 129 | 129 | - |
| Total Basic Skills/Remedial - Instruction | <u>106,960</u> | <u>(9,878)</u> | <u>97,082</u> | <u>97,082</u> | <u>-</u> |
| Bilingual Education - Instruction | | | | | |
| Salaries of teachers | - | - | 21,193 | 21,193 | - |
| General supplies | 500 | (500) | - | - | - |
| Total Bilingual Education - Instruction | <u>500</u> | <u>(500)</u> | <u>21,193</u> | <u>21,193</u> | <u>-</u> |
| School Sponsored CoCurricular Act.-Instruction | | | | | |
| Salaries | 58,078 | 4 | 58,082 | 58,082 | - |
| Supplies and Materials | 2,800 | (2,632) | 168 | 168 | - |
| Other Objects | 4,500 | (2,418) | 2,082 | 2,082 | - |
| Total School Sponsored Cocurricular Act-Instruction | <u>65,378</u> | <u>(5,046)</u> | <u>60,332</u> | <u>60,332</u> | <u>-</u> |
| School Sponsored Athletics-Instruction | | | | | |
| Salaries | 37,852 | 1,803 | 39,655 | 39,655 | - |
| Supplies and Materials | 4,000 | 79 | 4,079 | 4,079 | - |
| Other Objects | 4,000 | (2,046) | 1,954 | 1,864 | 90 |
| Total School Sponsored Athletics-Instruction | <u>45,852</u> | <u>(164)</u> | <u>45,688</u> | <u>45,598</u> | <u>90</u> |
| Total Instruction | <u>4,961,149</u> | <u>(111,597)</u> | <u>4,870,745</u> | <u>4,869,661</u> | <u>1,084</u> |
| Undistributed Expenditures - Instruction: | | | | | |
| Tuition to other LEAs within the state - special | 1,000 | 18,043 | 19,043 | 19,043 | - |
| Tuition to private schools for the handicapped - Within state | 167,078 | 43,269 | 210,347 | 202,681 | 7,666 |
| Total Undistributed Expenditures - Instruction: | <u>168,078</u> | <u>61,312</u> | <u>229,390</u> | <u>221,724</u> | <u>7,666</u> |
| Undist. Expend. - Health Services | | | | | |
| Salaries | 151,432 | (5,868) | 145,564 | 145,564 | - |
| Purchased professional and technical services | 3,000 | (2,896) | 104 | 104 | - |
| Supplies and materials | 2,000 | 365 | 2,365 | 2,365 | - |
| Total Undistributed Expenditures - Health Services | <u>156,432</u> | <u>(8,399)</u> | <u>148,033</u> | <u>148,033</u> | <u>-</u> |
| Undist. Expend. - Other Support Services - Students-Related Srvc | | | | | |
| Salaries | 175,248 | (3,844) | 171,404 | 170,822 | 582 |
| Supplies and materials | 1,500 | (401) | 1,099 | 1,099 | - |
| Total Undist. Expend.-Other Support Svcs-Students-Related Srvc | <u>176,748</u> | <u>(4,245)</u> | <u>172,503</u> | <u>171,921</u> | <u>582</u> |
| Undist. Expend.- Other Support Services -Students-Extraordinary Srv | | | | | |
| Salaries | 274,649 | 8,510 | 283,159 | 280,723 | 2,436 |
| Purchased professional - educational services | 25,000 | 7,920 | 32,920 | 23,254 | 9,666 |
| Total Undist. Expend.-Othr Sprt Svcs Students-Extraordinary Svcs | <u>299,649</u> | <u>16,430</u> | <u>316,079</u> | <u>303,977</u> | <u>12,102</u> |
| Undist. Expend.- Other Support Services Students-Regular | | | | | |
| Salaries of other professional staff | 97,515 | 28,609 | 126,124 | 126,124 | - |
| Purchased professional - educational services | 3,000 | (2,658) | 342 | - | 342 |
| Supplies and materials | 2,500 | 4 | 2,504 | 2,489 | 15 |
| Total Undist. Expend. - Other Support Services - Students-Regular | <u>103,015</u> | <u>25,955</u> | <u>128,970</u> | <u>128,613</u> | <u>357</u> |
| Undist. Expend. - Other Support Services - Students-Special | | | | | |
| Salaries of other professional staff | 300,611 | (3,950) | 296,661 | 296,661 | - |
| Salaries of secretarial and clerical assistants | 51,301 | 6 | 51,307 | 51,295 | 12 |
| Purchased professional - educational services | 4,000 | (4,000) | - | - | - |
| Supplies and materials | 4,404 | 1,141 | 5,545 | 5,545 | - |
| Other objects | 2,500 | (1,004) | 1,496 | 1,496 | - |
| Total Undist. Expend. - Other Support Services - Students-Special | <u>362,816</u> | <u>(7,807)</u> | <u>355,009</u> | <u>354,997</u> | <u>12</u> |
| Undist. Expend. - Improvement of Instruction Services | | | | | |
| Salaries of other professional staff | 24,440 | 2,386 | 26,826 | 26,826 | - |
| Purchased professional - educational services | 46,200 | (6,200) | 40,000 | 40,000 | - |
| Total Undist. Expend. - Improvement of Instruction Services | <u>70,640</u> | <u>(3,814)</u> | <u>66,826</u> | <u>66,826</u> | <u>-</u> |
| Undist. Expend. - Educational Media Services/School Library | | | | | |
| Salaries | 100,451 | (1,949) | 98,502 | 94,242 | 4,260 |
| Salaries of Technology Coordinators | 57,886 | 1,114 | 59,000 | 59,000 | - |
| Supplies and materials | 2,000 | 2,046 | 4,046 | 2,690 | 1,356 |
| Total Undist. Expend. - Educational Media Services/School Library | <u>160,337</u> | <u>1,211</u> | <u>161,548</u> | <u>155,932</u> | <u>5,616</u> |

OCEANPORT SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2019

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|-----------------|------------------|----------------|----------------|--------------------------|
| Undist. Expend. - Instruction Staff Training Services | | | | | |
| Purchased professional - educational services | \$ 14,750 | \$ (6,792) | \$ 7,958 | \$ 5,675 | \$ 2,283 |
| Other purchased services (400-500 series) | 2,000 | 1,867 | 3,867 | 3,333 | 534 |
| Total Undist. Expend. - Instruction Staff Training Services | 16,750 | (4,925) | 11,825 | 9,008 | 2,817 |
| Undist. Expend. - Support Service - General Administration | | | | | |
| Salaries | 59,200 | 28,052 | 87,252 | 87,252 | - |
| Legal services | 30,000 | 20,952 | 50,952 | 50,952 | - |
| Audit fees | 15,000 | (1,650) | 13,350 | 13,350 | - |
| Architectural/engineering services | 20,000 | 29,168 | 49,168 | 49,168 | - |
| Other purchased professional services | 58,000 | (58,000) | - | - | - |
| Communications/Telephone | 40,000 | (674) | 39,326 | 39,326 | - |
| Other purchased services (400-500 series) | 36,561 | 158 | 36,719 | 36,719 | - |
| General supplies | 1,000 | 728 | 1,728 | 1,728 | - |
| Miscellaneous expenditures - Board of Ed | 8,000 | 5,708 | 13,708 | 13,708 | - |
| Membership Dues and Fees | 6,500 | 2,938 | 9,438 | 9,438 | - |
| Total Undist. Expend. - Support Service - General Administration | 274,261 | 27,380 | 301,641 | 301,641 | - |
| Undist. Expend. - Support Service - School Administration | | | | | |
| Salaries of principals/Assistant principals | 235,265 | (3,709) | 231,556 | 231,556 | - |
| Salaries of secretarial and clerical assistants | 93,705 | (3,921) | 89,784 | 89,784 | - |
| Other purchased services (400-500 series) | 36,000 | 3,623 | 39,623 | 39,617 | 6 |
| Supplies and materials | 15,000 | (7,223) | 7,777 | 7,777 | - |
| Other objects | 11,000 | 484 | 11,484 | 11,484 | - |
| Total Undist. Expend. - Support Service - School Administration | 390,970 | (10,746) | 380,224 | 380,218 | 6 |
| Undist. Expend. - Central Services | | | | | |
| Salaries | 128,583 | 14,475 | 143,058 | 141,035 | 2,023 |
| Purchased professional services | 27,000 | 7,851 | 34,851 | 34,851 | - |
| Misc. Pur Serv (400-500 series) | 2,500 | (494) | 2,006 | 2,006 | - |
| Supplies and materials | 3,100 | 2,333 | 5,433 | 5,433 | - |
| Misc Expenditures | 1,800 | (1,150) | 650 | 650 | - |
| Total Undist. Expend. - Central Services | 162,983 | 23,015 | 185,998 | 183,975 | 2,023 |
| Undist. Expend. - Admin. Info. Technology | | | | | |
| Purchased technical services | 7,000 | (2,252) | 4,748 | 4,748 | - |
| Supplies and materials | 15,100 | (15,100) | - | - | - |
| Total Undist. Expend - Admin. Info. Technology | 22,100 | (17,352) | 4,748 | 4,748 | - |
| Interest Earned on Maintenance Reserve | | | | | |
| Interest earned on maintenance reserve | 10 | (10) | - | - | - |
| Total Interest Earned on Maintenance Reserve | 10 | (10) | - | - | - |
| Undist. Expend. - Required Maintenance for School Facilities | | | | | |
| Cleaning, repair and maintenance services | 332,500 | 86,284 | 418,784 | 414,187 | 4,597 |
| Total Undist. Expend. - Allowed Maintenance for School Facilities | 332,500 | 86,284 | 418,784 | 414,187 | 4,597 |
| Undist. Expend. - Other Operation & Maintenance of Plant | | | | | |
| Salaries - Custodians | 265,716 | 4,292 | 270,008 | 256,864 | 13,144 |
| Salaries - Caf /Playground Aides | 59,000 | (36,528) | 22,472 | 22,472 | - |
| Cleaning, repair and maintenance services - up keep | 6,270 | 9,107 | 15,377 | 15,377 | - |
| Other purchased property services | 25,000 | 1,260 | 26,260 | 21,232 | 5,028 |
| Insurance | 59,121 | (3,277) | 55,844 | 55,844 | - |
| General supplies | 30,000 | 14,508 | 44,508 | 44,508 | - |
| Energy (Natural Gas) | 52,000 | 11,537 | 63,537 | 59,881 | 3,656 |
| Energy (Electricity) | 98,000 | 4,007 | 102,007 | 102,007 | - |
| Other objects | 2,511 | (2,276) | 235 | 235 | - |
| Total Undist. Expend. - Other Operation & Maintenance Of Plant | 597,618 | 2,630 | 600,248 | 578,420 | 21,828 |
| Care and Upkeep of Grounds | | | | | |
| Cleaning, repair and maintenance services | 40,100 | (9,204) | 30,896 | 30,896 | - |
| Total Undist. Expend. - Care and Upkeep of Grounds | 40,100 | (9,204) | 30,896 | 30,896 | - |
| Undist. Expend. - Security | | | | | |
| Salaries | 54,275 | 746 | 55,021 | 55,021 | - |
| Purchased professional services | 40,000 | (23,000) | 17,000 | 17,000 | - |
| Cleaning, repair and maintenance services | 13,700 | 7,608 | 21,308 | 21,308 | - |
| Total Undist. Expend. - Security | 107,975 | (14,646) | 93,329 | 93,329 | - |
| Undist. Expend. - Student Transportation Services | | | | | |
| Salaries for pupil transportation(between home and school)-Special Management fee - ESC | 20,000 | - | 20,000 | 20,000 | - |
| Cleaning, repair and maintenance services | 1,500 | (673) | 827 | 827 | - |
| Contract services Aid in Lieu Pymnts - NonPub Sch | 20,000 | 8,000 | 28,000 | 28,000 | - |
| Contract services (between home & school) - Vendors | 215,000 | 15,426 | 230,426 | 230,426 | - |
| Contract services -(other between home and school) - Vendors | 26,500 | (10,870) | 15,630 | 15,299 | 331 |
| Contract services-(regular) - ESC's | 22,000 | 583 | 22,583 | 7,740 | 14,843 |
| Contract services-(special education students)-ESC's & CTSA's | 68,215 | 89,221 | 157,436 | 157,436 | - |
| Total Undist. Expend. - Student Transportation Services | 373,215 | 101,687 | 474,902 | 459,728 | 15,174 |
| Interest Earned on Current Expense Emergency Reserve | | | | | |
| Interest earned on current expense emergency reserve | 5 | (5) | - | - | - |

OCEANPORT SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2019

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|-----------------|------------------|--------------|--------------|--------------------------|
| Total Interest Earned on Current Expense Emergency Reserve | 5 | (5) | - | - | - |
| Interest Earned on Current Expense Capital Reserve | | | | | |
| Interest earned on current expense capital reserve | 1 | (1) | - | - | - |
| Total Interest Earned on Current Expense Capital Reserve | 1 | (1) | - | - | - |
| UNALLOCATED EMPLOYEE BENEFITS | | | | | |
| Perfect attendance | \$ - | \$ - | \$ - | \$ - | \$ - |
| Social security contributions | 135,000 | - | 135,000 | 117,846 | 17,154 |
| Other retirement contributions - PERS | 111,653 | 9,888 | 121,541 | 121,541 | - |
| Other retirement contributions - regular | 9,000 | 5,251 | 14,251 | 11,600 | 2,651 |
| Workmen's compensation | 96,420 | 433 | 96,853 | 96,852 | 1 |
| Health benefits | 2,059,733 | (35,502) | 2,024,231 | 1,978,842 | 45,389 |
| Tuition reimbursement | 20,000 | - | 20,000 | 15,776 | 4,224 |
| Unused sick payments to term/ret staff | - | 22,125 | 22,125 | 22,125 | - |
| TOTAL UNALLOCATED EMPLOYEE BENEFITS | 2,431,806 | 2,195 | 2,434,001 | 2,364,582 | 69,419 |
| ON-BEHALF CONTRIBUTIONS | | | | | |
| On-behalf TPAF LTDI (non-budgeted) | - | - | - | 542 | (542) |
| On-behalf TPAF OPEB (post retirement med) (non-budgeted) | - | - | - | 406,096 | (406,096) |
| On-behalf TPAF pension contributions (non-budgeted) | - | - | - | 895,276 | (895,276) |
| Reimbursed TPAF social security contributions (non-budgeted) | - | - | - | 358,114 | (358,114) |
| TOTAL ON-BEHALF CONTRIBUTIONS | - | - | - | 1,660,028 | (1,660,028) |
| TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS | 2,431,806 | 2,195 | 2,434,001 | 4,024,610 | (1,590,609) |
| TOTAL UNDISTRIBUTED EXPENDITURES | 6,248,009 | 266,945 | 6,514,954 | 8,032,783 | (1,517,829) |
| TOTAL GENERAL CURRENT EXPENDITURES | 11,209,158 | 155,348 | 11,385,699 | 12,902,444 | (1,516,745) |
| CAPITAL OUTLAY | | | | | |
| Regular Programs - Instruction: | | | | | |
| Grades 1-5 | 26,800 | 3,047 | 29,847 | 29,847 | - |
| Grades 6-8 | 6,800 | 12,948 | 19,748 | 19,748 | - |
| Undistributed: | | | | | |
| Undistributed expenditures - Instruction | 58,000 | (9,359) | 48,641 | 48,641 | - |
| Undistributed expenditures - Security | 72,230 | (6,636) | 65,594 | 65,594 | - |
| Total Equipment | 163,830 | - | 163,830 | 163,830 | - |
| Facilities Acquisition and Construction Services | | | | | |
| Debt Service Assessment | 1,230 | - | 1,230 | 1,230 | - |
| Total Facilities Acquisition and Construction Services | 1,230 | - | 1,230 | 1,230 | - |
| TOTAL CAPITAL OUTLAY | 165,060 | - | 165,060 | 165,060 | - |
| TOTAL EXPENDITURES | 11,374,218 | 155,348 | 11,550,759 | 13,067,504 | (1,516,745) |
| Excess (Deficiency) of Revenues | | | | | |
| Over (Under) Expenditures | (601,927) | (111,422) | (734,542) | (517,536) | 217,006 |
| Other Financing Uses: | | | | | |
| Transfer to Cover Deficit (enterprise fund) | - | - | - | - | - |
| Capital Leases-non-budgeted | - | - | - | - | - |
| Forgiveness of CDL Loan | - | - | - | - | - |
| Total Other Financing Sources: | - | - | - | - | - |
| Excess (Deficiency) of Revenues and Other Financing Sources | | | | | |
| Over (Under) Expenditures and Other Financing Sources (Uses) | (601,927) | (111,422) | (734,542) | (517,536) | 217,006 |
| Fund Balance, July 1 | 1,949,845 | - | 1,949,845 | 1,949,845 | - |
| Fund Balance, June 30 | \$ 1,347,918 | \$ (111,422) | \$ 1,215,303 | \$ 1,432,309 | \$ 217,006 |
| Recapitulation: | | | | | |
| Restricted Fund Balance: | | | | | |
| Capital reserve | | | | 41 | |
| Maintenance reserve | | | | 442,459 | |
| Emergency reserve | | | | 117,880 | |
| Excess surplus - Designated for subsequent year's expenditures | | | | 350,948 | |
| Excess surplus - Current year | | | | 220,076 | |
| Committed Fund Balance: | | | | | |
| Year-end encumbrances | | | | - | |
| Assigned Fund Balance: | | | | | |
| Year-end encumbrances | | | | - | |
| Designated for subsequent year's expenditures | | | | - | |
| Unassigned Fund Balance | | | | 300,905 | |

OCEANPORT SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Year Ended June 30, 2019

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-----------------|----------------|-----------------------------|
| REVENUES | | | | | |
| Local sources | \$ 2,640.00 | 14,254 | 16,894 | 16,894 | \$ - |
| State sources | - | - | - | - | - |
| Federal sources | 256,400 | 45,991 | 302,391 | 285,139 | (17,252) |
| Total Revenues | <u>259,040</u> | <u>60,245</u> | <u>319,285</u> | <u>302,033</u> | <u>(17,252)</u> |
| EXPENDITURES | | | | | |
| Instruction: | | | | | |
| Salaries of teachers | 92,706 | (4,660) | 88,046 | 83,876 | 4,170 |
| Other salaries for instruction | - | - | - | - | - |
| Purchased professional services | - | - | - | - | - |
| General supplies | 146,813 | (108,183) | 38,630 | 38,147 | 483 |
| Tuition | - | 104,781 | 104,781 | 104,781 | - |
| Misc. Expenditures | - | - | - | - | - |
| Total instruction | <u>239,519</u> | <u>(8,062)</u> | <u>231,457</u> | <u>226,804</u> | <u>4,653</u> |
| Support services: | | | | | |
| Salaries of program director | - | - | - | - | - |
| Personal services | - | - | - | - | - |
| Purchased professional - educational services | - | - | - | - | - |
| Other purchased professional services | 19,521 | 42,922 | 62,443 | 51,584 | 10,859 |
| Purchased technical services | - | - | - | - | - |
| Travel | - | - | - | - | - |
| Employee Benefits | - | 25,385 | 25,385 | 23,645 | 1,740 |
| Miscellaneous purchased services (400-500 series) | - | - | - | - | - |
| Miscellaneous expenditures | - | - | - | - | - |
| Supplies & materials | - | - | - | - | - |
| Total support services | <u>19,521</u> | <u>68,307</u> | <u>87,828</u> | <u>75,229</u> | <u>12,599</u> |
| Facilities acquisition and const. serv.: | | | | | |
| Instructional equipment | - | - | - | - | - |
| Total facilities acquisition and const. serv. | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>259,040</u> | <u>60,245</u> | <u>319,285</u> | <u>302,033</u> | <u>17,252</u> |
| Excess (deficiency) of revenues Over (under) expenditures | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>\$ -</u> |
| Reconciliation to governmental funds statements (GAAP) | | | | | |
| Last state aid payment not recognized on GAAP basis | | | | - | |
| Fund balance per governmental funds (GAAP) | | | | <u>\$ -</u> | |

OCEANPORT SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary-to-GAAP Reconciliation
 Note to Required Supplementary Information
 For the Year Ended June 30, 2019

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

| | General Fund | Special Revenue Fund |
|---|----------------------------|----------------------------|
| | <hr/> | <hr/> |
| Sources/inflows of resources | | |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule | [C-1] \$ 12,549,968 | [C-2] \$ 302,033 |
| Difference - budget to GAAP: | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | - | - |
| TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements. | (895,276) | |
| State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year | (48,735) | - |
| State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes | 45,624 | - |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. | [B-2] <u>\$ 11,651,581</u> | [B-2] <u>\$ 302,033</u> |
| Uses/outflows of resources | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule | [C-1] \$ 13,067,504 | [C-2] \$ 302,033 |
| Differences - budget to GAAP | | |
| TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements. | (895,276) | - |
| Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes. | - | - |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | [B-2] <u>\$ 12,172,228</u> | [B-2] <u>\$ 302,033</u> |

REQUIRED SUPPLEMENTARY INFORMATION - PART III

OCEANPORT SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of Net Pension Liability-PERS
For the Year Ended June 30, 2019

Last 10 Fiscal Years*

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|---|--------------|--------------|---------------|---------------|---------------|---------------|
| District's proportion of the net pension liability | 100.000% | 100.000% | 0.0114843954% | 0.0126013958% | 0.0113745438% | 0.0121954172% |
| District's proportionate share of the net pension liability | \$ 2,149,199 | \$ 2,270,377 | \$ 2,689,966 | \$ 3,732,172 | \$ 2,647,812 | \$ 2,401,217 |
| District's covered-employee payroll | \$ - | \$ 811,178 | \$ 797,945 | \$ 771,853 | \$ 776,861 | \$ 757,246 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 0.00% | 279.89% | 337.11% | 480.42% | 353.40% | 317.10% |
| Plan fiduciary net position as a percentage of the total pension liability | 40.71% | 52.08% | 47.93% | 40.14% | 48.10% | 53.60% |

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

* The schedule is presented to illustrate the requirements to show information for 10 years.

However, until a full 10-year trend is compiled governments should present information for those years for which information is available.

**OCEANPORT SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District Contributions-PERS
For the Year Ended June 30, 2019**

Last 10 Fiscal Years*

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|--|---------------|----------------|---------------|----------------|----------------|----------------|
| Contractually required contributions | \$ 87,516 | \$ 144,209 | \$ 96,950 | \$ 114,950 | \$ 105,776 | \$ 121,541 |
| Contributions in relation to the contractually required contribution | <u>87,516</u> | <u>144,209</u> | <u>96,950</u> | <u>114,950</u> | <u>105,776</u> | <u>121,541</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered-employee payroll | \$ 811,178 | \$ 797,945 | \$ 771,853 | \$ 776,861 | \$ 749,248 | \$ 757,246 |
| Contributions as a percentage of covered-employee payroll | 0.00% | 18.07% | 12.56% | 14.80% | 13.62% | 16.05% |

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

**OCEANPORT SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of Net Pension Liability-TPAF
For the Year Ended June 30, 2019**

Last 10 Fiscal Years*

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| State's proportion of the net pension liability | 0.0000000000% | 0.0441200000% | 0.0452083709% | 0.0433096415% | 0.0450482843% | 0.0454732493% |
| State's proportionate share of the net pension liability | \$ 22,240,031 | \$ 23,742,413 | \$ 28,573,621 | \$ 34,070,122 | \$ 30,373,178 | \$ 28,929,104 |
| District's covered-employee payroll | 4,369,752 | 4,338,875 | 2,627,817 | 4,709,818 | 4,748,105 | 4,969,819 |
| Proportionate share of the net pension liability as a percentage of District's covered-employee payroll | 508.95% | 547.20% | 1087.35% | 723.39% | 639.69% | 582.10% |
| Plan fiduciary net position as a percentage of the total pension liability | 33.76% | 33.64% | 28.71% | 22.33% | 25.41% | 26.49% |

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

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

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

OCEANPORT SCHOOL DISTRICT
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2019
(Unaudited)

Last 10 Fiscal Years*

| | <u>2018</u> | <u>2019</u> |
|--|----------------------|----------------------|
| State's proportion of the OPEB liability associated with the District | | |
| Service cost | \$ 1,178,247 | \$ 979,986 |
| Interest cost | 987,762 | 1,142,394 |
| Changes in assumptions | (4,027,803) | (6,401,814) |
| Member contributions | 26,667 | 24,313 |
| Gross benefit payments | <u>(724,211)</u> | <u>(703,479)</u> |
| Net change in total OPEB liability | (2,559,338) | (4,958,600) |
| Total State's portion of the OPEB liability - beginning | <u>33,826,385</u> | <u>31,267,047</u> |
| Total State's portion of the OPEB liability - ending | <u>\$ 31,267,047</u> | <u>\$ 26,308,447</u> |
| District's covered employee payroll | <u>\$ 6,292,251</u> | <u>\$ 6,715,885</u> |
| Total State's OPEB liability as a percentage of covered employee payroll | 497% | 392% |

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

Oceanport School District

Notes to Required Supplementary Information - Part III

For the Year Ended June 30, 2019

Notes for TPAF Pension Schedules

Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. 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 - 4.15 % based on age |
| Thereafter | 2.00 - 5.45 % based on age |
| Investment rate of return | 7.00 % |

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

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.

Notes to OPEB Schedule

Benefit changes: None

Differences Between Expected and Actual Experiences: There is no change in the Total OPEB Liability from June 30, 2016 to June 30, 2017 due to differences in expected and actual experiences. The decrease in liability from June 30, 2017 to June 30, 2018 is due to changes in the census, claims and premiums experience.

Changes in assumptions: The increase in the liability from June 30, 2016 to June 30, 2017 is due to the decrease in the assumed discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017. The decrease in the liability from June 30, 2017 to June 30, 2018 is due to the increase in the assumed discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018; and a decrease in the assumed health care cost trend and excise tax assumptions.

OTHER SUPPLEMENTARY INFORMATION

D. School Based Budget Schedules
Not Applicable

E. Special Revenue Fund

OCEANPORT SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2019

| | IDEA Basic 18/19 | IDEA Preschool 18/19 | Title I 18/19 | Title II 18/19 |
|--|---------------------------------|-------------------------------------|--------------------------|---------------------------|
| Revenues: | | | | |
| Local sources | \$ - | - | - | - |
| State sources | - | - | - | - |
| Federal sources | 150,781 | 5,736 | 107,521 | 11,584 |
| Total revenues | 150,781 | 5,736 | 107,521 | 11,584 |
| Expenditures: | | | | |
| Instruction: | | | | |
| Salaries of teachers | - | - | 83,876 | - |
| Other salaries/instruction | - | - | - | - |
| Purchased professional services | - | - | - | - |
| General supplies | 6,000 | 5,736 | - | - |
| Tuition | 104,781 | - | - | - |
| Textbooks | - | - | - | - |
| Miscellaneous expenses | - | - | - | - |
| Total instruction | 110,781 | 5,736 | 83,876 | - |
| Support services: | | | | |
| Other support services - students - special: | | | | |
| Other professional staff salaries | - | - | - | - |
| Personal Services | - | - | - | - |
| Purchased professional services | - | - | - | 3,000 |
| Other purchased professional services | 40,000 | - | - | 8,584 |
| Purchased technical services | - | - | - | - |
| Employee benefits | - | - | 23,645 | - |
| Travel | - | - | - | - |
| General supplies | - | - | - | - |
| Miscellaneous expenses | - | - | - | - |
| Total support services | 40,000 | - | 23,645 | 11,584 |
| Equipment: | | | | |
| Regular programs instruction | - | - | - | - |
| Non-instructional equipment | - | - | - | - |
| Total equipment | - | - | - | - |
| Total expenditures | \$ 150,781 | 5,736 | 107,521 | 11,584 |

OCEANPORT SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2019

| | Title IV 18/19 | Other 18/19 | Total |
|---|-------------------|------------------|----------------|
| Revenues: | | | |
| Local sources | - | 16,894 | 16,894 |
| State sources | - | - | - |
| Federal sources | 9,517 | - | 285,139 |
| Total revenues | 9,517 | 16,894 | 302,033 |
| Expenditures: | | | |
| Instruction: | | | |
| Salaries of teachers | - | | 83,876 |
| Other salaries/instruction | - | | - |
| Purchased professional services | - | | - |
| General supplies | 9,517 | 16,894 | 38,147 |
| Tuition | - | | 104,781 |
| Textbooks | - | | - |
| Miscellaneous expenses | - | | - |
| Total instruction | 9,517 | 16,894 | 226,804 |
| Support services: | | | |
| Other support services - students - special: | | | |
| Other professional staff salaries | - | | - |
| Personal Services | - | | - |
| Purchased professional services | - | | 3,000 |
| Other purchased professional services | - | | 48,584 |
| Purchased technical services | - | | - |
| Employee benefits | - | | 23,645 |
| Travel | - | | - |
| General supplies | - | | - |
| Miscellaneous expenses | - | | - |
| Total support services | - | - | 75,229 |
| Equipment: | | | |
| Regular programs instruction | - | - | - |
| Non-instructional equipment | - | - | - |
| Total equipment | - | - | - |
| Total expenditures | \$ 9,517 | \$ 16,894 | 302,033 |

F. Capital Projects Fund
Not Applicable

G. Proprietary Funds

OCEANPORT SCHOOL DISTRICT
Enterprise Fund
Statement of Net Position
June 30, 2019

| | <u>Summer Enrichment Program</u> | <u>Childcare</u> | <u>Food Services</u> | <u>2019</u> |
|---|--|------------------|----------------------|------------------|
| Assets: | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ - | \$ 50,659 | \$ 4,211 | \$ 54,870 |
| Accounts receivable: | | | | |
| State | - | - | 105 | 105 |
| Federal | - | - | 2,186 | 2,186 |
| Other receivables | - | - | - | - |
| Inventories | - | - | 967 | 967 |
| Due From Food Service | - | - | - | - |
| Due From General Fund | - | - | 4,026 | 4,026 |
| Total current assets | <u>-</u> | <u>50,659</u> | <u>11,495</u> | <u>62,154</u> |
| Capital assets: | | | | |
| Equipment | - | - | 228,723 | 228,723 |
| Accumulated depreciation | - | - | (228,723) | (228,723) |
| Total capital assets | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>\$ -</u> | <u>50,659</u> | <u>11,495</u> | <u>\$ 62,154</u> |
| Liabilities and Net Position: | | | | |
| Liabilities: | | | | |
| Accounts payable | - | - | 13,814 | 13,814 |
| Unearned revenue | - | - | 2,900 | 2,900 |
| Due to SACC Fund | - | - | - | - |
| Due to General Fund | - | - | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>16,714</u> | <u>16,714</u> |
| Net position: | | | | |
| Net investment in capital assets | - | - | - | - |
| Unrestricted net position | - | 50,659 | (5,219) | 45,440 |
| Total net position | <u>-</u> | <u>50,659</u> | <u>(5,219)</u> | <u>45,440</u> |
| Total liabilities and net position | <u>\$ -</u> | <u>\$ 50,659</u> | <u>\$ 11,495</u> | <u>\$ 62,154</u> |

OCEANPORT SCHOOL DISTRICT
Enterprise Fund
Statement of Revenues, Expenses and
Changes in Net Position
For the Year Ended June 30, 2019

| | <u>Summer Enrichment Program</u> | <u>Childcare</u> | <u>Food Services</u> | <u>2019</u> |
|---|--|------------------|--------------------------|------------------|
| Operating revenues: | | | | |
| Local sources: | | | | |
| Daily Sales Reimbursable Programs | \$ - | \$ - | \$ 74,190 | \$ 74,190 |
| Tuition | - | 115,492 | - | 115,492 |
| Daily Sales Non-reimbursable Programs | - | - | 51,660 | 51,660 |
| Miscellaneous | - | - | - | - |
| Total operating revenues | <u>-</u> | <u>115,492</u> | <u>125,850</u> | <u>241,342</u> |
| Operating expenses: | | | | |
| Salaries | - | 103,455 | 59,908 | 163,363 |
| Employee Benefits | - | 7,914 | 15,964 | 23,878 |
| Purchased Property | - | - | - | - |
| Other purchased services | - | 18,550 | 24,569 | 43,119 |
| Supplies and materials | 942 | 8,242 | 20,206 | 29,390 |
| Depreciation | - | - | - | - |
| Cost of sales - reimbursable programs | - | - | 39,076 | 39,076 |
| Cost of sales - non-reimbursable programs | - | - | 11,945 | 11,945 |
| Total operating expenses | <u>942</u> | <u>138,161</u> | <u>171,668</u> | <u>310,771</u> |
| Operating income | <u>(942)</u> | <u>(22,669)</u> | <u>(45,818)</u> | <u>(69,429)</u> |
| Nonoperating revenues (expenses): | | | | |
| State sources: | | | | |
| State School Lunch Program | - | - | 1,307 | 1,307 |
| Federal sources: | | | | |
| National School Lunch Program | - | - | 26,049 | 26,049 |
| National School Lunch - PB | - | - | 1,531 | 1,531 |
| USDA Commodities | - | - | 9,232 | 9,232 |
| Local sources: | | | | |
| Interest income | 7 | 865 | 372 | 1,244 |
| Total nonoperating revenues | <u>7</u> | <u>865</u> | <u>38,491</u> | <u>39,363</u> |
| Change in net position | <u>(935)</u> | <u>(21,804)</u> | <u>(7,327)</u> | <u>(30,066)</u> |
| Transfers | - | (4,020) | 4,020 | - |
| Total net position beginning | <u>935</u> | <u>76,483</u> | <u>(1,912)</u> | <u>75,506</u> |
| Total net position ending | <u>\$ -</u> | <u>\$ 50,659</u> | <u>\$ (5,219)</u> | <u>\$ 45,440</u> |

OCEANPORT SCHOOL DISTRICT
Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2019

| | Summer Enrichment Program | Childcare | Food Services | 2019 |
|--|---------------------------------|-----------------|------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers | \$ - | 115,492 | 126,427 | \$ 241,919 |
| Payments to employees | - | (103,455) | (59,908) | (163,363) |
| Payments for employee benefits | - | (7,914) | (15,964) | (23,878) |
| Payments to suppliers | (942) | (26,792) | (73,019) | (100,753) |
| Net cash provided by (used in) operating activities | <u>(942)</u> | <u>(22,669)</u> | <u>(22,464)</u> | <u>(46,075)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| State sources | - | - | 1,202 | 1,202 |
| Federal source | - | - | 27,014 | 27,014 |
| Transfers | - | (4,020) | 4,020 | - |
| Interest income | 7 | 865 | 372 | 1,244 |
| Net cash provided by (used in) non-capital financing activities | <u>7</u> | <u>(3,155)</u> | <u>32,608</u> | <u>29,460</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Due from general fund | - | - | (4,026) | (4,026) |
| Net cash provided by (used for) financing activities | <u>-</u> | <u>-</u> | <u>(4,026)</u> | <u>(4,026)</u> |
| Net increase (decrease) in cash and cash equivalents | (935) | (25,824) | 6,118 | (20,641) |
| Balances—beginning of year | 935 | 76,483 | (1,907) | 75,511 |
| Balances—end of year | <u>\$ -</u> | <u>50,659</u> | <u>4,211</u> | <u>\$ 54,870</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Operating income (loss) | \$ (942) | (22,669) | (45,818) | \$ (69,429) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation | - | - | - | - |
| Federal commodities | - | - | 9,232 | 9,232 |
| Decrease in interfund receivable, net | - | - | - | - |
| Increase (decrease) in accounts receivable, net | - | - | - | - |
| Increase (decrease) in inventories | - | - | 1,746 | 1,746 |
| (Increase) decrease in accounts payable | - | - | 11,799 | 11,799 |
| (Increase) decrease in interfund payable | - | - | - | - |
| (Increase) decrease in unearned revenue | - | - | 577 | 577 |
| Total adjustments | <u>-</u> | <u>-</u> | <u>23,354</u> | <u>23,354</u> |
| Net cash provided by (used in) operating activities | <u>\$ (942)</u> | <u>(22,669)</u> | <u>(22,464)</u> | <u>\$ (46,075)</u> |

H. Fiduciary Funds

OCEANPORT SCHOOL DISTRICT
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

| | <u>Trust</u> | <u>Agency</u> | | <u>Total</u> |
|--|--|-----------------------------|---------------------------|-------------------|
| | <u>Unemployment Compensation Trust</u> | <u>Student Activity</u> | <u>Payroll Agency</u> | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 150,231 | \$ 66,011 | \$ 11,435 | \$ 227,677 |
| Due from General Fund | | | 41,685 | 41,685 |
| Total assets | <u>150,231</u> | <u>66,011</u> | <u>53,120</u> | <u>269,362</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Payroll deductions and withholdings | - | - | 53,120 | 53,120 |
| Due to Student Groups | - | 66,011 | - | 66,011 |
| Total liabilities | <u>-</u> | <u>66,011</u> | <u>53,120</u> | <u>119,131</u> |
| NET POSITION | | | | |
| Held in trust for unemployment claims and other purposes | <u>150,231</u> | <u>-</u> | <u>-</u> | <u>150,231</u> |
| Total liabilities and net position | <u>\$ 150,231</u> | <u>\$ 66,011</u> | <u>\$ 53,120</u> | <u>\$ 269,362</u> |

OCEANPORT SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2019

| | Unemployment Compensation Trust |
|------------------------------------|--|
| ADDITIONS | |
| Contributions | 27,459 |
| Interest | 2,126 |
| Total additions | 29,585 |
| DEDUCTIONS | |
| Unemployment claims | 13,087 |
| Total deductions | 13,087 |
| Change in net position | 16,498 |
| Net position—beginning of the year | 133,733 |
| Net position—end of the year | \$ 150,231 |

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

| | <u>Balance July 1, 2018</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Balance June 30, 2019</u> |
|-------------------------|---------------------------------|------------------|----------------------|----------------------------------|
| Elementary School: | | | | |
| Maple Place | \$ 29,906 | 32,283 | (26,881) | \$ 35,308 |
| Maple Place - 8th Grade | 18,981 | 44,035 | (48,121) | 14,895 |
| Wolf Hill | 13,690 | 16,152 | (14,034) | 15,808 |
| Total | <u>\$ 62,577</u> | <u>\$ 92,470</u> | <u>\$ (89,036)</u> | <u>\$ 66,011</u> |

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

| | <u>Balance July 1, 2018</u> | <u>Cash Receipts</u> | <u>Cash Disbursements</u> | <u>Balance June 30, 2019</u> |
|-------------------------------------|---------------------------------|--------------------------|-------------------------------|----------------------------------|
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 175,200 | 7,743,600 | (7,907,365) | \$ 11,435 |
| Due from General Fund | 105,776 | - | (64,091) | 41,685 |
| Total Assets | \$ 280,976 | 7,743,600 | (7,971,456) | \$ 53,120 |
| Liabilities: | | | | |
| Payroll Deductions and Withholdings | \$ 280,976 | 7,743,600 | (7,971,456) | \$ 53,120 |
| Due to General Fund | - | - | - | - |
| Total Liabilities | \$ 280,976 | 7,743,600 | (7,971,456) | \$ 53,120 |

I. Long-Term Debt

OCEANPORT SCHOOL DISTRICT
 Long-Term Debt
 Schedule Statement of Serial Bonds
 June 30, 2019

| <u>Issue</u> | <u>Date of Issue</u> | <u>Amount Of Issue</u> | <u>Annual Maturities</u> | | <u>Interest Rate</u> | <u>Balance July 1, 2018</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance June 30, 2019</u> |
|--|----------------------|------------------------|--------------------------|---------------|----------------------|-----------------------------|---------------|----------------|------------------------------|
| | | | <u>Date</u> | <u>Amount</u> | | | | | |
| Alterations and Renovations at Maple Place and Wolf Hill Schools (The bonds are held and issued by Monmouth County as part of a larger multi purpose bond. The refunding process was performed by Monmouth County) | 10/5/2016 | \$ 1,120,000 | 8/1/2019 | 130,000 | 3.0-4.0% | \$ 1,070,000 | - | 130,000 | 940,000 |
| | | | 8/1/2020 | 130,000 | | | | | |
| | | | 8/1/2021 | 135,000 | | | | | |
| | | | 8/1/2022 | 135,000 | | | | | |
| | | | 8/1/2023 | 135,000 | | | | | |
| | | | 8/1/2024 | 135,000 | | | | | |
| | | | 8/1/2025 | 140,000 | | | | | |
| Community Disaster Loan | 2014-2015 | | 7/1/2018 | 434,153 | 1.38% | 434,153 | | 434,153 * | - |
| | | | | | | <u>\$ 1,504,153</u> | <u>-</u> | <u>564,153</u> | <u>\$ 940,000</u> |

* - Community Disaster Loan was forgiven by FEMA. See Footnote 10.

OCEANPORT SCHOOL DISTRICT
Long-Term Debt
Schedule of Obligations Under Capital Leases
June 30, 2019

| <u>Series</u> | <u>Interest Rate Payable</u> | <u>Amount of Original Issue</u> | <u>Principal Balance July 1, 2018</u> | <u>Issued Current Year</u> | <u>Retired Current Year</u> | <u>Principal Balance Outstanding June 30, 2019</u> |
|---------------------------------------|------------------------------|---------------------------------|---------------------------------------|----------------------------|-----------------------------|--|
| Ricoh Americas Corporation | | \$ 87,443 | \$ 40,739 | | \$ (24,140) | \$ 16,599 |
| Monmouth County Improvement Authority | 2-5% | 100,000 | <u>63,000</u> | <u>-</u> | <u>(20,000)</u> | <u>43,000</u> |
| | | | <u>\$ 103,739</u> | <u>-</u> | <u>(44,140)</u> | <u>\$ 59,599</u> |

OCEANPORT SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Year Ended June 30, 2019

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|---|--------------------|---------------------|-----------------|----------------|--|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local tax levy | \$ 94,349 | \$ - | \$ 94,349 | \$ 94,349 | \$ - |
| Miscellaneous | - | - | - | - | - |
| State Sources: | | | | | |
| Debt service aid Type II | 56,763 | - | 56,763 | 56,763 | - |
| Total - State Sources | 56,763 | - | 56,763 | 56,763 | - |
| Total Revenues | 151,112 | - | 151,112 | 151,112 | - |
| EXPENDITURES: | | | | | |
| Regular Debt Service: | | | | | |
| Interest | 36,950 | - | 36,950 | 36,944 | (6) |
| Redemption of principal | 130,000 | - | 130,000 | 130,000 | - |
| Total Regular Debt Service | 166,950 | - | 166,950 | 166,944 | (6) |
| Total expenditures | 166,950 | - | 166,950 | 166,944 | (6) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (15,838) | - | (15,838) | (15,832) | 6 |
| Other Financing Sources: | | | | | |
| Operating transfers in: | | | | | |
| Transfer from Capital Projects Fund | - | - | - | - | - |
| Transfer from General Fund | - | - | - | - | - |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures | (15,838) | - | (15,838) | (15,832) | 6 |
| Fund Balance, July 1 | 15,838 | - | 15,838 | 15,838 | - |
| Fund Balance, June 30 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6</u> | <u>\$ 6</u> |
| Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures | | | | | |
| Budgeted Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

STATISTICAL SECTION

**OCEANPORT SCHOOL DISTRICT
Statistical Section**

J series

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Financial Trends

These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.

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Revenue Capacity

These schedules contain information to help the reader assess the district's most significant local revenue

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Debt Capacity

These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue

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Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities

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Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

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

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

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 2,757,960 | \$ 2,985,305 | \$ 3,731,111 | \$ 3,493,436 | \$ 3,701,607 | \$ 3,697,236 | \$ 3,754,589 | \$ 3,445,140 | \$ 3,513,665 | \$ 3,573,876 |
| Restricted | 798 | 383,128 | 864,255 | 983,270 | 1,292,366 | 1,177,872 | 1,138,072 | 1,268,392 | 1,655,089 | 1,131,410 |
| Unrestricted | (230,896) | (179,615) | (267,596) | 217,955 | 52,255 | (1,988,462) | (2,764,231) | (2,855,064) | (3,290,472) | (2,715,029) |
| Total governmental activities position | \$ 2,527,862 | \$ 3,188,818 | \$ 4,327,770 | \$ 4,694,661 | \$ 5,046,228 | \$ 2,886,646 | \$ 2,128,430 | \$ 1,858,468 | \$ 1,878,282 | \$ 1,990,257 |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 41,413 | \$ 36,051 | \$ 30,579 | \$ 25,107 | \$ 19,635 | \$ 14,163 | \$ 8,445 | \$ 2,727 | \$ - | \$ - |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Unrestricted | (75,733) | (70,385) | (69,185) | (79,303) | (68,543) | (61,843) | 102,348 | 114,528 | 75,506 | 45,440 |
| Total business-type activities position | \$ (34,320) | \$ (34,334) | \$ (38,606) | \$ (54,196) | \$ (48,908) | \$ (47,680) | \$ 110,793 | \$ 117,255 | \$ 75,506 | \$ 45,440 |
| District-wide | | | | | | | | | | |
| Net investment in capital assets | \$ 2,799,373 | \$ 3,021,356 | \$ 3,761,690 | \$ 3,518,543 | \$ 3,721,242 | \$ 3,711,399 | \$ 3,763,034 | \$ 3,447,867 | \$ 3,513,665 | \$ 3,573,876 |
| Restricted | 798 | 383,128 | 864,255 | 983,270 | 1,292,366 | 1,177,872 | 1,138,072 | 1,268,392 | 1,655,089 | 1,131,410 |
| Unrestricted | (306,629) | (250,000) | (336,781) | 138,652 | (16,288) | (2,050,305) | (2,661,883) | (2,740,536) | (3,214,966) | (2,669,589) |
| Total district position | \$ 2,493,542 | \$ 3,154,484 | \$ 4,289,164 | \$ 4,640,465 | \$ 4,997,320 | \$ 2,838,966 | \$ 2,239,223 | \$ 1,975,723 | \$ 1,953,788 | \$ 2,035,697 |

Source: CAFR Schedule A-1 and District records.

GASB No. 54 was implemented in the 2011 fiscal year, which required a change in the presentation of fund balance. This required presentation did not impact any of the balances from prior years.

GASB No. 63 was implemented in the 2013 fiscal year, which required a changed in language from net assets to net position for full accrual funds. This required presentation did not impact any of the balances from prior years.

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

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|-----------------|----------------|----------------|-----------------|-----------------|----------------|-----------------|-----------------|-----------------|-----------------|
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular | | | | | | | \$ 3,428,786 | \$ 3,485,308 | \$ 3,649,558 | \$ 3,648,729 |
| Special education | | | | | | | 302,143 | 1,059,188 | 1,249,960 | 1,233,531 |
| Other special education | | | | | | | 105,614 | 188,307 | 219,538 | 203,012 |
| Vocational | | | | | | | - | - | - | - |
| Other instruction | | | | | | | - | - | - | - |
| Nonpublic school programs | | | | | | | - | - | - | - |
| Adult/continuing education programs | | | | | | | - | - | - | - |
| Support Services: | | | | | | | | | | |
| Instruction | | | | | | | 103,972 | 99,389 | 138,103 | 221,724 |
| Attendance and social work | | | | | | | 1,825 | - | - | 21,193 |
| Health services | | | | | | | 137,654 | 150,297 | 150,311 | 148,033 |
| Improvement of instr. services | | | | | | | - | - | - | - |
| Educational media services | | | | | | | 132,442 | 154,961 | 155,689 | 155,932 |
| Instruction staff training | | | | | | | 20,853 | 32,493 | 18,551 | 9,008 |
| School Administrative services | | | | | | | 359,397 | 360,618 | 376,407 | 380,218 |
| General administration | | | | | | | 198,406 | 238,729 | 304,133 | 301,641 |
| Central Services | | | | | | | 137,619 | 138,796 | 171,244 | 183,975 |
| Plant operations and maintenance | | | | | | | 976,627 | 978,271 | 932,310 | 1,258,352 |
| Administrative information technology | | | | | | | 37,708 | 35,849 | 9,636 | 4,748 |
| Pupil transportation | | | | | | | 361,602 | 308,378 | 280,081 | 459,728 |
| Other support services | | | | | | | 1,007,922 | 941,438 | 859,984 | 1,101,563 |
| Security | | | | | | | 48,622 | 69,993 | 77,005 | 93,329 |
| Special Schools | | | | | | | - | - | - | - |
| Charter Schools | | | | | | | - | - | - | - |
| Interest on long-term debt | | | | | | | 62,762 | 51,148 | 50,825 | 35,319 |
| Non-budgeted expenditures | | | | | | | - | 745,975 | 980,046 | 764,752 |
| Unallocated employee benefits | | | | | | | 2,271,557 | 2,251,365 | 2,720,467 | 2,231,462 |
| Total governmental activities expenses | 11,295,456 | 9,720,667 | 10,218,877 | 10,530,881 | 10,779,881 | 9,640,285 | 10,195,511 | 11,300,504 | 12,143,878 | 12,446,249 |
| Business-type activities: | | | | | | | | | | |
| Enterprise fund | | | | | | | (134,125) | 346,433 | 318,304 | 310,771 |
| Child Care | | | | | | | - | - | - | - |
| Total business-type activities expense | 208,355 | 175,266 | 182,843 | 178,151 | 151,700 | 160,774 | (134,125) | 346,433 | 318,304 | 310,771 |
| Total district expenses | \$ 11,503,811 | \$ 9,895,933 | \$ 10,401,720 | \$ 10,709,032 | \$ 10,931,581 | \$ 9,801,059 | \$ 10,061,386 | \$ 11,646,937 | \$ 12,462,182 | \$ 12,757,020 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Instruction (tuition) | | | | | | | \$ - | \$ - | \$ - | \$ (217,899) |
| Operating grants and contributions | | | | | | | - | (745,975) | (980,046) | (764,752) |
| Capital grants and contributions | | | | | | | - | - | - | - |
| Total governmental activities program revenues | 923,593 | 1,169,226 | 1,331,481 | 225,768 | 322,150 | 85,046 | - | (745,975) | (980,046) | (982,651) |
| Business-type activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Food service | | | | | | | - | (273,481) | (245,009) | (241,342) |
| Child care | | | | | | | - | - | - | - |
| Operating grants and contributions | | | | | | | - | (28,046) | (30,169) | (38,119) |
| Capital grants and contributions | | | | | | | - | - | - | - |
| Total business type activities program revenues | \$186,026 | \$175,229 | \$178,544.00 | \$162,561 | \$137,353 | \$161,963 | - | (301,527) | (275,178) | (279,461) |
| Total district program revenues | 1,109,619 | 1,344,455 | 1,510,025 | 388,329 | 459,503 | 247,009 | - | (1,047,502) | (1,255,224) | (1,262,112) |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | (10,371,863) | (8,551,441) | (8,887,396) | (10,305,113) | (10,457,731) | (9,555,239) | (10,195,511) | (10,554,529) | (11,163,832) | (11,463,598) |
| Business-type activities | (22,329) | (37) | (4,299) | (15,590) | (14,347) | 1,189 | 134,125 | (44,906) | (43,126) | (31,310) |
| Total district-wide net expense | \$ (10,394,192) | \$ (8,551,478) | \$ (8,891,695) | \$ (10,320,703) | \$ (10,472,078) | \$ (9,554,050) | \$ (10,061,386) | \$ (10,599,435) | \$ (11,206,958) | \$ (11,494,908) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes levied for general purposes, net | | | | | | | \$ 8,946,992 | \$ 9,586,658 | \$ 9,778,391 | \$ 10,056,401 |
| Taxes levied for debt service | | | | | | | 115,686 | 120,000 | 115,990 | 94,349 |
| Unrestricted grants and contributions | | | | | | | 504,855 | 516,298 | 571,739 | 602,645 |
| State aid - restricted | | | | | | | 262,295 | 219,488 | 365,245 | 285,139 |
| Tuition Received | | | | | | | - | - | - | - |
| Investment earnings | | | | | | | 5,221 | 8,083 | 28,212 | 32,815 |
| Transfer | | | | | | | - | (50,679) | - | - |
| Miscellaneous income | | | | | | | 387,729 | 84,971 | 324,069 | 50,726 |
| Other financing sources / uses | | | | | | | (785,483) | (200,252) | - | 453,498 |
| Total governmental activities | 10,466,104 | 9,212,396 | 10,026,349 | 10,629,209 | 10,659,732 | 10,580,668 | 9,437,295 | 10,284,567 | 11,183,646 | 11,575,573 |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | | | | | | | 33 | 689 | 1,377 | 1,244 |
| Transfers | | | | | | | 24,315 | 50,679 | - | - |
| Total business-type activities | - | 23 | 27 | - | - | 39 | 24,348 | 51,368 | 1,377 | 1,244 |
| Total district-wide | \$ 10,466,104 | \$ 9,212,419 | \$ 10,026,376 | \$ 10,629,209 | \$ 10,659,732 | \$ 10,580,707 | \$ 9,437,328 | \$ 10,285,935 | \$ 11,185,023 | \$ 11,576,817 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | 94,241 | 660,955 | 1,138,953 | 324,096 | 202,001 | 1,025,429 | (758,216) | (269,962) | 19,814 | 111,975 |
| Business-type activities | (22,329) | (14) | (4,272) | (15,590) | (14,347) | 1,228 | 158,473 | 6,462 | (41,749) | (30,065) |
| Total district | \$ 71,912 | \$ 660,941 | \$ 1,134,681 | \$ 308,506 | \$ 187,654 | \$ 1,026,657 | \$ (599,743) | \$ (263,500) | \$ (21,935) | \$ 81,909 |

Source: CAFR Schedule A-2 and District records.

GASB No. 63 was implemented in the 2013 fiscal year, which required a change in language from net assets to net position for full accrual funds. This required presentation did not impact any of the balances from prior years.

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

| | Fiscal Year Ending June 30, | | | | | | | | | |
|------------------------------------|-----------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| General Fund | | | | | | | | | | |
| Restricted | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,241,146 | \$ 1,504,261 | \$ 1,131,404 |
| Committed | - | - | - | - | - | - | - | 3,410 | 123,808 | - |
| Assigned | - | - | - | - | - | - | - | 7,187 | 11,182 | - |
| Unassigned | - | - | - | - | - | - | - | 216,636 | 264,970 | 252,170 |
| Reserved | 18,912 | 383,127 | 864,255 | 980,045 | 1,289,734 | 2,165,902 | 1,137,261 | - | - | - |
| Unreserved | 184,530 | 235,342 | 194,304 | 217,955 | 52,255 | 213,480 | 213,346 | - | - | - |
| Total general fund | <u>\$ 203,442</u> | <u>\$ 618,469</u> | <u>\$ 1,058,559</u> | <u>\$ 1,198,000</u> | <u>\$ 1,341,989</u> | <u>\$ 2,379,382</u> | <u>\$ 1,350,607</u> | <u>\$ 1,468,379</u> | <u>\$ 1,904,221</u> | <u>\$ 1,383,574</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | | | | | | | | | | |
| Debt service fund | - | - | - | - | - | - | - | 16,649 | 15,838 | 6 |
| Capital projects fund | - | - | - | - | - | - | - | - | - | - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue fund | - | - | - | - | - | - | - | - | - | - |
| Capital projects fund | - | - | - | - | - | - | - | - | - | - |
| Debt service fund | 758 | - | 3,225 | 3,225 | 2,632 | (393) | 811 | - | - | - |
| Total all other governmental funds | <u>\$ 758</u> | <u>\$ -</u> | <u>\$ 3,225</u> | <u>\$ 3,225</u> | <u>\$ 2,632</u> | <u>\$ (393)</u> | <u>\$ 811</u> | <u>\$ 16,649</u> | <u>\$ 15,838</u> | <u>\$ 6</u> |

Source: CAFR Schedule B-1 and District records.

GASB No. 54 was implemented in the 2011 fiscal year, which required a change in the presentation of fund balance. This required presentation did not impact any of the balances from prior years.

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

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenues | | | | | | | | | | |
| Tax levy | 8,676,596 | 8,941,589 | 9,075,881 | 8,969,686 | 8,712,664 | 8,882,686 | 9,062,678 | 9,706,658 | 9,894,381 | 10,150,750 |
| Tuition charges | 995,090 | - | - | - | - | - | 331,893 | 304,623 | 295,448 | 217,899 |
| Interest earnings | - | - | - | - | - | - | 5,221 | 8,083 | 28,212 | 32,815 |
| Transportation fees | - | - | - | - | - | - | - | - | 4,918 | 12,770 |
| Rents and royalties | - | - | - | - | - | - | - | - | 18,550 | 18,550 |
| Miscellaneous | 46,910 | 180,398 | 286,435 | 310,116 | 284,315 | 232,728 | 55,836 | 20,690 | 5,153 | 26,026 |
| State sources | 1,441,277 | 944,857 | 1,297,034 | 1,394,827 | 1,315,325 | 1,470,436 | 1,240,016 | 1,262,273 | 1,551,785 | 1,367,397 |
| Federal sources | 273,817 | 335,367 | 211,109 | 186,158 | 633,457 | 473,311 | 262,295 | 219,488 | 365,245 | 285,139 |
| Total revenue | 11,433,690 | 10,402,211 | 10,870,459 | 10,860,787 | 10,945,761 | 11,059,161 | 10,957,939 | 11,521,815 | 12,163,692 | 12,111,346 |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular Instruction | 3,198,217 | 2,722,758 | 2,716,327 | 2,812,502 | 3,132,902 | 2,615,461 | 3,428,786 | 3,485,308 | 3,649,558 | 3,648,729 |
| Special education instruction | 1,074,718 | 759,389 | 841,551 | 1,072,228 | 1,031,845 | 800,250 | 802,143 | 1,059,188 | 1,049,990 | 1,223,531 |
| Other special instruction | 38,635 | 33,742 | 99,225 | 125,380 | 85,153 | 115,785 | 105,614 | 188,307 | 219,538 | 203,012 |
| Support Services: | | | | | | | | | | |
| Tuition | 1,014,140 | 12,171 | 2,438 | 33,804 | 122,846 | 54,571 | 103,972 | 99,389 | 138,103 | 221,724 |
| Student & inst. related services | 911,333 | 1,169,358 | 1,317,005 | 1,364,069 | 1,387,374 | 1,189,288 | 292,774 | 337,751 | 324,551 | 334,166 |
| General administration | 275,595 | 353,290 | 310,254 | 629,569 | 632,275 | 324,501 | 198,406 | 238,729 | 304,133 | 301,641 |
| School administrative services | 374,638 | 264,935 | 348,859 | 314,478 | 260,420 | 305,512 | 359,397 | 360,618 | 376,407 | 380,218 |
| Central services | - | - | - | - | - | - | 137,619 | 138,796 | 171,244 | 183,975 |
| Admin. information technology | - | - | - | - | - | - | 37,708 | 35,849 | 9,636 | 4,748 |
| Plant operations and maintenance | 670,643 | 771,897 | 721,168 | 795,448 | 631,231 | 697,456 | 695,588 | 747,716 | 753,793 | 1,023,503 |
| Security | - | - | - | - | - | - | 48,622 | 69,993 | 77,005 | 93,329 |
| Pupil transportation | 382,178 | 360,927 | 298,090 | 394,015 | 337,422 | 340,301 | 361,602 | 308,378 | 280,081 | 459,728 |
| Other Support Services | 308,459 | - | 23,274 | - | - | - | 1,007,922 | 941,438 | 859,984 | 1,101,563 |
| Employee benefits | 1,760,704 | 2,731,084 | 2,934,469 | 2,700,983 | 2,677,262 | 2,974,793 | 2,780,189 | 2,914,207 | 3,220,530 | 3,129,334 |
| On-behalf TPAF pension contributions | 294,784 | - | - | - | - | - | - | - | - | - |
| Contributions | 362,194 | - | - | - | - | - | - | - | - | - |
| Special Schools | 273,817 | 335,367 | 187,835 | 186,158 | 199,304 | 30,475 | - | - | - | - |
| Capital Projects Fund | - | - | 352,675 | - | - | - | - | - | - | - |
| Debt service: | | | | | | | | | | |
| Principal | 300,837 | 309,755 | 302,481 | 171,356 | 172,256 | 172,956 | 115,000 | 120,000 | 130,000 | 130,000 |
| Interest and other charges | - | - | - | - | - | - | 58,457 | 43,239 | 41,554 | 36,944 |
| Capital outlay | - | 131,511 | 581 | 115,546 | 4,147 | 174,046 | 223,392 | 103,368 | 122,554 | 165,060 |
| Total expenditures | 11,337,750 | 10,041,175 | 10,558,638 | 10,715,536 | 10,674,437 | 9,795,395 | 10,757,191 | 11,192,274 | 11,728,661 | 12,641,205 |
| Excess (Deficiency) of revenues over (under) expenditures | (61,392) | 361,036 | 311,821 | 145,251 | 271,324 | 1,263,766 | 200,748 | 329,541 | 435,031 | (529,859) |

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

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|-----------------|----------------|----------------|----------------|----------------|----------------|--------------------|----------------|----------------|------------------|
| Other Financing sources (uses) | | | | | | | | | | |
| Adjustment for Payroll Agency Disbursements | - | - | - | - | - | - | (327,015) | 100,000 | - | - |
| Community Development Loan never drawn down | - | - | - | - | - | - | (442,836) | (245,252) | - | - |
| Community Development Loan cash drawdown not recorded | - | - | - | - | - | - | (434,153) | - | - | - |
| Transfers in | - | - | 131,494 | - | 36,121 | - | - | - | - | - |
| Transfers out | - | - | - | (5,810) | - | (393,447) | (24,315) | (50,679) | - | - |
| Total other financing sources (uses) | - | - | 131,494 | (5,810) | 36,121 | (393,447) | (1,228,319) | (195,931) | - | - |
| Net change in fund balances | <u>(61,392)</u> | <u>361,036</u> | <u>443,315</u> | <u>139,441</u> | <u>307,445</u> | <u>870,319</u> | <u>(1,027,571)</u> | <u>133,610</u> | <u>435,031</u> | <u>(529,859)</u> |
| Debt service as a percentage of noncapital expenditures | 2.65% | 3.13% | 2.86% | 1.62% | 1.61% | 1.80% | 0.031 | 0.020 | 0.022 | 0.023 |

Source: CAFR Schedule B-1 and District records.

Note: Noncapital expenditures are total expenditures less capital outlay.

Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005.

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

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

| Fiscal Year Ending June 30, | Tuition | Interest on Investments | Rentals | Prior Year Refunds | Transporta tion Fees | Miscellaneous | Annual Totals |
|-----------------------------------|---------|----------------------------|---------|-----------------------|-------------------------|---------------|------------------|
| 2010 | 725,005 | 2,111 | - | - | - | 74,369 | 801,485 |
| 2011 | 150,947 | 4,301 | - | - | - | 25,150 | 180,398 |
| 2012 | 207,423 | 6,120 | - | - | - | 72,892 | 286,435 |
| 2013 | 245,346 | 6,915 | - | - | - | 57,855 | 310,116 |
| 2014 | 249,257 | 6,174 | - | - | - | 28,884 | 284,315 |
| 2015 | 189,928 | 6,768 | - | - | - | 36,032 | 232,728 |
| 2016 | 331,893 | 5,221 | - | - | - | 55,836 | 392,950 |
| 2017 | 304,623 | 8,083 | - | - | - | 19,086 | 331,792 |
| 2018 | 295,448 | 24,434 | - | - | - | 3,027 | 322,909 |
| 2019 | 217,899 | 32,815 | 18,550 | - | 6,150 | 9,132 | 284,546 |

Source: District records

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

Oceanport Boro

| Fiscal Year Ended June 30, | Net Assessed Valuation | Estimated Full Cash Valuations | % of Net Assessed to Estimated Full Cash Valuations |
|-------------------------------------|---------------------------|-----------------------------------|---|
| 2010 | 1,045,954,002 | 1,311,705,546 | 79.74% |
| 2011 | 1,048,364,465 | 1,215,635,975 | 86.24% |
| 2012 | 1,050,192,330 | 1,202,969,450 | 87.30% |
| 2013 | 1,020,133,815 | 1,141,027,317 | 89.40% |
| 2014 | 1,031,964,800 | 1,137,778,170 | 90.70% |
| 2015 | 1,144,745,650 | 1,269,400,809 | 90.18% |
| 2016 | 1,040,047,619 | 1,168,755,514 | 88.99% |
| 2017 | 1,296,265,900 | 1,296,916,659 | 99.95% |
| 2018 | | | |
| 2019 | | | |

Sea Bright Boro

| | | | |
|------|-------------|-------------|--------|
| 2010 | 521,260,003 | 767,687,780 | 67.90% |
| 2011 | 519,636,031 | 761,959,664 | 68.20% |
| 2012 | 517,871,100 | 764,096,652 | 67.78% |
| 2013 | 447,804,294 | 632,760,059 | 70.77% |
| 2014 | 467,246,587 | 724,188,758 | 64.52% |
| 2015 | 437,700,056 | 634,347,907 | 69.00% |
| 2016 | 683,156,100 | 683,634,536 | 99.93% |
| 2017 | 737,640,000 | 738,116,674 | 99.94% |
| 2018 | 737,640,000 | 738,116,674 | 99.94% |
| 2019 | 777,727,764 | 777,222,400 | 99.94% |

Source: Abstract of Ratables

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

OCEANPORT

| Fiscal Year Ended June 30, | Oceanport School District | Shore Regional High School | Oceanport Borough | Monmouth County | Total Direct and Overlapping Tax Rate |
|----------------------------------|---------------------------------|----------------------------------|----------------------|--------------------|--|
| 2010 | 0.764 | 0.357 | 0.519 | 0.344 | 1.984 |
| 2011 | 0.762 | 0.419 | 0.528 | 0.332 | 2.041 |
| 2012 | 0.761 | 0.422 | 0.528 | 0.338 | 2.049 |
| 2013 | 0.784 | 0.405 | 0.508 | 0.346 | 2.043 |
| 2014 | 0.806 | 0.352 | 0.519 | 0.348 | 2.025 |
| 2015 | 0.806 | 0.372 | 0.529 | 0.304 | 2.011 |
| 2016 | 0.852 | 0.395 | 0.559 | 0.337 | 2.143 |
| 2017 | 0.743 | 0.271 | 0.487 | 0.288 | 1.789 |
| 2018 | 0.740 | 0.289 | 0.497 | 0.275 | 1.801 |
| 2019 | | | | | - |

SEA BRIGHT

| Fiscal Year Ended June 30, | Oceanport School District | Shore Regional High School | Sea Bright Borough | Monmouth County | Total Direct and Overlapping Tax Rate |
|----------------------------------|---------------------------------|----------------------------------|-----------------------|--------------------|--|
| 2010 | Unavailable | | | | |
| 2011 | 0.209 | 0.329 | 0.739 | 0.412 | 1.689 |
| 2012 | 0.189 | 0.411 | 0.766 | 0.431 | 1.797 |
| 2013 | 0.159 | 0.444 | 0.775 | 0.428 | 1.806 |
| 2014 | 0.122 | 0.586 | 0.808 | 0.481 | 1.997 |
| 2015 | 0.177 | 0.492 | 0.892 | 0.432 | 1.993 |
| 2016 | 0.124 | 0.311 | 0.596 | 0.274 | 1.305 |
| 2017 | 0.092 | 0.477 | 0.607 | 0.283 | 1.459 |
| 2018 | 0.070 | 0.484 | 0.593 | 0.289 | 1.436 |
| 2019 | | | | | |

Source: Abstract of Ratables

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

OCEANPORT BOROUGH

| | 2019 | | 2010 | | |
|-----------------------------------|--------------------|--|--------------------------------|--|-------|
| | Assessed Valuation | As a percentage of District Net Assessed Valuation | Assessed Valuation | As a percentage of District Net Assessed Valuation | |
| NJ Sports & Exposition Authority | 109,907,700 | 8.48% | - | 0.00% | |
| Residences at Fort Monmouth | 30,571,700 | 2.36% | - | 0.00% | |
| MPCC II LLC | 13,500,000 | 1.04% | - | 0.00% | |
| Acutecare Management Services LLC | 7,991,800 | 0.62% | - | 0.00% | |
| Oceanport Village Center LLC | 66,668,000 | 5.14% | - | 0.00% | |
| Individual Taxpayer #1 | 3,483,100 | 0.27% | - | 0.00% | |
| Individual Taxpayer #2 | 3,549,900 | 0.27% | - | 0.00% | |
| Individual Taxpayer #3 | 3,377,900 | 0.26% | - | 0.00% | |
| Individual Taxpayer #4 | 3,310,300 | 0.26% | - | 0.00% | |
| Individual Taxpayer #5 | 3,149,100 | 0.24% | - | 0.00% | |
| | | | Monmouht Park Corporate Center | - | 0.00% |
| | | | 275 E Main Street - Commercial | - | 0.00% |
| | | | Individual Taxpayer #1 | - | 0.00% |
| | | | Individual Taxpayer #2 | - | 0.00% |
| | | | Individual Taxpayer #3 | - | 0.00% |
| | | | Individual Taxpayer #4 | - | 0.00% |
| | | | Individual Taxpayer #5 | - | 0.00% |
| | | | Individual Taxpayer #6 | - | 0.00% |
| | | | Individual Taxpayer #7 | - | 0.00% |

SEA BRIGHT

| | 2019 | | 2010 | | |
|----------------------------------|--------------------|--|--------------------------|--|-------|
| | Assessed Valuation | As a percentage of District Net Assessed Valuation | Assessed Valuation | As a percentage of District Net Assessed Valuation | |
| Ocean Ave Realty | 15,204,900 | 2.06% | - | 0.00% | |
| Edgewater Beach Inc | 10,730,800 | 1.45% | - | 0.00% | |
| Surfrider Beach Club, LLC | 9,303,000 | 1.26% | - | 0.00% | |
| Beach Club Holdings, LLC | 9,284,700 | 1.26% | - | 0.00% | |
| Rozinante, Inc | 8,408,300 | 1.14% | - | 0.00% | |
| Seabright Beach Club | 8,374,900 | 1.14% | - | 0.00% | |
| Navesink Partners LLC | 7,164,300 | 0.97% | - | 0.00% | |
| SBBP LLC | 6,327,600 | 0.86% | - | 0.00% | |
| Sea Bright Hospitality Group LLC | 3,411,600 | 0.46% | - | 0.00% | |
| Individual Taxpayer #6 | 3,789,500 | 0.51% | - | 0.00% | |
| | | | Ocean Ave Realty | - | 0.00% |
| | | | Edgewater Beach Inc | - | 0.00% |
| | | | Individual Taxpayer #1 | - | 0.00% |
| | | | Individual Taxpayer #2 | - | 0.00% |
| | | | Hudson City Savings Bank | - | 0.00% |
| | | | Individual Taxpayer #3 | - | 0.00% |
| | | | Ocean First Bank | - | 0.00% |
| | | | Individual Taxpayer #4 | - | 0.00% |
| | | | Individual Taxpayer #5 | - | 0.00% |
| | | | Individual Taxpayer #6 | - | 0.00% |

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

| OCEANPORT | | | |
|------------------------|----------------|----------------------------|-----------------------|
| Year Ended June 30, | Total Tax Levy | Current Tax Collections | Percentage of Levy |
| 2009 | 20,052,465 | 19,697,634 | 98.23% |
| 2010 | 20,848,566 | 20,550,432 | 98.57% |
| 2011 | 21,465,588 | 21,227,320 | 98.89% |
| 2012 | 22,098,823 | 21,840,267 | 98.83% |
| 2013 | 22,750,738 | 22,516,405 | 98.97% |
| 2014 | 21,104,190 | 20,785,362 | 98.49% |
| 2015 | 21,169,799 | 20,919,917 | 98.82% |
| 2016 | 22,279,955 | 22,030,420 | 98.88% |
| 2017 | 22,580,860 | 22,348,147 | 98.97% |
| 2018 | 23,236,456 | 22,685,656 | 97.63% |

| SEA BRIGHT | | | |
|------------------------|----------------|----------------------------|-----------------------|
| Year Ended June 30, | Total Tax Levy | Current Tax Collections | Percentage of Levy |
| 2010 | \$ 8,612,775 | 8,253,329 | 95.83% |
| 2011 | \$ 8,811,325 | 8,556,001 | 97.10% |
| 2012 | \$ 8,520,943 | 8,224,127 | 96.52% |
| 2013 | \$ 8,145,264 | 7,957,350 | 97.69% |
| 2014 | \$ 9,330,829 | 9,169,206 | 98.27% |
| 2015 | \$ 8,841,471 | 8,637,632 | 97.69% |
| 2016 | \$ 8,985,795 | 8,760,350 | 97.49% |
| 2017 | \$ 10,324,683 | 10,144,141 | 98.25% |
| 2018 | \$ 10,670,499 | 10,494,542 | 98.35% |
| 2019 | | | |

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

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

| Fiscal Year Ended June 30, | General Obligation Bonds | Capital Leases | Total Debt Per District | Percentage of Personal Income | Per Capita |
|-------------------------------|--------------------------------|-------------------|----------------------------|-------------------------------------|------------|
| 2010 | 2,235,000 | 6,937 | 2,241,937 | 0.69% | 391.00 |
| 2011 | 2,019,000 | 50,383 | 2,069,383 | 0.65% | 355.00 |
| 2012 | 1,795,000 | 39,736 | 1,834,736 | 3.10% | 314.00 |
| 2013 | 1,695,000 | 29,089 | 1,724,089 | 3.30% | 290.59 |
| 2013 | 1,695,000 | 29,069 | 1,724,089 | 0.51% | 295.58 |
| 2014 | 1,590,000 | 18,522 | 1,608,522 | 0.44% | 273.28 |
| 2015 | 1,480,000 | 129,662 | 1,609,662 | 0.55% | 280.48 |
| 2016 | 1,360,000 | 205,014 | 1,565,014 | 0.41% | 272.70 |
| 2017 | 1,200,000 | 147,505 | 1,347,505 | 0.34% | 235.99 |
| 2018 | 1,070,000 | 103,739 | 1,173,739 | 0.29% | 204.87 |
| 2019 | 940,000 | 59,599 | 999,599 | 0.24% | 178.62 |

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

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

| Fiscal Year Ended June 30, | School District Population | Net Assessed Valuation Taxable | Net Bonded Debt | Ratio of Bonded Debt to Assessed Value | Net Bonded Debt Per Capita |
|-------------------------------------|-------------------------------|-----------------------------------|--------------------|---|-------------------------------|
| 2010 | 5,730 | 1,356,186,207 | 2,235,000 | 0.165% | 390.05 |
| 2011 | 5,832 | 1,045,954,002 | 2,019,000 | 0.193% | 346.19 |
| 2012 | 5,837 | 1,048,364,465 | 1,795,000 | 0.171% | 307.52 |
| 2013 | 5,833 | 1,050,192,330 | 1,695,000 | 0.161% | 290.59 |
| 2014 | 5,816 | 1,019,494,800 | 1,590,000 | 0.156% | 270.13 |
| 2015 | 5,672 | 1,031,964,800 | 1,480,000 | 0.143% | 260.93 |
| 2016 | 5,739 | 1,028,488,106 | 1,360,000 | 0.132% | 236.98 |
| 2017 | 5,725 | 1,144,745,650 | 1,200,000 | 0.105% | 209.61 |
| 2018 | 5,755 | 1,296,619,659 | 1,070,000 | 0.103% | 185.93 |
| 2019 | 5,751 | 1,333,347,020 | 940,000 | 0.720% | 163.45 |

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

See Exhibit J-6 for property tax data

See Exhibit J-14 for population data

OCEANPORT SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of June 30, 2019
UNAUDITED

| | DEBT OUTSTANDING | ESTIMATED PERCENTAGE APPLICABLE | | ESTIMATED SHARE OF OVERLAPPING DEBT |
|---|-------------------------|--|--|--|
| OCEANPORT | | | | |
| Net Direct Debt of the School District as of June 30, 2018 | \$ 999,599.00 | | | - |
| Net Overlapping Debt of School District: | | | | |
| Oceanport | | \$ 20,265,296 | | |
| Regional High School | | 2,152,911 | | |
| County of Monmouth | | 15,071,038 | | |
| | | | | 38,488,844 |
| Total Direct and Overlapping Bonded Debt as of June 30, 2019 | | | | \$ 38,488,844 |
| SEA BRIGHT | | | | |
| Debt repaid with Property Taxes | 9,992,985 | | | - |
| Other Debt: | | | | |
| Two Rivers Sewer Authority | \$ 2,268,285 | \$ - | | - |
| Sub-total of Overlapping Debt | 12,261,270 | | | - |
| Regional School District Direct Debt | - | \$ 1,764,571 | | - |
| Local School District Debt | - | - | | - |
| Total Direct and Overlapping Bonded Debt as of June 30, 2019 | | | | \$ 14,025,841 |

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

OCEANPORT SCHOOL DISTRICT
 Legal Debt Margin Information
 Last Seven Fiscal Years
 UNAUDITED

| Year | Equalized Valuation Basis |
|---|----------------------------|
| 2019 | 1,275,042,873 |
| 2018 | 1,246,289,684 |
| 2017 | 1,190,836,447 |
| [A] | 3,712,169,004 |
| [A/3] | \$ 1,237,389,668 |
| Debt limit (3 % of average equalization value) | [B] 37,121,690 |
| Total Net Debt Applicable to Limit | [C] 940,000 |
| Legal debt margin | [B-C] \$ 36,181,690 |

| | Fiscal Year | | | | | | | |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Debt limit | \$ 37,121,690 | \$ 37,065,269 | \$ 33,687,254 | \$ 32,865,575 | \$ 33,232,144 | \$ 34,893,548 | \$ 35,773,064 | \$ 37,240,931 |
| Total net debt applicable to limit | 940,000 | 1,070,000 | 1,200,000 | 1,360,000 | 1,480,000 | 1,585,000 | 1,695,000 | 1,795,000 |
| Legal debt margin | \$ 36,181,690 | \$ 35,995,269 | \$ 32,487,254 | \$ 31,505,575 | \$ 31,752,144 | \$ 33,308,548 | \$ 34,078,064 | \$ 35,445,931 |

| Year | Equalized Valuation Basis |
|---|----------------------------|
| 2019 | \$ 815,541,433 |
| 2018 | 723,531,143 |
| 2017 | 699,175,583 |
| [A] | 2,238,248,159 |
| [A/3] | \$ 746,082,720 |
| Debt limit (3 % of average equalization value) | [B] 22,382,482 |
| Total Net Debt Applicable to Limit | [C] - |
| Legal debt margin | [B-C] \$ 22,382,482 |

| | 2019 | 2018 | 2017 |
|------------------------------------|---------------|---------------|---------------|
| Debt limit | \$ 13,828,101 | \$ 13,828,101 | \$ 11,213,346 |
| Total net debt applicable to limit | - | - | - |
| Legal debt margin | \$ 13,828,101 | \$ 13,828,101 | \$ 11,213,346 |

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

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

| Year | Unemployment Rate | Personal Income | Per Capita Personal Income | Population |
|-----------------------|----------------------|-----------------|-------------------------------|------------|
| 2010 | 4.30% | 191,129,880 | 57,873 | 5,730 |
| 2011 | 4.30% | 210,091,968 | 61,001 | 5,832 |
| 2012 | 4.40% | 257,224,916 | 63,001 | 5,837 |
| 2013 | 4.60% | 340,384,715 | 63,067 | 5,833 |
| 2014 | 13.10% | 361,553,436 | 61,426 | 5,886 |
| 2015 | 6.30% | 293,429,576 | 51,733 | 5,672 |
| 2016 | 5.30% | 378,883,041 | 66,019 | 5,739 |
| 2017 | 4.80% | 397,382,250 | 69,410 | 5,725 |
| 2018 | 4.10% | 409,968,935 | 71,237 | 5,755 |
| 2019 | 4.20% | 433,596,645 | 75,395 | 5,751 |
| Seabright Boro | | | | |
| 2017 | 4.10% | 96,271,670 | 69,410 | 1,387 |
| 2018 | 3.70% | 98,948,193 | 71,237 | 1,389 |
| 2019 | 3.40% | 100,383,580 | 73,595 | 1,364 |

Source: New Jersey Department of Labor and Workforce Development

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

**OCEANPORT
2019**

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

**SEA BRIGHT
2019**

| Company | Number of Employees | Percentage of Total Municipal Employment |
|-----------------------|----------------------------|---|
| Tommy's Tavern & Tap | 100 | Unavailable |
| Edgewater Beach Club | 90 | Unavailable |
| Driftwood Beach club | 70 | Unavailable |
| Sea Bright Beach Club | 65 | Unavailable |
| Ship Ahoy Beach club | 55 | Unavailable |
| Surfrider Beach club | 50 | Unavailable |
| Woody's | 50 | Unavailable |
| Navesink Partners | 50 | Unavailable |
| Sands Beach Club | 50 | Unavailable |
| Chapel Beach Club | 45 | Unavailable |

Source: Borough of Oceanport

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

| Function/Program | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Instruction | | | | | | | | | | |
| Regular | 56.00 | 46.00 | 46.00 | 46.00 | 47.00 | 50.00 | 50.00 | 44.20 | 44.60 | 45.60 |
| Special education | 2.00 | 38.0 | 38.0 | 37.00 | 38.00 | 34.00 | 32.00 | 35.30 | 41.80 | 41.80 |
| Other instruction | | | | | | | | | | |
| Support Services: | | | | | | | | | | |
| Student & instruction related services | 17.00 | 3.0 | 3.0 | 3.00 | 3.00 | 4.00 | 8.20 | 8.20 | 7.70 | 8.70 |
| General administration | 2.00 | 2.0 | 2.0 | 0.60 | 0.60 | 0.60 | 0.60 | 1.30 | 1.30 | 1.30 |
| School administrative services | 3.00 | 3.0 | 3.0 | 3.00 | 3.00 | 3.00 | 3.00 | 4.00 | 4.00 | 4.00 |
| Other administrative services | - | - | - | - | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |
| Central services | 6.00 | 5.0 | 5.0 | 5.00 | 4.00 | 4.00 | 4.00 | 1.60 | 1.60 | 1.60 |
| Administrative Information Technology | 1.00 | 1.0 | 1.0 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Plant operations and maintenance | 5.00 | 5.0 | 5.0 | 5.00 | 5.00 | 5.00 | 5.00 | 8.20 | 8.20 | 8.20 |
| Other support services | 5.00 | 2.0 | 2.0 | 2.00 | 1.00 | 1.00 | 1.00 | 2.50 | 2.50 | 2.50 |
| Total | 97.00 | 105.0 | 105.0 | 102.60 | 102.85 | 102.85 | 105.05 | 106.55 | 112.95 | 114.95 |

Source: District Records

OCEANPORT SCHOOL DISTRICT
 Operating Statistics
 Last Ten Fiscal Years
 UNAUDITED

| <u>Fiscal Year</u> | <u>Enrollment</u> | <u>Operating Expenditures</u> | <u>Cost Per Pupil</u> | <u>Percentage Change</u> | <u>Teaching Staff</u> | <u>Pupil/Teacher Ratio</u> | <u>Average Daily Enrollment (ADE)</u> | <u>Average Daily Attendance (ADA)</u> | <u>% Change in Average Daily Enrollment</u> | <u>Student Attendance Percentage</u> |
|--------------------|-------------------|-------------------------------|-----------------------|--------------------------|-----------------------|----------------------------|---------------------------------------|---------------------------------------|---|--------------------------------------|
| 2010 | 705 | 11,036,913 | 15,655 | 18.20% | 58 | 0 | 705 | 670 | 0.00% | 95.00% |
| 2011 | 566 | 9,731,420 | 17,193 | 9.80% | 84 | 9 | 566 | 538 | 0.00% | 95.00% |
| 2012 | 650 | 9,902,901 | 15,235 | -11.40% | 84 | 0 | 647 | 616 | 14.30% | 95.00% |
| 2013 | 637 | 10,242,476 | 16,079 | 5.25% | 83 | 7.7 | 617.9 | 599.4 | -4.50% | 97.00% |
| 2014 | 618 | 10,515,273 | 16,206 | 5.99% | 85 | 7.3 | 615.0 | 587.8 | -0.47% | 95.58% |
| 2015 | 614 | 10,215,578 | 16,638 | 8.43% | 84 | 7.3 | 602.0 | 590.0 | -2.57% | 98.01% |
| 2016 | 610 | 9,610,563 | 15,755 | -5.31% | 84 | 7.3 | 604.2 | 581.4 | -1.45% | 96.22% |
| 2017 | 610 | 10,357,899 | 16,980 | 7.78% | 73 | 8.3 | 609.8 | 581.7 | 0.92% | 95.39% |
| 2018 | 580 | 10,209,690 | 17,603 | 11.73% | 74 | 7.8 | 572.0 | 546.0 | -6.19% | 95.45% |
| 2019 | 610 | 12,309,201 | 20,179 | 28.08% | 75 | 8.1 | 603.3 | 573.5 | 5.47% | 95.06% |

Source: School Register Summary, District Records

OCEANPORT SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
 UNAUDITED

| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>District Building</u> | | | | | | | | | | |
| <u>Elementary</u> | | | | | | | | | | |
| Wolf Hill | | | | | | | | | | |
| Square Feet | 41,881 | 41,881 | 41,881 | 41,881 | 41,881 | 41,881 | 41,881 | 41,881 | 41,881 | 41,881 |
| Capacity | 465 | 465 | 465 | 465 | 465 | 465 | 465 | 465 | 465 | 465 |
| Enrollment | 382 | 278 | 278 | 355 | 317 | 339 | 338 | 341 | 342 | 356 |
| <u>Middle School</u> | | | | | | | | | | |
| Square Feet | 58,327 | 58,327 | 58,327 | 58,327 | 58,327 | 58,327 | 58,327 | 58,327 | 58,327 | 58,327 |
| Capacity | 366 | 366 | 366 | 366 | 366 | 366 | 366 | 366 | 366 | 366 |
| Enrollment | 336 | 288 | 288 | 282 | 298 | 275 | 265 | 269 | 238 | 254 |

Source: District Records

OCEANPORT SCHOOL DISTRICT
Schedule of Allowable Maintenance Expenditures by School Facility
Last Ten Fiscal Years
UNAUDITED

| Fiscal Year Ended June 30, | Maple Place School | Wolf Hill Elementary | Total |
|-------------------------------|--------------------|-------------------------|---------|
| 2010 | 53,153 | 52,268 | 105,421 |
| 2011 | 66,351 | 66,351 | 132,702 |
| 2012 | 63,536 | 69,166 | 132,702 |
| 2013 | 37,470 | 40,790 | 78,260 |
| 2014 | 27,710 | 31,165 | 58,875 |
| 2015 | 160,875 | 207,667 | 368,542 |
| 2016 | 83,319 | 40,759 | 124,078 |
| 2017 | 75,702 | 54,818 | 130,520 |
| 2018 | 99,088 | 79,879 | 178,967 |
| 2019 | 294,746 | 119,441 | 414,187 |

Source: District records

**OCEANPORT SCHOOL DISTRICT
Insurance Schedule
June 30, 2019
UNAUDITED**

Insurance Coverage is provided by Boynton & Boynton of NJ
Policy period runs from July 1, 2018 thru July 1, 2019

| | |
|--|-------------------|
| Commercial Property Coverage | |
| For Building and Business Personal Property | \$ 17,925,647 |
| General Aggregate Limit | 2,000,000 |
| Products - Completed Operations - Aggregate Limit | 2,000,000 |
| Personal and Advertising - Injury Limit | 1,000,000 |
| Each Occurrence Limit | 1,000,000 |
| Damage to Premises | 100,000 |
| Medical Expenses Limit | 5,000 |
| Crime | 500,000 |
| Bond Saylor | 190,000 |
| Bond Freidmann | 200,000 |
| Flood Maple Place | 500000/500000 |
| Flood Wolf Hill | 500000/500000 |
| Cyber Liability | 1,000,000 |
| Monmouth Ocean County Shared Services Insurance Fund | |
| Errors & Omissions Liability Policy | 6,000,000 |
| Workmans Comp | 2,000,000 |

Source: District Records

SINGLE AUDIT SECTION

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Oceanport School District in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Oceanport School District basic financial statements, and have issued our report thereon dated November 12, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

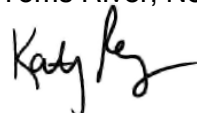
As part of obtaining reasonable assurance about whether the Oceanport School District financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct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

Purpose of this Report

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

Respectfully Submitted,

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



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

Toms River, New Jersey
November 12, 2019

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

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

Report on Compliance for Each Major Federal and State Program

We have audited Oceanport School District's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the New Jersey OMB Circular 15-08 that could have a direct and material effect on each of Oceanport School District's major federal programs for the year ended June 30, 2019. Oceanport School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinion on Each Major Federal and State Program

In our opinion, Oceanport School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

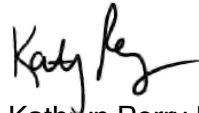
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

Purpose of this Report

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

Respectfully submitted,

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



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

Toms River, New Jersey
November 12, 2019

OCEANPORT SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards, Schedule A

For the Year Ended June 30, 2019

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal CFDA Number | Grant Period | Program or Award Amount | Balance at June 30, 2018 | Cash Received | Budgetary Expenditures | Adjustments | Repayment of Prior Years' Balances | Balance at June 30, 2019 | | | |
|--|---------------------------|----------------|-------------------------------|--------------------------------|-------------------|---------------------------|-------------|--|--------------------------|---------------------|-------------------|-------------|
| | | | | | | | | | Accounts Receivable | Deferred Revenue | Due to Grantor | |
| U.S. Department of Education | | | | | | | | | | | | |
| Passed-through State Department of Education | | | | | | | | | | | | |
| Child Nutrition Cluster | | | | | | | | | | | | |
| National School Lunch Program | 10.555 | 7/1/17-6/30/18 | \$ 18,375 | \$ (1,417) | \$ 1,417 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| National School Lunch Program | 10.555 | 7/1/18-6/30/19 | 26,049 | - | 23,987 | (26,049) | - | - | (2,062) | - | - | - |
| National School PB Lunch Program | 10.555 | 7/1/17-6/30/18 | 1,357 | (110) | 110 | - | - | - | - | - | - | - |
| National School PB Lunch Program | 10.555 | 7/1/18-6/30/19 | 1,531 | - | 1,407 | (1,531) | - | - | (124) | - | - | - |
| Subtotal of Child Nutrition Cluster | | | 47,312 | (1,527) | 26,921 | (27,580) | - | - | (2,186) | - | - | - |
| Food Distribution | 10.550 | 7/1/18-6/30/19 | 9,232 | - | 9,232 | (9,232) | - | - | - | - | - | - |
| Total U.S.Department of Agriculture | | | 56,544 | (1,527) | 36,153 | (36,812) | - | - | (2,186) | - | - | - |
| U.S. Department of Education | | | | | | | | | | | | |
| Passed-through State Department of Education | | | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | | | |
| Title I | 84.010A | 7/1/17-6/30/18 | 177,061 | (2,513) | 2,513 | - | - | - | - | - | - | - |
| Title I | 84.010A | 7/1/18-6/30/19 | 113,481 | - | 75,511 | (107,521) | - | - | (32,010) | - | - | - |
| Title II, Part A | 84.367A | 7/1/17-6/30/18 | 28,279 | (2,028) | 2,028 | - | - | - | - | - | - | - |
| Title II, Part A | 84.367A | 7/1/18-6/30/19 | 22,443 | - | 10,923 | (11,584) | - | - | (661) | - | - | - |
| Title IV | | 7/1/18-6/30/19 | 10,000 | - | 9,517 | (9,517) | - | - | - | - | - | - |
| Special Education Cluster: | | | | | | | | | | | | |
| IDEA Basic | 84.027 | 7/1/18-6/30/19 | 150,781 | - | 150,781 | (150,781) | - | - | - | - | - | - |
| IDEA Preschool | 84.027 | 7/1/18-6/30/19 | 5,736 | - | 5,736 | (5,736) | - | - | - | - | - | - |
| Subtotal of Special Education Cluster | | | - | - | 156,517 | (156,517) | - | - | - | - | - | - |
| Total U.S.Department of Education | | | | (4,541) | 257,009 | (285,139) | - | - | (32,671) | - | - | - |
| Total Special Revenue Fund | | | | \$ (6,068) | \$ 293,162 | \$ (321,951) | \$ - | \$ - | \$ (34,857) | \$ - | \$ - | \$ - |

See accompanying notes to schedules of expenditures.

OCEANPORT SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Year Ended June 30, 2019

| State Grantor/Program Title | Grant or State Project Number | Program or Award Amount | Grant Period | | Balance at June 30, 2018 | | | Adjustments/Repayment of Prior Years' Balances | Balance at June 30, 2019 | | | MEMO | | |
|--|-------------------------------|-------------------------|--------------|---------|-------------------------------------|-------------------|------------------------|--|--------------------------|------------------------------------|----------------|----------------------|-------------------------------|---------------------|
| | | | From | To | Deferred Revenue (Accts Receivable) | Cash Received | Budgetary Expenditures | | (Accounts Receivable) | Deferred Revenue/Interfund Payable | Due to Grantor | Budgetary Receivable | Cumulative Total Expenditures | |
| State Department of Education | | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | | |
| Transportation Aid | 19-495-034-5120-014 | 92,108 | 7/1/18 | 6/30/19 | - | 92,108 | (92,108) | - | - | - | - | - | - | 92,108 |
| Special Education Aid | 19-495-034-5120-012 | 360,177 | 7/1/18 | 6/30/19 | - | 311,442 | (360,177) | - | - | - | - | (48,735) | - | 360,177 |
| Extraordinary Aid | 19-495-034-5120-044 | 43,208 | 7/1/18 | 6/30/19 | - | - | (43,208) | - | (43,208) | - | - | - | - | 43,208 |
| Extraordinary Aid | 18-495-034-5120-044 | 52,749 | 7/1/17 | 6/30/18 | (52,749) | 52,749 | - | - | - | - | - | - | - | - |
| Security Aid | 19-495-034-5120-084 | 20,253 | 7/1/18 | 6/30/19 | - | 20,253 | (20,253) | - | - | - | - | - | - | 20,253 |
| Adjustment Aid | 19-495-034-5120-085 | 25,550 | 7/1/18 | 6/30/19 | - | 25,550 | (25,550) | - | - | - | - | - | - | 25,550 |
| Reimbursed TPAF Social Security Contributions | 19-495-034-5094-003 | 358,114 | 7/1/18 | 6/30/19 | - | 339,988 | (358,114) | - | (18,126) | - | - | - | - | 358,114 |
| On-Behalf TPAF Pension Contribution | 19-100-034-5095-002 | 895,276 | 7/1/18 | 6/30/19 | - | 895,276 | (895,276) | - | - | - | - | - | - | 895,276 |
| On-Behalf TPAF Post-Retirement Medical | 19-100-034-5095-001 | 406,096 | 7/1/18 | 6/30/19 | - | 406,096 | (406,096) | - | - | - | - | - | - | 406,096 |
| On-Behalf TPAF Long-Term Disability Insu | 19-100-034-5095-004 | 542 | 7/1/18 | 6/30/19 | - | 542 | (542) | - | - | - | - | - | - | 542 |
| Nonpublic Transportation Aid | 19-495-034-5120-014 | 7,697 | 7/1/18 | 6/30/19 | - | - | (7,697) | - | (7,697) | - | - | - | - | 7,697 |
| Nonpublic Transportation Aid | 18-495-034-5120-014 | 7,845 | 7/1/17 | 6/30/18 | (7,845) | 7,845 | - | - | - | - | - | - | - | - |
| Total General Fund | | | | | (60,594) | 2,151,849 | (2,209,021) | - | (69,031) | - | - | (48,735) | - | 2,209,021 |
| Debt Service Fund | | | | | | | | | | | | | | |
| Debt service aid Type II | 19-495-034-5120-017 | 56,763 | 7/1/18 | 6/30/19 | - | 56,763 | (56,763) | - | - | - | - | - | - | 56,763 |
| Food Service Fund | | | | | | | | | | | | | | |
| State School Lunch Program | 18-100-010-3350-023 | 1,151 | 7/1/17 | 6/30/18 | (93) | 93 | - | - | - | - | - | - | - | - |
| State School Lunch Program | 19-100-010-3350-023 | 1,307 | 7/1/18 | 6/30/19 | - | 1,202 | (1,307) | - | (105) | - | - | - | - | 1,307 |
| Total Food Service Fund | | | | | (93) | 1,295 | (1,307) | - | (105) | - | - | - | - | 1,307 |
| Capital Projects Fund | | | | | | | | | | | | | | |
| NJSDA | 3250-050-10-1001 | 65,604 | 7/1/10 | 6/30/11 | (65,604) | - | - | - | (65,604) | - | - | - | - | - |
| NJSDA | 3250-050-10-1002 | 28,420 | 7/1/10 | 6/30/11 | (26,420) | - | - | - | (26,420) | - | - | - | - | - |
| Total Capital Projects Fund | | | | | (92,024) | - | - | - | (92,024) | - | - | - | - | - |
| Total State Expenditures Subject to Single Audit Determination | | | | | (152,711) | 2,209,907 | (2,267,091) | - | (161,160) | - | - | (48,735) | - | 2,267,091 |
| State Expenditures Not Subject to Major Program Determination | | | | | - | 1,301,914 | (1,301,914) | - | - | - | - | - | - | - |
| Total Expenditures of State Awards Subject to Major Program Determination | | | | | \$ (152,711) | \$ 907,993 | \$ (965,177) | \$ - | \$ (161,160) | \$ - | \$ - | \$ (48,735) | \$ - | \$ 2,267,091 |

See accompanying notes to schedules of expenditures.

Oceanport School District

Notes to Schedules of Awards and Financial Assistance

June 30, 2019

1. General

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

2. Basis of Accounting

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

3. Relationship to Basic Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(898,387) for the general fund, \$- for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page.

Oceanport School District

Notes to Schedules of Awards and Financial Assistance

June 30, 2019

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

| | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|---------------------------------------|-------------------|---------------------|---------------------|
| General Fund | \$ - | \$ 1,310,634 | \$ 1,310,634 |
| Special Revenue Fund | 285,139 | - | 285,139 |
| Debt Service Fund | - | 56,763 | 56,763 |
| Capital Projects Fund | - | - | - |
| Food Service Fund | <u>36,812</u> | <u>1,307</u> | <u>38,119</u> |
| Total awards and financial assistance | <u>\$ 321,951</u> | <u>\$ 1,368,704</u> | <u>\$ 1,690,655</u> |

4. Relationship to Federal and State Financial Reports

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

5. Other

TPAF Social Security and Post Retirement/Medical Benefits Contributions represent the amounts reimbursed by the State for the employer's share of social security contributions and Post Retirement/Medical Benefits for TPAF members for the year ended June 30, 2019.

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

6. Indirect Costs

The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Oceanport School District

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

June 30, 2019

Section I - Summary of Auditor's Results
Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards Section - N/A

Internal Control over major programs:

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

Type of auditor's report issued on compliance for major programs: N/A

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? yes no

Oceanport School District

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

June 30, 2019

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

State Awards Section

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

Auditee qualified as low-risk auditee? yes no

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

Internal Control over major programs:

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

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

Identification of major programs:

| GMIS Number(s) | Name of State Program |
|------------------|---|
| 495-034-5094-003 | Reimbursed TPAF Social Security Contributions |

Oceanport School District
Schedule of Finding and Questioned Costs
June 30, 2019

Section II - Financial Statement Findings

No matters were reported for the period ended June 30, 2019.

Prior Year Audit Findings - N/A

Section III - State Award Findings and Questioned Costs

No matters were reported for the period ended June 30, 2019.

Oceanport School District
Summary Schedule of Prior Audit Findings
June 30, 2019

There were no prior year findings for the period ended June 30, 2018.