

School District
Of
Ocean Township



Ocean Township Board of Education
Waretown, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

OCEAN TOWNSHIP BOARD OF EDUCATION

OCEAN TOWNSHIP, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

PREPARED BY

**OCEAN TOWNSHIP BOARD OF EDUCATION
FINANCE DEPARTMENT**

OCEAN TOWNSHIP SCHOOL DISTRICT

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STATISTICAL SECTION

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INTRODUCTORY SECTION

OCEAN TOWNSHIP SCHOOL DISTRICT

January 22, 2021

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

Dear Board Members:

The comprehensive annual financial report of the Ocean Township School District for the fiscal year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels Pre-school, Kindergarten through 6. These include regular, as well as special education for handicapped youngsters. The District Residential Enrollment for 2019-2020 school year increased from the previous year's enrollment and is projected continue to increase in the coming years due to residential construction projects. The following details the changes in the student enrollment of the District over the last eight years. These figures are based upon average daily enrollment.

Average Daily Enrollment

| <u>Fiscal Year</u> | <u>Student Enrollment</u> | <u>Percent Change</u> |
|--------------------|---------------------------|-----------------------|
| 2012-13 | 537 | 0% |
| 2013-14 | 519 | -3.4% |
| 2014-15 | 542 | 4.4% |
| 2015-16 | 522 | -3.7% |
| 2016-17 | 507 | -2.8% |
| 2017-18 | 497 | -2.0% |
| 2018-19 | 507 | 4.0% |
| 2019-20 | 526 | 5.8% |

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

| <u>Fiscal Year</u> | <u>Number Students Sent</u> | <u>Total Tuition Paid</u> |
|--------------------|-----------------------------|---------------------------|
| 2012-13 | 455 | \$6,977,345 |
| 2013-14 | 427 | \$6,950,237 |
| 2014-15 | 418 | \$7,079,551 |
| 2015-16 | 422 | \$7,107,135 |
| 2016-17 | 405 | \$6,933,788 |
| 2017-18 | 400 | \$7,980,094 |
| 2018-19 | 414 | \$8,058,787 |
| 2019-20 | 421 | \$7,737,901 |

2. ECONOMIC CONDITION AND OUTLOOK: The District's average daily enrollment for grades K-6 has increased slightly from the prior year due to new development construction in Ocean Township. Special education programs requirements will continue to have a significant impact on the budget. Tuition costs represent approximately 40% of the school budget. In recent years the district has experienced significant declining state aid within its budget. This decline in state funding has been partially offset by use of district reserves as well as reductions within the appropriations budget. The District has established, and funded, various fund balance reserve accounts, identified within this audit, these will allow the district to the continued maintenance and improve the school facilities while experiencing an uncertain funding environment.

3. MAJOR INITIATIVES:

Utilization of new technology (computers, action boards, Kindles, Study Island and Fast Forward) will be continued in our district. Core Curriculum Standards, improvement in performance on state assessments and a revised code for special education continue to constitute major educational initiatives in our district.

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

4. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is

designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2020.

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

7) FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2020 and the percent of total.

8) DEBT ADMINISTRATION: The district has a total outstanding debt as of June 30, 2020 in the amount of \$4,365,000.

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

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

11) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants the accounting firm of Robert A. Hulsart & Company has been retained by the Board of

Education. In addition to meeting the requirements of the Single Audit Act of 1984 and the related Title 2 U.S. Code of Federal Regulations, Part 200 and state Treasury Circular Letter 15-08 OMB, the auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors reports related specifically to the single audit are included in the single audit section of this report.

12) ACKNOWLEDGMENTS:

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

Respectfully submitted,

Christopher Lommerin

Christopher Lommerin
Superintendent

George Gahles

George Gahles
Business Administrator/Board Secretary

OCEAN TOWNSHIP BOARD OF EDUCATION

Waretown, New Jersey

ROSTER OF OFFICIALS

JUNE 30, 2020

Members of the Board of Education **Term Expires**

Shawn Denning, Jr. President 2020

Evelyn McDowell, Vice President 2021

Kelly Zuzic 2020

Brian Tart 2021

Daniel Eberenz. 2022

Other Officials

Christopher Lommerin, Superintendent

George Gahles, Business Administrator

Andrew B. Brown, Attorney

OCEAN TOWNSHIP BOARD OF EDUCATION
Consultants and Advisors

Robert A. Hulsart & Company
2807 Hurley Pond Road
Wall, New Jersey 07719

Attorneys

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

Official Depository

Ocean First

FINANCIAL SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

7.

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

Telecopier:
(732) 260-8888
e-mail:
rah@monmouth.com

2807 Hurley Pond Road • Suite 100
P.O. Box 1409
Wall, New Jersey 07719-1409
(732) 681-4990

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Ocean Township School District, in the County of Ocean, State of New Jersey, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Ocean Township School District, in the County of Ocean, State of New Jersey, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

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

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

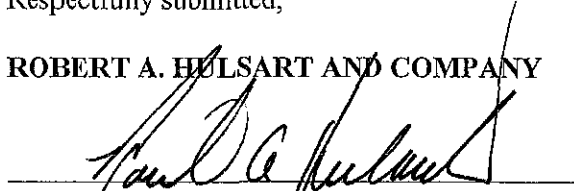
The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2021 on our consideration of the Ocean Township's Board of Education internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ocean Township Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY



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

January 22, 2021

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

OCEAN TOWNSHIP SCHOOL DISTRICT
COUNTY OF OCEAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The discussion and analysis of the Ocean Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

Financial Highlights

Key Financial highlights for the 2019-2020 fiscal year are as follows:

- General revenues accounted for \$19,961,978 in revenue or 93% 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 \$1,533,483 or 7% percent to total revenues of \$21,495,461.
- The School District had \$19,968,181 in expenses; only \$1,533,483 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$19,961,978 were adequate to provide for these programs.
- The General Fund had \$19,252,606 in revenues and \$18,729,945 in expenditures. The General Fund's balance increased \$445,661 over 2019-2020. This decrease was anticipated by the Board of Education due to insurance reimbursements and budget savings.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2019-2020 fiscal year?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

The School District as a Whole

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

| | Table 1 | |
|---|----------------------|--------------------|
| | Net Position | |
| | <u>2020</u> | <u>2019</u> |
| <u>Assets</u> | | |
| Current and Other Assets | \$ 5,609,346 | 5,197,150 |
| Capital Assets, Net | <u>7,099,147</u> | <u>7,417,937</u> |
| Total Assets | <u>\$ 12,708,493</u> | <u>12,615,087</u> |
| <u>Deferred Outflow of Resources</u> | | |
| Contribution to Pension Plan | <u>\$ 579,131</u> | <u>943,131</u> |
| <u>Deferred Inflow of Resources</u> | | |
| Pension Deferrals | <u>\$ 501,116</u> | <u>1,290,089</u> |
| <u>Liabilities</u> | | |
| Current Liabilities | \$ 708,012 | 628,120 |
| Other Liabilities | <u>7,093,369</u> | <u>8,182,162</u> |
| Total Liabilities | <u>\$ 7,801,381</u> | <u>8,810,282</u> |
| <u>Net Position</u> | | |
| Invested in Capital Assets, Net of Debt | \$ 2,734,447 | 2,497,937 |
| Restricted | 3,903,844 | 5,475,541 |
| Unrestricted | <u>(1,653,164)</u> | <u>(4,515,631)</u> |
| Total Net Position | <u>\$ 4,985,127</u> | <u>3,457,847</u> |

Table 2 shows the changes in net position for fiscal year 2020.

Table 2
Changes in Net Position

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|-------------------|
| <u>Revenues</u> | | |
| Program Revenues | | |
| Operating Grants and Contributions | \$ 1,533,483 | 826,503 |
| General Revenues | | |
| Property Taxes | 12,031,744 | 11,712,307 |
| Grants and Entitlements | 7,873,497 | 8,532,229 |
| Other | <u>56,737</u> | <u>73,377</u> |
| Total Revenues | <u>21,495,461</u> | <u>21,144,416</u> |
| <u>Program Expenses</u> | | |
| Instruction | 4,499,191 | 4,475,580 |
| Support Services | | |
| Pupils and Instructional Staff | 9,324,485 | 9,724,187 |
| General Administration, School Administration, | | |
| Business | 670,398 | 752,898 |
| Operations and Maintenance of Facilities | 957,735 | 949,249 |
| Pupil Transportation | 758,517 | 897,461 |
| Benefits | 2,829,518 | 1,115,082 |
| Miscellaneous | 146,694 | 160,187 |
| Depreciation | 362,044 | 357,558 |
| Capital Outlay | 11,665 | 11,258 |
| Enterprise | <u>407,934</u> | <u>408,189</u> |
| Total Expenses | <u>19,968,181</u> | <u>18,851,649</u> |
| Increase/ (Decrease) in Net Position | <u>\$ 1,527,280</u> | <u>2,292,767</u> |

Governmental Activities

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

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

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

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

Governmental Activities (Continued)

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

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

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

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

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

Other includes unallocated depreciation and amortization.

The School Board' Funds

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

As the School Board completed the fiscal year ended June 30, 2020, it reported a combined net position balance of \$4,985,127. The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net position.

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

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

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

Capital Assets

At June 30, 2020, the School Board had approximately \$7,069,872 million invested in a broad range of capital assets, including land, buildings, furniture, computers, instructional equipment and other equipment. Table II below shows the net book value of capital assets at the end of the 2020 fiscal year.

| | <u>Governmental Activities</u> |
|---------------------------------|---|
| Table II | |
| Capital Assets at June 30, 2020 | |
| Buildings & Site Improvements | \$ 6,546,730 |
| Machinery and Equipment | 425,247 |
| Land | <u>97,895</u> |
| Total | <u>\$ 7,069,872</u> |

Debt Administration

At June 30, 2020, the School District had outstanding debt of \$7,663,369 consisting of serial bonds of \$4,365,000, which fully mature in 2027, compensated absences of \$302,375 and the District also reported a deferred pension liability of \$2,995,994.

Economic Factors and Next Year's Budget

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

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

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

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

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

OCEAN TOWNSHIP SCHOOL DISTRICTSTATEMENT OF NET POSITION

Exhibit A-1

JUNE 30, 2020

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|--------------------|
| <u>Assets</u> | | | |
| Cash and Cash Equivalents | \$ 1,094,404 | 48,046 | 1,142,450 |
| Accounts Receivables, Net | 599,758 | 3,275 | 603,033 |
| Inventory | | 5,679 | 5,679 |
| Restricted Assets: | | | |
| Capital Reserve - Cash | 1,351,158 | | 1,351,158 |
| Cash and Cash Equivalents | 2,506,726 | | 2,506,726 |
| Capital Assets Not Being Depreciated | 97,895 | | 97,895 |
| Capital Assets, Net | <u>6,971,977</u> | <u>29,575</u> | <u>7,001,552</u> |
| Total Assets | <u>12,621,918</u> | <u>86,575</u> | <u>12,708,493</u> |
| <u>Deferred Outflow of Resources</u> | | | |
| Contribution to Pension Plan | <u>579,131</u> | | <u>579,131</u> |
| <u>Deferred Inflow of Resources</u> | | | |
| Pension Deferrals | <u>501,116</u> | | <u>501,116</u> |
| <u>Liabilities</u> | | | |
| Deferred Revenue | 55,480 | | 55,480 |
| Accounts Payable | 19,431 | | 19,431 |
| Accrued Interest | 63,101 | | 63,101 |
| Noncurrent Liabilities: | | | |
| Due Within One Year | 570,000 | | 570,000 |
| Due Beyond One Year | <u>7,093,369</u> | | <u>7,093,369</u> |
| Total Liabilities | <u>7,801,381</u> | <u>-</u> | <u>7,801,381</u> |
| <u>Net Position</u> | | | |
| Invested in Capital Assets, Net of Related Debt | 2,704,872 | 29,575 | 2,734,447 |
| Restricted For: | | | |
| Other Purposes | 3,857,884 | 45,960 | 3,903,844 |
| Unrestricted | <u>(1,664,204)</u> | <u>11,040</u> | <u>(1,653,164)</u> |
| Total Net Position | <u>\$ 4,898,552</u> | <u>86,575</u> | <u>4,985,127</u> |

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

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

Sheet 1 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

| | Program Revenues | | Net (Expense) Revenue and Changes in Net Position | | | |
|---|-------------------|-------------------------|--|----------------------------|-----------------------------|---------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| <u>Functions/Programs</u> | | | | | | |
| Governmental Activities: | | | | | | |
| Instruction: | | | | | | |
| Regular | \$ 2,195,346 | | | (2,195,346) | | (2,195,346) |
| Special Education | 2,037,861 | | 791,046 | (1,246,815) | | (1,246,815) |
| Other Instruction | 265,984 | | | (265,984) | | (265,984) |
| Support Services and Undistributed Costs: | | | | | | |
| Tuition | 7,737,900 | | | (7,737,900) | | (7,737,900) |
| Student & Instruction Related Services | 1,586,585 | | 399,338 | (1,187,247) | | (1,187,247) |
| General Administrative Services | 269,930 | | | (269,930) | | (269,930) |
| School Administrative Services | 400,468 | | | (400,468) | | (400,468) |
| Plant Operations and Maintenance | 957,735 | | | (957,735) | | (957,735) |
| Pupil Transportation | 758,517 | | | (758,517) | | (758,517) |
| Unallocated Benefits | 2,829,518 | | | (2,829,518) | | (2,829,518) |
| Capital Outlay | 11,665 | | 11,665 | - | | - |
| Interest on Long-Term Debt | 146,694 | | | (146,694) | | (146,694) |
| Unallocated Depreciation | 362,044 | | | (362,044) | | (362,044) |
| Total Government Activities | <u>19,560,247</u> | <u>-</u> | <u>1,202,049</u> | <u>(18,358,198)</u> | <u>-</u> | <u>(18,358,198)</u> |
| Business-Type Activities: | | | | | | |
| Food Service and Latchkey | 407,934 | 210,218 | 121,216 | | (76,500) | (76,500) |
| Total Business-Type Activities | <u>407,934</u> | <u>210,218</u> | <u>121,216</u> | <u>-</u> | <u>(76,500)</u> | <u>(76,500)</u> |
| Total Primary Government | <u>19,968,181</u> | <u>210,218</u> | <u>1,323,265</u> | <u>(18,358,198)</u> | <u>(76,500)</u> | <u>(18,434,698)</u> |

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

Sheet 2 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

| | Program Revenues | | Net (Expense) Revenue and Changes in Net Position | | |
|---|------------------|-------------------------|--|----------------------------|-----------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Governmental Activities | Business-Type Activities |
| General Revenues: | | | | | |
| Taxes: | | | | | |
| Property Taxes, Levied for General Purpose, Net | | | 11,622,126 | | 11,622,126 |
| Taxes Levied for Debt Service | | | 409,618 | | 409,618 |
| Federal and State Aid Not Restricted | | | 7,873,497 | | 7,873,497 |
| Miscellaneous Income | | | 56,690 | 47 | 56,737 |
| Transfers and Adjustments | | | (77,000) | 77,000 | - |
| Total General Revenues, Special Items, Extraordinary Items and Transfers | | | 19,884,931 | 77,047 | 19,961,978 |
| Change in Net Position | | | 1,526,733 | 547 | 1,527,280 |
| Net Position - Beginning | | | 3,371,819 | 86,028 | 3,457,847 |
| Net Position - Ending | | | \$ 4,898,552 | 86,575 | 4,985,127 |

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2020

| | General Fund | Special Revenue Fund | Capital Projects | Total Governmental Funds |
|---|---------------------|----------------------------|---------------------|--------------------------------|
| Assets | | | | |
| Cash and Cash Equivalents | \$ 4,928,738 | - | 23,550 | 4,952,288 |
| Interfund Receivable | 409,368 | | | 409,368 |
| Accounts Receivable, Net | 51,061 | 234,697 | 314,000 | 599,758 |
| Total Assets | \$ 5,389,167 | 234,697 | 337,550 | 5,961,414 |
| Liabilities and Fund Balance | | | | |
| Liabilities: | | | | |
| Interfund Payable | \$ - | 267,740 | 141,628 | 409,368 |
| Accounts Payable | | 19,431 | | 19,431 |
| Deferred Revenue | | 55,480 | | 55,480 |
| Total Liabilities | - | 342,651 | 141,628 | 484,279 |
| Fund Balance: | | | | |
| Restricted For: | | | | |
| Reserve for Capital Reserve | 1,351,158 | | | 1,351,158 |
| Reserve for Maintenance | 627,745 | | | 627,745 |
| Reserve for Tuition | 1,000,000 | | | 1,000,000 |
| Excess Surplus - Current Year | 878,981 | | | 878,981 |
| Committed To: | | | | |
| Other Purposes | 602,584 | | | 602,584 |
| Assigned To: | | | | |
| Designated for Subsequent Years Expenditures - BOE | 250,000 | | | 250,000 |
| Designated for Subsequent Years Expenditures - Excess Surplus | 519,697 | | | 519,697 |
| Designated for Subsequent Years Expenditures - Tuition Reserve | 150,000 | | | 150,000 |
| Designated for Subsequent Years Expenditures Emergency Reserve | 250,000 | | | 250,000 |
| Unassigned: | | | | |
| Capital Projects | | | 195,922 | 195,922 |
| Special Revenue Fund | | (107,954) | | (107,954) |
| General Fund | (240,998) | | | (240,998) |
| Total Fund Balances | 5,389,167 | (107,954) | 195,922 | 5,477,135 |
| Total Liabilities and Fund Balance | \$ 5,389,167 | 234,697 | 337,550 | |

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$16,160,333 and the accumulated depreciation is \$9,090,461.

7,069,872

Deferred outflow of resources - contributions to the pension plan

579,131

Deferred inflow of resources - acquisition of assets applicable to future reporting periods

(501,116)

Accrued Interest

(63,101)

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.

(7,663,369)

Net position of governmental activities

\$ 4,898,552

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| <u>Revenues</u> | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 11,622,126 | | | 409,618 | 12,031,744 |
| Miscellaneous | 56,690 | | | | 56,690 |
| Total Local Sources | <u>11,678,816</u> | - | - | 409,618 | 12,088,434 |
| State Sources | 7,526,208 | 808,259 | | 299,707 | 8,634,174 |
| Federal Sources | 47,582 | 393,790 | | | 441,372 |
| Total Revenues | <u>19,252,606</u> | <u>1,202,049</u> | - | <u>709,325</u> | <u>21,163,980</u> |
| <u>Expenditures</u> | | | | | |
| Current: | | | | | |
| Regular Instruction | 2,189,002 | | | | 2,189,002 |
| Special Education Instruction | 1,246,815 | 791,046 | | | 2,037,861 |
| Other Instruction | 265,984 | | | | 265,984 |
| Support Services and Undistributed Costs: | | | | | |
| Tuition | 7,737,900 | | | | 7,737,900 |
| Student and Instruction Related Services | 1,119,640 | 466,945 | | | 1,586,585 |
| General Administrative Services | 269,930 | | | | 269,930 |
| School Administrative Services | 400,468 | | | | 400,468 |
| Plant Operations and Maintenance | 957,735 | | | | 957,735 |
| Pupil Transportation | 758,517 | | | | 758,517 |
| Unallocated Benefits | 3,779,628 | | | | 3,779,628 |
| Capital Outlay | 4,326 | 52,012 | | | 56,338 |
| Debt Service: | | | | | |
| Principal | | | | 555,000 | 555,000 |
| Interest and Other Charges | | | | 154,325 | 154,325 |
| Total Expenditures | <u>18,729,945</u> | <u>1,310,003</u> | - | <u>709,325</u> | <u>20,749,273</u> |

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit B-2

Sheet 2 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>522,661</u> | <u>(107,954)</u> | <u>-</u> | <u>-</u> | <u>414,707</u> |
| Other Financing Sources/(Uses): | | | | | |
| Transfer to Food Service Fund | <u>(77,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(77,000)</u> |
| Net Change in Fund Balances | 445,661 | (107,954) | - | - | 337,707 |
| Fund Balance - July 1 | <u>4,943,506</u> | <u>-</u> | <u>195,922</u> | <u>-</u> | <u>5,139,428</u> |
| Fund Balance - June 30 | <u>\$ 5,389,167</u> | <u>(107,954)</u> | <u>195,922</u> | <u>-</u> | <u>5,477,135</u> |

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

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

Exhibit B-3

TO THE STATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2020

| | |
|--|---------------------|
| Total Net Change in Fund Balances - Governmental Funds (From B-2) | \$ 337,707 |
| Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because: | |
| Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period. | |
| Depreciation | (362,044) |
| Capital Outlay | 44,673 |
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. | 555,000 |
| In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental fund, interest is reported when due. | 7,631 |
| Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position | (364,000) |
| Pension related deferrals | 788,973 |
| Change in net pension liability | 525,137 |
| In the statement of activities, certain operating expenses are measured by the amounts earned. In the governmental funds, however, expenditures are reported in the amount of financial resources used. | |
| Compensated Absences | (6,344) |
| Change in Net Position of Governmental Activities | <u>\$ 1,526,733</u> |

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

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2020

| | Business-Type Activities | |
|--|-------------------------------------|--------------------------------|
| | Enterprise Fund | |
| | Totals | |
| | <hr/> | |
| <u>Assets</u> | | |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ | 48,046 |
| Accounts Receivable | | |
| State | | 31 |
| Federal | | 3,244 |
| Inventories | | 5,679 |
| Total Current Assets | | <hr/> 57,000 <hr/> |
| Noncurrent Assets: | | |
| Furniture, Machinery & Equipment | | 188,304 |
| Less: Accumulated Depreciation | | <hr/> (158,729) <hr/> |
| Total Noncurrent Assets | | <hr/> 29,575 <hr/> |
| Total Assets | \$ | <hr/> <hr/> 86,575 <hr/> <hr/> |
| <u>Net Position</u> | | |
| Invested in Capital Assets Net of Related Debt | \$ | 29,575 |
| Unrestricted | | 11,040 |
| Reserve for Latch Key | | <hr/> 45,960 <hr/> |
| Total Net Position | \$ | <hr/> <hr/> 86,575 <hr/> <hr/> |

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

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit B-5

STATEMENT OF REVENUES, EXPENSES ANDCHANGES IN FUND NET POSITIONPROPRIETARY FUNDSJUNE 30, 2020

| | Business-Type Activities Enterprise Fund Totals |
|---|--|
| | <hr/> <hr/> |
| Operating Revenues: | |
| Charge for Services: | |
| Daily Sales - Reimbursable Programs | \$ 45,390 |
| Daily Sales - Non Reimbursable Programs | 22,778 |
| Community Service Functions | 142,050 |
| Total Operating Revenues | <hr/> 210,218 <hr/> |
| Operating Expenses: | |
| Cost of Sales - Reimbursable Programs | 58,766 |
| Cost of Sales - Non Reimbursable Programs | 28,945 |
| Salaries | 236,498 |
| Management Fee | 10,171 |
| General Supplies | 13,560 |
| Depreciation | 1,119 |
| Miscellaneous | 2,096 |
| Other Purchased Professional Services | 56,779 |
| Total Operating Expenses | <hr/> 407,934 <hr/> |
| Operating Income (Loss) | (197,716) |
| Nonoperating Revenues (Expenses): | |
| Interest Revenue | 47 |
| Board Subsidy | 77,000 |
| State Sources: | |
| State School Lunch Program | 1,946 |
| Federal Sources: | |
| National Breakfast Program | 23,129 |
| National School Lunch Program | 80,784 |
| National School PB Lunch Program | 2,565 |
| Food Distribution Program | 12,792 |
| Total Nonoperating Revenues (Expenses) | <hr/> 198,263 <hr/> |
| Change in Net Position | 547 |
| Total Net Position - Beginning | <hr/> 86,028 <hr/> |
| Total Net Position - Ending | <hr/> \$ 86,575 <hr/> |

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

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWSPROPRIETARY FUNDSJUNE 30, 2020

| | Business-Type Activities Enterprise Fund Totals |
|---|--|
| | <hr/> |
| Cash Flows from Operating Activities: | |
| Receipts from Customers | \$ 210,248 |
| Payments to Employees | (236,498) |
| Payments to Suppliers & Miscellaneous | (156,705) |
| Net Cash Provided (Used by) Operating Activities | <hr/> (182,955) <hr/> |
| Cash Flows from Noncapital Financing Activities: | |
| Board Subsidy | 77,000 |
| State and Federal Sources | 108,424 |
| Net Cash Provided (Used by) Noncapital Financing Activities | <hr/> 185,424 <hr/> |
| Cash Flows from Investing Activities | |
| Interest | 47 |
| Net Increase (Decrease) in Cash & Cash Equivalents | 2,516 |
| Balances - Beginning of Year | <hr/> 45,530 <hr/> |
| Balances - End of Year | <hr/> \$ 48,046 <hr/> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | |
| Operating Income (Loss) | \$ (197,716) |
| Depreciation | 1,119 |
| Federal Commonidities | 12,792 |
| (Increase) Decrease in Accounts Receivable | 3,878 |
| (Increase) Decrease in Inventories | (1,085) |
| Increase (Decrease) in Accounts Payable | (1,943) |
| Net Cash Provided (Used by) Operating Activities | <hr/> \$ (182,955) <hr/> |

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

OCEAN TOWNSHIP SCHOOL DISTRICTSTATEMENT OF FIDUCIARY NET POSITION

Exhibit B-7

FIDUCIARY FUNDSJUNE 30, 2020

| | <u>Unemployment Compensation Expendable Trust Fund</u> |
|---|--|
| <u>Assets</u> | |
| Cash and Cash Equivalents | \$ 35,582 |
| Total Assets | <u>\$ 35,582</u> |
| <u>Net Position</u> | |
| Reserved - Dedicated to Unemployment | \$ 35,582 |
| Total Net Position | <u>\$ 35,582</u> |

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Exhibit B-8

FIDUCIARY FUNDS

JUNE 30, 2020

| | <u>Unemployment Compensation Trust</u> |
|----------------------------------|--|
| <u>Additions</u> | |
| Contributions: | |
| Other | \$ 17,593 |
| Total Contributions | <u>17,593</u> |
| Investment Earnings: | |
| Interest | 98 |
| Net Investment Earnings | <u>98</u> |
| Total Additions | <u>17,691</u> |
| <u>Deductions</u> | |
| Unemployment Claims | 16,376 |
| Total Deductions | <u>16,376</u> |
| Change in Net Position | 1,315 |
| Net Position - Beginning of Year | <u>34,267</u> |
| Net Position - End of the Year | <u>\$ 35,582</u> |

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

NOTES TO FINANCIAL STATEMENTS

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

JUNE 30, 2020

NOTE 1: Summary of Significant Accounting Policies

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

A. Reporting Entity:

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

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

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

B. Government-Wide and Fund Financial Statements

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)**B. Government-Wide and Fund Financial Statements (Continued)**

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

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

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

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

D. Fund Accounting:

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

Governmental Fund Types

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

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

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

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

Proprietary Fund Type

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Fiduciary Fund Types

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

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

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

E. Basis of Accounting:

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)**F. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2020 were insignificant.

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

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

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

G. Encumbrances:

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

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

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

H. Short-Term Interfund Receivables/Payables:

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

I. Inventories and Prepaid Expenses

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2020.

J. Capital Assets and Depreciation

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

The District contracted with an outside service company to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2019-2020 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2020, fiscal year 2020 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

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

Capital asset activity for the year ended June 30, 2020 was as follows:

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

| | <u>Balance</u> <u>July 1, 2019</u> | <u>Additions</u> | <u>Adjustments</u> | <u>Balance</u> <u>June 30, 2020</u> |
|---------------------------------|---------------------------------------|------------------|--------------------|--|
| Governmental Activities: | | | | |
| Land | \$ 97,895 | _____ | _____ | 97,895 |
| Total | <u>97,895</u> | _____ | _____ | <u>97,895</u> |
| Depreciable Assets: | | | | |
| Site Improvements | 379,403 | | | 379,403 |
| Buildings | 13,871,533 | | | 13,871,533 |
| Machinery & Equip. | <u>1,765,524</u> | <u>45,978</u> | _____ | <u>1,811,502</u> |
| Total | <u>16,016,460</u> | <u>45,978</u> | _____ | <u>16,062,438</u> |
| Less: Accumulated Depreciation: | | | | |
| Site Improvements | (380,707) | | | (380,707) |
| Buildings | (7,022,829) | (300,670) | | (7,323,499) |
| Machinery & Equip. | <u>(1,324,881)</u> | <u>(61,374)</u> | _____ | <u>(1,386,255)</u> |
| Total Accumulated Depreciation | <u>(8,728,417)</u> | <u>(362,044)</u> | _____ | <u>(9,090,461)</u> |
| Net Depreciable Assets | <u>7,288,043</u> | <u>(316,066)</u> | _____ | <u>6,971,977</u> |
| Governmental Activities: | | | | |
| Capital Assets, Net | <u>\$ 7,385,938</u> | <u>(316,066)</u> | _____ | <u>7,069,872</u> |
| Business-Type Activities: | | | | |
| Equipment | \$ 188,304 | | | 188,304 |
| Less: Accumulated Depreciation: | | | | |
| Equipment | <u>(157,610)</u> | (1,119) | _____ | <u>(158,729)</u> |
| Business-Type Activities | | | | |
| Capital Assets (Net) | <u>\$ 30,694</u> | <u>(1,119)</u> | _____ | <u>29,575</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|-------------|-------------------|
| Unallocated | <u>\$ 362,044</u> |
|-------------|-------------------|

K. Compensated Absences

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

K. Compensated Absences (Continued)

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

L. Unearned Revenue

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

M. Fund Equity

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

N. Net Position

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

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

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

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

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

Fund Balance

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

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

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

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

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

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

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

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

NOTE 2: Cash and Cash Equivalents and Investments

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

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

Deposits

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

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

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

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

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

Investments

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

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

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

As of June 30, 2020, the District's deposits and investments are summarized as follows:

| | |
|-------|---------------------|
| FDIC | \$ 250,000 |
| GUPDA | <u>5,712,679</u> |
| | <u>\$ 5,962,679</u> |

Custodial Credit Risk – Deposits

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

The District had no uninsured deposits.

As of June 30, 2020, cash and cash equivalents and investments of the District consisted of the following:

**Cash and Cash
Equivalents**
\$ 5,043,083

During the period ended June 30, 2020 the District did not hold any investments. The carrying amount of the District's cash and cash equivalents at June 30, 2020 was \$5,043,083 and the bank balance was \$5,962,679. Of the bank balance, \$250,000 was covered by federal depository insurance and \$5,712,679 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

NOTE 3: General Long-Term Debt

During the fiscal year ended June 30, 2020, the following changes occurred in liabilities reported in the general long-term debt account group:

| | <u>Balance</u> <u>June 30, 2019</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2020</u> | <u>Long-Term</u> <u>Portion</u> | <u>2020-21</u> <u>Payment</u> |
|------------------------------|--|------------------|--------------------|--|------------------------------------|----------------------------------|
| Pension Liability | \$ 3,521,131 | | (525,137) | 2,995,994 | 2,995,994 | |
| Compensated Absences Payable | 296,031 | 6,344 | | 302,375 | 302,375 | |
| Bonds Payable | <u>4,920,000</u> | <u> </u> | <u>(555,000)</u> | <u>4,365,000</u> | <u>3,795,000</u> | <u>570,000</u> |
| | <u>\$ 8,737,162</u> | <u>6,344</u> | <u>(1,080,137)</u> | <u>7,663,369</u> | <u>7,093,369</u> | <u>570,000</u> |

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

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

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

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------|---------------------|-----------------|------------------|
| Year Ending June 30 | | | |
| 2020/2021 | \$ 570,000 | 137,675 | 707,675 |
| 2021/2022 | 585,000 | 120,575 | 705,575 |
| 2022/2023 | 605,000 | 103,025 | 708,025 |
| 2023/2024 | 620,000 | 84,875 | 704,875 |
| 2024/2025 | 640,000 | 66,273 | 706,273 |
| 2023/24-2026/27 | <u>1,345,000</u> | <u>71,050</u> | <u>1,416,050</u> |
| | <u>\$ 4,365,000</u> | <u>583,473</u> | <u>4,948,473</u> |

B. Bonds Authorized But Not Issued

As of June 30, 2020, the Board had no authorized but not issued bonds.

NOTE 4: Pension Plans

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

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

NOTE 4: Pension Plans (Continued)

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

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

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

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

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

NOTE 4: Pension Plans (Continued)

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

During the year ended June 30, 2020, the State of New Jersey contributed \$1,229,920 to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$315,110 during the year ended June 30, 2020 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 24.

Three-Year Trend Information for PERS

| <u>Year</u> <u>Funding</u> | <u>Annual</u> <u>Pension</u> <u>Cost (APC)</u> | <u>Percentage</u> <u>of APC</u> <u>Contributed</u> | <u>Net</u> <u>Pension</u> <u>Obligation</u> |
|---|---|---|--|
| 6/30/20 | \$ 168,610 | 100% | 0 |
| 6/30/19 | 184,479 | 100% | 0 |
| 6/30/18 | 169,839 | 100% | 0 |

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

| <u>Year</u> <u>Funding</u> | <u>Annual</u> <u>Pension</u> <u>Cost (APC)</u> | <u>Percentage</u> <u>of APC</u> <u>Contributed</u> | <u>Net</u> <u>Pension</u> <u>Obligation</u> |
|---|---|---|--|
| 6/30/20 | \$ 1,229,920 | 100% | 0 |
| 6/30/19 | 1,153,571 | 100% | 0 |
| 6/30/18 | 1,010,692 | 100% | 0 |

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

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

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

NOTE 4: Pension Plans (Continued)

The following represents the membership tiers for PERS:

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

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

Basis of Presentation

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

Allocation Methodology and Reconciliation to Financial Statements

GASB Statement No. 68, *Accounting and Financial Reporting for Pension*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2018 through June 30, 2019. Employer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

NOTE 4: Pension Plans (Continued)

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedule of pension amount by employer. The allocation percentages for each group of June 30, 2019 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2019.

A special funding situation exists for certain Local employers of the Public Employees' Retirement System. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by Local employers under Chapter 366, P.L. 2001. This legislation established the Prosecutors Part of the PERS which provides enhanced retirement benefits for Prosecutors enrolled in the PERS. The State is liable for the increased pension costs to a County that resulted from the enrollment of Prosecutors in the Prosecutors Part. The June 30, 2019 State special funding situation net pension liability amount of \$125.3 million is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense of \$132.2 million, for the fiscal year ending June 30, 2019, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2019. The pension expense is deemed to be a State administrative expense due to the special funding situation.

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 2019, the State's pension contribution was less than the actuarial determined amount.

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

NOTE 4: Pension Plans (Continued)

For the year ended June 30, 2020, the District recognized pension expense of \$168,610. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference Between Expected and Actual Experience | \$ 53,774 | 5,237 |
| Changes of Assumptions | 299,161 | 411,453 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | | 18,712 |
| Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions | 57,586 | 65,714 |
| District Contributions Subsequent to the Measurement Date | <u>168,610</u> | <u> </u> |
| Total | <u>\$ 579,131</u> | <u>501,116</u> |

\$168,610 reported as deferred outflows of resources related to pensions resulting from school district, project contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2020, the plan measurement date is June 30, 2019) will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ending
June 30,**

| | |
|------|-------------------|
| 2020 | \$ (85,898) |
| 2021 | (278,658) |
| 2022 | (248,826) |
| 2023 | (116,837) |
| 2024 | <u>(11,997)</u> |
| | <u>\$ 742,216</u> |

Additional Information

Collective balances at December 31, 2019 and 2018 are as follows:

| | <u>Dec. 31, 2019</u> | <u>Dec. 31, 2018</u> |
|---|-----------------------------|-----------------------------|
| Collective Deferred Outflows of Resources | \$ 579,131 | 943,131 |
| Collective Deferred Inflows of Resources | 501,116 | 1,290,089 |
| Collective Net Pension Liability | 2,995,994 | 3,521,131 |
| District's Proportion | .01651% | .01788% |

NOTE 4: Pension Plans (Continued)**Components of Net Pension Liability**

The components of the collective net pension liability of the participating employers as of June 30, 2019 were as follows:

| | 2019 | | |
|--|--------------------------|-----------------------|-----------------------|
| | <u>State</u> | <u>Local</u> | <u>Total</u> |
| Total Pension Liability | \$ 29,512,766,255 | 41,491,463,886 | 71,004,230,141 |
| Plan Fiduciary Net Position | <u>6,500,345,915</u> | <u>23,347,631,751</u> | <u>29,847,977,666</u> |
| Net Pension Liability | <u>\$ 23,012,420,340</u> | <u>18,143,832,135</u> | <u>41,156,252,475</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 22.03% | 56.27% | 42.04% |

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

| | |
|---------------------------|---------------------------|
| Inflation Rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | |
| Through 2026 | 2.00% - 6.00% |
| | Based on years of service |
| Thereafter | 3.00% - 7.00% |
| | Based on years of service |
| Investment Rate of Return | 7.00% |

Pre-retirement mortality rates were based on the Pub-2010 General Below-Medial Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

NOTE 4: Pension Plans (Continued)

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) 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 ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 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 | 3.00% | 4.67% |
| Cash Equivalents | 5.00% | 2.00% |
| U.S. Treasuries | 5.00% | 2.68% |
| Investment Grade Credit | 10.00% | 4.25% |
| High Yield | 2.00% | 5.37% |
| Private Credit | 6.00% | 7.92% |
| Real Assets | 2.50% | 9.31% |
| Real Estate | 7.50% | 8.33% |
| US Equity | 28.00% | 8.26% |
| Non U.S. Developed Markets Equity | 12.50% | 9.00% |
| Emerging Markets Equity | 6.50% | 11.37% |
| Private Equity | 12.00% | 10.85% |

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 70% 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

| | <u>2019</u> | | |
|---|-----------------------------------|---|-----------------------------------|
| | <u>At 1% Decrease (5.28%)</u> | <u>At Current Discount Rate (6.28%)</u> | <u>At 1% Increase (7.28%)</u> |
| School District's Proportionate Share Of the Net Pension Liability | <u>\$ 3,784,427</u> | <u>2,995,994</u> | <u>2,331,627</u> |

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

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

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

The following represents the membership tiers for TPAF:

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

NOTE 4: Pension Plans (Continued)

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

Basis of Presentation

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

Allocation Methodology

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocation and applied to, presented in the schedule of pension amount by employer and nonemployer are based on the ratio of the State's actual contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2019. Employer and nonemployer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation had modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019, State's pension contribution was less than the actuarial determined amount.

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

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

Components of Net Pension Liability

The components of the net pension liability of the State as of June 30, 2019 and 2018 are as follows:

| | <u>2019</u> | <u>2018</u> |
|--|--------------------------|-----------------------|
| Total Pension Liability | \$ 84,215,846,719 | 86,797,467,286 |
| Plan Fiduciary Net Position | <u>22,696,734,276</u> | <u>22,991,116,840</u> |
| Net Pension Liability | <u>\$ 61,519,112,443</u> | <u>63,806,350,446</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 26.95% | 26.49% |

State Proportionate Share of Net Pension Liability Attributable to District

| | <u>2019</u> | <u>2018</u> |
|-----------------------|----------------------|-------------------|
| District's Liability | <u>\$ 24,238,944</u> | <u>25,876,334</u> |
| District's Proportion | .03940% | .04055% |

NOTE 4: Pension Plans (Continued)

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

| | |
|---------------------------|---------------------------|
| Inflation Rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | |
| Through 2026 | 1.55 - 4.45% |
| | Based on years of service |
| Thereafter | 2.75 - 5.65% |
| | Based on years of service |
| Investment Rate of Return | 7.00% |

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

NOTE 4: Pension Plans (Continued)

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------------|--------------------------|---|
| Risk Mitigation Strategies | 3.00% | 4.67% |
| Cash Equivalents | 5.00% | 2.00% |
| U.S. Treasuries | 5.00% | 2.68% |
| Investment Grade Credit | 10.00% | 4.25% |
| High Yield | 2.00% | 5.37% |
| Private Credit | 6.00% | 7.92% |
| Real Assets | 2.50% | 9.31% |
| Real Estate | 7.50% | 8.33% |
| US Equity | 28.00% | 8.26% |
| Non U.S. Developed Markets Equity | 12.50% | 9.00% |
| Emerging Markets Equity | 6.50% | 11.37% |
| Private Equity | 12.00% | 10.85% |

Discount Rate

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. 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 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% of the actuarially determined contributions for the State. 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 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the net pension liability of the State as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

| | <u>2019</u> | | |
|---|-------------------------------|---|-------------------------------|
| | <u>At 1% Decrease (4.60%)</u> | <u>At Current Discount Rate (5.60%)</u> | <u>At 1% Increase (6.60%)</u> |
| School District's Proportionate Share of the Net Pension Liability | \$ 0 | 0 | 0 |
| State of New Jersey's Proportionate Share of the District's Net Pension Liability | <u>28,583,080</u> | <u>24,238,944</u> | <u>20,634,683</u> |
| | <u>\$ 28,583,080</u> | <u>24,238,944</u> | <u>20,634,683</u> |

NOTE 5: Post-Retirement Benefits**General Information about the OPEB Plan****Plan description and benefits provided**

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefit for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pension*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L., 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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

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

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 20, 2018, with was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Total Nonemployer OPEB Liability \$41,729,081,045

Inflation rate 2.50%

NOTE 5: Post-Retirement Benefits (Continued)

| | <u>TPAF/ABP</u> | <u>PERS</u> | <u>PFRS</u> |
|-------------------|--|---|--|
| Salary Increases: | | | |
| Through 2026 | 1.55 – 3.05% based on service years | 2.00% - 6.00% based on service years | 3.25% - 15.25% based on service years |
| Thereafter | 1.55 – 3.05% based on service years | 3.00% - 7.00% based on service years | Applied to all future years |

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

(a) Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

(b) Discount Rate

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

NOTE 5: Post-Retirement Benefits (Continued)

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

| | Total OPEB Liability |
|---|---------------------------------|
| Balances at June 30, 2018 | \$ 23,584,072 |
| Changes for the Year: | |
| Service Cost | 850,863 |
| Interest | 933,761 |
| Difference Between Expected and Actual Experience | (4,266,679) |
| Changes in Assumptions or Other Inputs | 310,021 |
| Benefit Payments | (638,273) |
| Member Contributions | <u>18,920</u> |
| Balance at June 30, 2019 | <u>\$ 20,792,685</u> |

There were no changes in benefit terms between the June 30, 2018 measurement date and the June 30, 2019 measurement date.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% percent in 2018 to 3.50% percent in 2019.

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

| | 1% Decrease (<u>2.50%</u>) | Discount Rate (<u>3.50%</u>) | 1% Increase (<u>4.50%</u>) |
|--|---------------------------------------|---|---------------------------------------|
| State of New Jersey's Proportionate Share Of the Total Non-Employer OPEB Liability Associated with the School District | <u>\$ 24,564,375</u> | <u>20,792,685</u> | <u>17,796,657</u> |

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

| | 1% Decrease | Healthcare Cost Trend Rates | 1% Increase |
|--|----------------------|--|--------------------|
| State of New Jersey's Proportionate Share Of the Total Non-Employer OPEB Liability Associated with the School District | <u>\$ 17,132,244</u> | <u>20,792,685</u> | <u>25,638,353</u> |

NOTE 5: Post-Retirement Benefits

OPEB Expenses 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 \$495,378 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the Ocean Township Board of Education proportionate share of school retirees OPEB is zero; there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows or resources. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|--|---|
| Difference Between Expected and Actual Experience | \$ | 5,224,428 |
| Changes in Proportion | 655,721 | 716,903 |
| Changes of Assumptions or Other Inputs | _____ | <u>4,226,160</u> |
| Total | <u>\$ 655,721</u> | <u>10,167,491</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: | |
| 2021 | \$ (1,119,032) |
| 2022 | (1,119,032) |
| 2023 | (1,119,032) |
| 2024 | (1,119,032) |
| 2025 | (1,119,032) |
| Thereafter | <u>(3,916,610)</u> |
| | <u>\$ 9,511,770</u> |

NOTE 6: Interfund Receivables and Payables

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

NOTE 6: Interfund Receivables and Payables (Continued)

There were interfunds as of June 30, 2020 as follows:

| | <u>From</u> | <u>To</u> |
|-----------------------|-------------------|-------------------|
| General Fund | \$ | 409,368 |
| Special Revenue Fund | 267,740 | |
| Capital Projects Fund | <u>141,628</u> | <u> </u> |
| | <u>\$ 409,368</u> | <u>409,368</u> |

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

NOTE 7: Compensated Absences

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

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2020, no liability existed for compensated absences in the Food Service Fund.

NOTE 8: Tuition Adjustments

Regulations specify that tuition adjustments for any given school year shall be remitted/received in the two following years after the tuition rate is certified. These adjustments have not been reflected on the June 30, 2020 financial statements.

NOTE 9: Capital Reserve Account

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

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

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

| | |
|---------------------------------|---------------------|
| Beginning Balance, July 1, 2019 | \$ 2,516,158 |
| Transfer to Other Reserves | <u>1,351,158</u> |
| Ending Balance, June 30, 2020 | <u>\$ 1,165,000</u> |

NOTE 10: Risk Management

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

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

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

| <u>Fiscal Year</u> | <u>District Contributions</u> | <u>Employee Contributions</u> | <u>Reimbursed</u> | <u>Balance</u> |
|--------------------|-------------------------------|-------------------------------|-------------------|----------------|
| 2019-2020 | \$ 98 | 17,593 | 16,376 | 35,582 |
| 2018-2019 | 85 | 16,706 | 4,796 | 34,267 |
| 2017-2018 | 30 | 15,437 | 9,014 | 22,272 |

NOTE 11: Economic Dependency

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

NOTE 12: 2% Calculation of Excess Surplus

| | |
|--|----------------------|
| 2019-20 Total General Fund Expenditures Per the CAFR | \$ 18,806,945 |
| Decreased by: | |
| On-Behalf TPAF Pension & Social Security | <u>(1,545,030)</u> |
| Adjusted 2019-20 General Fund Expenditures | <u>\$ 17,261,915</u> |
| 2% of Adjusted 2019-20 General Fund Expenditures | <u>\$ 345,238</u> |
| Enter Greater of Above or \$250,000 | \$ 345,238 |
| Increased by Allowable Adjustment | <u>827</u> |
| Maximum Unassigned Fund Balance | <u>\$ 346,065</u> |

Section 2

| | |
|--|---------------------|
| Total General Fund – Fund Balance @ 6-30-20 | \$ 5,976,230 |
| Decreased by: | |
| Year-End Encumbrances | (602,584) |
| Designated for Subsequent Years Expenditures - BOE | (250,000) |
| Excess Surplus - Designated for Subsequent Years Expenditures | (519,697) |
| Maintenance Reserve - Designated for Subsequent Years Expenditures | (150,000) |
| Emergency Reserve - Designated for Subsequent Years Expenditures | (250,000) |
| Other Restricted Fund Balances | <u>(2,978,903)</u> |
| Total Unassigned Fund Balance | <u>\$ 1,225,046</u> |
| Reserved Fund Balance - Excess Surplus | <u>\$ 878,981</u> |

Section 3

| | |
|--|---------------------|
| Reserved Fund Balance – Excess Surplus Designated for Subsequent Years Expenditures | \$ 519,697 |
| Excess Surplus | <u>878,981</u> |
| | <u>\$ 1,398,678</u> |

Detail of Allowable Adjustments

| | |
|---------------------------|---------------|
| Extraordinary Aid | \$ |
| Non Public Transportation | <u>827</u> |
| | <u>\$ 827</u> |

NOTE 12: 2% Calculation of Excess Surplus (Continued)**Detail of Other Reserved Fund Balance**

| | |
|---------------------|---------------------|
| Maintenance Reserve | \$ 627,745 |
| Tuition Reserve | 1,000,000 |
| Capital Reserve | <u>1,351,158</u> |
| Total | <u>\$ 2,978,903</u> |

NOTE 13: Contingent Liabilities

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

NOTE 14: Fund Balance Appropriated

General Fund – Of the \$5,976,230 General Fund fund balance at June 30, 2020, \$602,584 is reserved for encumbrances; \$1,351,158 is reserved for capital reserve; \$627,745 is reserved for maintenance reserve; \$150,000 is maintenance reserve designated for subsequent years expenditures; \$250,000 is emergency reserve designated for subsequent years expenditures; \$250,000 is designated for subsequent years expenditures; \$1,000,000 is reserved for tuition reserve; \$519,697 is excess surplus designated for subsequent years expenditures; \$878,981 excess surplus – current year; and \$346,065 is unreserved and undesignated.

NOTE 15: COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was first detected in China and has since spread to other countries, including the United States, and to each state within the United States, including New Jersey, has been declared a Public Health Emergency of International Concern by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The outbreak of COVID-19 across the United States has caused the federal government to declare a national state of emergency. The State has likewise declared a state of emergency. While the potential impact on the State cannot be predicted at this time, the continued spread of the outbreak could have a material adverse effect on the finances of the State and the Board of Education (collectively, the “Affected Entities”).

The degree of any such impact to the Affected Entities’ respective operations and finances, is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the Affected Entities and their respective economies.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

Sheet 1 of 12

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2020

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|-------------------|---|
| Revenues: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 11,622,126 | | 11,622,126 | 11,622,126 | - |
| Tuition From Other LEA's | 15,000 | | 15,000 | 20,771 | 5,771 |
| Interest Earned | 1,000 | | 1,000 | | (1,000) |
| Interest Earned - Capital Reserve | 1,000 | | 1,000 | - | (1,000) |
| Miscellaneous | 60,000 | | 60,000 | 35,919 | (24,081) |
| Total Local Sources | <u>11,699,126</u> | <u>-</u> | <u>11,699,126</u> | <u>11,678,816</u> | <u>(20,310)</u> |
| State Sources: | | | | | |
| Security Aid | 176,928 | | 176,928 | 176,928 | - |
| Transportation Aid | 443,920 | | 443,920 | 443,920 | - |
| Special Education Aid | 541,176 | | 541,176 | 541,176 | - |
| Adjustment Aid | 4,709,807 | | 4,709,807 | 4,709,807 | - |
| Extraordinary Aid | 150,000 | | 150,000 | 42,218 | (107,782) |
| Non-Public Transportation Aid | | | | 827 | 827 |
| TPAF Pension (On-Behalf Non-Budgeted) | | | - | 1,229,920 | 1,229,920 |
| TPAF Social Security (Reimbursed Non-Budgeted) | | | - | 315,110 | 315,110 |
| Total State Sources | <u>6,021,831</u> | <u>-</u> | <u>6,021,831</u> | <u>7,459,906</u> | <u>1,438,075</u> |
| Federal Sources: | | | | | |
| Medical Assistance Program | 55,758 | | 55,758 | 47,582 | (8,176) |
| Total Federal Sources | <u>55,758</u> | <u>-</u> | <u>55,758</u> | <u>47,582</u> | <u>(8,176)</u> |
| Total Revenues | <u>17,776,715</u> | <u>-</u> | <u>17,776,715</u> | <u>19,186,304</u> | <u>1,409,589</u> |

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

Sheet 2 of 12

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2020

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|------------------|---|
| Expenditures: | | | | | |
| Current Expenditures: | | | | | |
| Regular Programs - Instruction: | | | | | |
| Preschool-Salaries of Teachers | 58,082 | (6,835) | 51,247 | 7,598 | 43,649 |
| Kindergarten - Salaries of Teachers | 315,836 | 6,835 | 322,671 | 319,664 | 3,007 |
| Grades 1-5 - Salaries of Teachers | 1,639,983 | (45,557) | 1,594,426 | 1,401,334 | 193,092 |
| Grade 6-Salaries of Teachers | 192,352 | 57,701 | 250,053 | 247,332 | 2,721 |
| Regular Programs - Home Instruction: | | | | | |
| Salaries of Teachers | 4,000 | | 4,000 | | 4,000 |
| Regular Program - Undistributed Instruction: | | | | | |
| Purchased Professional Educational Services | 9,285 | | 9,285 | 3,185 | 6,100 |
| Purchased Technical Services | 77,798 | (1,970) | 75,828 | 30,625 | 45,203 |
| Other Purchased Services (400-500 Series) | 58,800 | 2,370 | 61,170 | 50,496 | 10,674 |
| General Supplies | 306,680 | (33,157) | 273,523 | 128,758 | 144,765 |
| Textbooks | 5,000 | | 5,000 | 10 | 4,990 |
| Other Objects | 200 | | 200 | | 200 |
| Total Regular Programs - Instruction | <u>2,668,016</u> | <u>(20,613)</u> | <u>2,647,403</u> | <u>2,189,002</u> | <u>458,401</u> |
| Special Education - Instruction: | | | | | |
| Multiple Disabilities | | | | | |
| Salaries of Teachers | 181,855 | 20,289 | 202,144 | 202,144 | - |
| Other Salaries for Instruction | 181,733 | 27,533 | 209,266 | 209,265 | 1 |
| General Supplies | 4,800 | (2,274) | 2,526 | 1,821 | 705 |
| Total Learning and/or Language Disabilities | <u>368,388</u> | <u>45,548</u> | <u>413,936</u> | <u>413,230</u> | <u>706</u> |

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

Sheet 3 of 12

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2020

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|------------------|---|
| Resource Room/Center: | | | | | |
| Salaries of Teachers | 578,683 | 107,421 | 686,104 | 683,307 | 2,797 |
| Other Salaries for Instruction | 216,965 | (78,850) | 138,115 | 117,420 | 20,695 |
| General Supplies | 5,000 | 255 | 5,255 | 1,048 | 4,207 |
| Total Resource Room/Center | <u>800,648</u> | <u>28,826</u> | <u>829,474</u> | <u>801,775</u> | <u>27,699</u> |
| Pre-School -Disabilities - Part-Time: | | | | | |
| Salaries of Teachers | 71,240 | | 71,240 | 8,390 | 62,850 |
| Other Salaries for Instruction | 19,841 | 2,003 | 21,844 | 21,763 | 81 |
| General Supplies | 800 | 227 | 1,027 | 205 | 822 |
| Total Pre-School Disabilities - Part-Time | <u>91,881</u> | <u>2,230</u> | <u>94,111</u> | <u>30,358</u> | <u>63,753</u> |
| Home Instruction: | | | | | |
| Salaries of Teachers | 4,112 | | 4,112 | 1,452 | 2,660 |
| Total Home Instruction | <u>4,112</u> | <u>-</u> | <u>4,112</u> | <u>1,452</u> | <u>2,660</u> |
| Total Special Education - Instruction | <u>1,265,029</u> | <u>76,604</u> | <u>1,341,633</u> | <u>1,246,815</u> | <u>94,818</u> |
| Basic Skills/Remedial - Instruction: | | | | | |
| Salaries of Teachers | 368,825 | (76,484) | 292,341 | 231,825 | 60,516 |
| General Supplies | 600 | 840 | 1,440 | 553 | 887 |
| Total Basic Skills/Remedial - Instruction | <u>369,425</u> | <u>(75,644)</u> | <u>293,781</u> | <u>232,378</u> | <u>61,403</u> |

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

Sheet 4 of 12

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2020

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|---------------|---|
| School-Sponsored Co-Curricular Activities - Instruction: | | | | | |
| Salaries | 41,120 | | 41,120 | 33,606 | 7,514 |
| Total School-Sponsored Co-Curricular Activities - Inst. | 41,120 | - | 41,120 | 33,606 | 7,514 |
| | | | | | |
| Total Instruction | 4,343,590 | (19,653) | 4,323,937 | 3,701,801 | 622,136 |
| | | | | | |
| Undistributed Expenditures - Instruction: | | | | | |
| Tuition to Other LEA's Within the State - Regular | 6,023,133 | 11,974 | 6,035,107 | 6,030,998 | 4,109 |
| Tuition to Other LEA's Within the State - Special | 1,351,277 | 22,859 | 1,374,136 | 1,364,175 | 9,961 |
| Tuition Private Schools Within the State - Disabilities | 551,550 | (34,833) | 516,717 | 342,727 | 173,990 |
| Total Undistributed Expenditures - Instruction | 7,925,960 | - | 7,925,960 | 7,737,900 | 188,060 |
| | | | | | |
| Undistributed Expenditures - Attendance and Social Work: | | | | | |
| Attendance - Salaries | 15,806 | 369 | 16,175 | 16,175 | - |
| Total Undistributed Expenditures - Attendance and Social Work | 15,806 | 369 | 16,175 | 16,175 | - |
| | | | | | |
| Undistributed Expenditures - Health Services: | | | | | |
| Salaries | 149,479 | (1,769) | 147,710 | 109,345 | 38,365 |
| Purchased Professional and Technical Services | 1,220 | (462) | 758 | 270 | 488 |
| Supplies and Materials | 6,620 | 698 | 7,318 | 6,064 | 1,254 |
| Total Undistributed Expenditures - Health Services | 157,319 | (1,533) | 155,786 | 115,679 | 40,107 |

OCEAN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 5 of 12

GENERAL FUND

JUNE 30, 2020

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|----------------|---|
| Undistributed Expenditures - Other Support Services - Students - Related Services: | | | | | |
| Salaries | 164,871 | | 164,871 | 163,446 | 1,425 |
| Purchased Professional - Educational Services | 53,200 | 40,561 | 93,761 | 53,334 | 40,427 |
| Supplies and Materials | 6,000 | (2,542) | 3,458 | 959 | 2,499 |
| Total Undistributed Expenditures - Other Support Services Students - Related Services | <u>224,071</u> | <u>38,019</u> | <u>262,090</u> | <u>217,739</u> | <u>44,351</u> |
| Undistributed Expenditures - Other Support Services - Students - Extra Services: | | | | | |
| Salaries | 97,660 | (6,250) | 91,410 | 61,616 | 29,794 |
| Purchased Professional Educational Services | 60,000 | 7,115 | 67,115 | 55,838 | 11,277 |
| Supplies and Materials | | 238 | 238 | 61 | 177 |
| Total Undistributed Expenditures - Other Support Services - Students - Extra Services | <u>157,660</u> | <u>1,103</u> | <u>158,763</u> | <u>117,515</u> | <u>41,248</u> |
| Undistributed Expenditures - Other Support Services - Students - Regular: | | | | | |
| Salaries of Other Professional Staff | <u>142,162</u> | | <u>142,162</u> | <u>121,647</u> | <u>20,515</u> |

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

Sheet 6 of 12

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2020

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|----------------|---|
| Undistributed Expenditures - Other Support Services - Students - Special: | | | | | |
| Salaries of Other Professional Staff | 265,507 | (1,083) | 264,424 | 262,380 | 2,044 |
| Salaries of Secretarial and Clerical Assistants | 41,356 | 1,083 | 42,439 | 42,439 | - |
| Other Purchased Services | 3,520 | 222 | 3,742 | 2,668 | 1,074 |
| Supplies and Materials | 4,000 | 139 | 4,139 | 1,144 | 2,995 |
| Other Objects | 3,500 | | 3,500 | 2,099 | 1,401 |
| Total Undistributed Expenditures - Other Support Services - Students - Special | <u>317,883</u> | <u>361</u> | <u>318,244</u> | <u>310,730</u> | <u>7,514</u> |
| Undistributed Expenditures - Improvement of Instructional Services: | | | | | |
| Salaries -Supervisor of Instruction | 41,120 | | 41,120 | 20,000 | 21,120 |
| Salaries- Other Professional Staff | 6,000 | | 6,000 | 5,324 | 676 |
| Purchased Professional Educational Services | 1,000 | | 1,000 | 622 | 378 |
| Supplies and Materials | 2,500 | | 2,500 | 2,234 | 266 |
| Total Undistributed Expenditures - Imp. of Instructional Svcs. | <u>50,620</u> | <u>-</u> | <u>50,620</u> | <u>28,180</u> | <u>22,440</u> |
| Undistributed Expenditures - Educational Media Services/ School Library: | | | | | |
| Salaries | 57,318 | 1,087 | 58,405 | 57,759 | 646 |
| Purchased Professional and Technical Services | 144,500 | 8,237 | 152,737 | 114,120 | 38,617 |
| Supplies and Materials | 29,790 | 2,519 | 32,309 | 17,700 | 14,609 |
| Total Undistributed Expenditures - Educational Media Services/School Library | <u>231,608</u> | <u>11,843</u> | <u>243,451</u> | <u>189,579</u> | <u>53,872</u> |

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

Sheet 7 of 12

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2020

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|----------------|---|
| Undistributed Expenditures - Instructional Staff Training Services: | | | | | |
| Purchased Professional Educational Services | 10,875 | | 10,875 | 2,396 | 8,479 |
| Total Undistributed Expenditures - Instructional Staff Training Services | <u>10,875</u> | <u>-</u> | <u>10,875</u> | <u>2,396</u> | <u>8,479</u> |
| Undistributed Expenditures - Support Services - General Admin.: | | | | | |
| Salaries | 224,464 | | 224,464 | 221,426 | 3,038 |
| Legal Services | 20,000 | | 20,000 | 13,100 | 6,900 |
| Audit Fees | 10,000 | | 10,000 | 9,000 | 1,000 |
| Other Purchased Services | 22,582 | (1,233) | 21,349 | 297 | 21,052 |
| Purchased Technical Services | 4,100 | 90 | 4,190 | 4,190 | - |
| Communications/Telephone | 6,000 | (932) | 5,068 | 4,483 | 585 |
| Miscellaneous Purchase Services | 7,950 | 2,138 | 10,088 | 3,506 | 6,582 |
| General Supplies | 2,000 | (307) | 1,693 | 1,382 | 311 |
| Board of Education-Membership Fees & Dues | 10,600 | 390 | 10,990 | 8,541 | 2,449 |
| Miscellaneous Expenditures | <u>2,850</u> | <u>(50)</u> | <u>2,800</u> | <u>4,005</u> | <u>(1,205)</u> |
| Total Undistributed Expenditures - Support Services - General Administration | <u>310,546</u> | <u>96</u> | <u>310,642</u> | <u>269,930</u> | <u>40,712</u> |
| Undistributed Expenditures - Support Services - School Admin.: | | | | | |
| Salaries of Principals/Assistant Principals | 131,319 | 6,029 | 137,348 | 128,088 | 9,260 |
| Salaries of Secretarial and Clerical Assistants | 124,923 | (4,500) | 120,423 | 91,195 | 29,228 |
| Other Salaries | 2,700 | 1,800 | 4,500 | 3,375 | 1,125 |
| Other Purchased Services (400-500 Series) | 800 | 2,700 | 3,500 | 316 | 3,184 |
| Supplies and Materials | 4,000 | 142 | 4,142 | 792 | 3,350 |
| Other Objects | <u>3,695</u> | <u>(142)</u> | <u>3,553</u> | <u>2,034</u> | <u>1,519</u> |
| Total Undistributed Expenditures - Support Services - School Administration | <u>267,437</u> | <u>6,029</u> | <u>273,466</u> | <u>225,800</u> | <u>47,666</u> |

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

Sheet 8 of 12

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2020

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|----------------|---|
| Undistributed Expenditures - Central Services: | | | | | |
| Salaries | 170,075 | 153 | 170,228 | 170,228 | - |
| Purchased Professional Services | 1,500 | (153) | 1,347 | | 1,347 |
| Miscellaneous Purchased Services | 100 | | 100 | 33 | 67 |
| Supplies and Materials | 6,000 | 83 | 6,083 | 4,003 | 2,080 |
| Miscellaneous Expenditures | 550 | | 550 | 404 | 146 |
| Total Undistributed Expenditures - Central Services | <u>178,225</u> | <u>83</u> | <u>178,308</u> | <u>174,668</u> | <u>3,640</u> |
| Undistributed Expenditures - Required Maintenance for School Facilities: | | | | | |
| Salaries | 79,260 | (2,154) | 77,106 | 63,078 | 14,028 |
| Cleaning, Repair and Maintenance Services | 126,500 | 12,652 | 139,152 | 128,437 | 10,715 |
| General Supplies | 3,000 | | 3,000 | 750 | 2,250 |
| Total Undistributed Expenditures - Required Maintenance - School Facilities | <u>208,760</u> | <u>10,498</u> | <u>219,258</u> | <u>192,265</u> | <u>26,993</u> |
| Undistributed Expenditures - Other Operations and Maintenance of Plant: | | | | | |
| Salaries | 342,907 | 14,320 | 357,227 | 334,571 | 22,656 |
| Purchased Professional and Technical Services | 30,000 | (12,223) | 17,777 | 3,020 | 14,757 |
| Cleaning, Repair and Maintenance Services | 6,450 | 2,586 | 9,036 | 6,700 | 2,336 |
| Other Purchased Property Services | 15,686 | (270) | 15,416 | 7,086 | 8,330 |
| Insurance | 89,000 | | 89,000 | 85,949 | 3,051 |
| General Supplies | 65,000 | 14,511 | 79,511 | 54,994 | 24,517 |
| Energy/Electricity | 145,000 | (903) | 144,097 | 123,473 | 20,624 |
| Energy- Gasoline | 4,000 | 396 | 4,396 | 1,057 | 3,339 |
| Energy-Natural Gas | 60,000 | 6,427 | 66,427 | 42,705 | 23,722 |
| Other Objects | 13,000 | 2,849 | 15,849 | 15,154 | 695 |
| Total Undistributed Expenditures - Other Operations and Maintenance of Plant | <u>771,043</u> | <u>27,693</u> | <u>798,736</u> | <u>674,709</u> | <u>124,027</u> |

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

Sheet 9 of 12

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2020

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|----------------|---|
| Undistributed Expenditures-Care & Upkeep of Grounds: | | | | | |
| Salaries | <u>30,120</u> | <u>2,934</u> | <u>33,054</u> | <u>33,054</u> | <u>-</u> |
| Undistributed Expenditures - Security | | | | | |
| Salaries | <u>15,970</u> | <u>13,029</u> | <u>28,999</u> | <u>28,999</u> | <u>-</u> |
| Purchased Professional and Technical Services | <u>-</u> | <u>42,109</u> | <u>42,109</u> | <u>28,708</u> | <u>13,401</u> |
| Total Undistributed Expenditures - Security | <u>15,970</u> | <u>55,138</u> | <u>71,108</u> | <u>57,707</u> | <u>13,401</u> |
| Total Undistributed Expenditures - Operations and Maintenance of Plant | <u>1,025,893</u> | <u>96,263</u> | <u>1,122,156</u> | <u>957,735</u> | <u>164,421</u> |
| Undistributed Expenditures - Student Transportation Services: | | | | | |
| Salaries of Non-Instructional Aides | <u>4,000</u> | | <u>4,000</u> | <u>3,167</u> | <u>833</u> |
| Salaries for Pupil Transportation (Between Home & School) Reg. | <u>25,000</u> | | <u>25,000</u> | <u>24,723</u> | <u>277</u> |
| Contracted Services (Between Home & School) Jointures | <u>646,000</u> | | <u>646,000</u> | <u>558,297</u> | <u>87,703</u> |
| Contracted Services (Spec. Ed.) - Vendors | <u>120,000</u> | <u>(2,521)</u> | <u>117,479</u> | <u>39,208</u> | <u>78,271</u> |
| Contracted Services (Between Home & School) Special Education - Jointures | <u>159,500</u> | | <u>159,500</u> | <u>132,372</u> | <u>27,128</u> |
| Contracted Services - Aid in Lieu | <u>5,000</u> | | <u>5,000</u> | <u>750</u> | <u>4,250</u> |
| Total Undistributed Expenditures - Student Transportation Services | <u>959,500</u> | <u>(2,521)</u> | <u>956,979</u> | <u>758,517</u> | <u>198,462</u> |

OCEAN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 10 of 12

GENERAL FUND

JUNE 30, 2020

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|-------------------|---|
| Undistributed Expenditures - Employee Benefits: | | | | | |
| Social Security Benefits | 135,000 | 3,648 | 138,648 | 138,648 | - |
| Other Retirement Benefits-PERS | 215,000 | (46,390) | 168,610 | 168,610 | - |
| Workman's Compensation | 100,000 | (1,686) | 98,314 | 93,471 | 4,843 |
| Health Benefits | 2,293,106 | (86,159) | 2,206,947 | 1,797,813 | 409,134 |
| Other Employee Benefits | 25,000 | | 25,000 | 19,865 | 5,135 |
| Tuition Reimbursement | 26,000 | | 26,000 | 16,191 | 9,809 |
| Total Undistributed Expenditures Unallocated Benefits | <u>2,794,106</u> | <u>(130,587)</u> | <u>2,663,519</u> | <u>2,234,598</u> | <u>428,921</u> |
| On-Behalf TPAF Pension Contributions - Non-Budgeted | | | | 1,229,920 | (1,229,920) |
| Reimbursed TPAF Social Security Contributions Non-Budgeted | | | | 315,110 | (315,110) |
| Total Non-Budgeted Contributions | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,545,030</u> | <u>(1,545,030)</u> |
| Total Undistributed Expenditures | <u>14,769,671</u> | <u>19,525</u> | <u>14,789,196</u> | <u>15,023,818</u> | <u>(234,622)</u> |
| Interest on Maintenance Reserve | <u>1,000</u> | | <u>1,000</u> | | <u>1,000</u> |
| Total Current Expense | <u>19,114,261</u> | <u>(128)</u> | <u>19,114,133</u> | <u>18,725,619</u> | <u>388,514</u> |
| Capital Outlay: | | | | | |
| Interest on Capital Reserve | 1,000 | | 1,000 | | 1,000 |
| Regular Programs - Instruction: | | | | | |
| Equipment | 10,000 | (3,129) | 6,871 | | 6,871 |
| Required Maintenance | 1,197 | | 1,197 | 1,197 | - |
| Plant Operations | 7,500 | | 7,500 | | 7,500 |
| Information Technology | | 40,273 | 40,273 | 3,129 | 37,144 |
| Total Equipment | <u>19,697</u> | <u>37,144</u> | <u>56,841</u> | <u>4,326</u> | <u>52,515</u> |
| Total Capital Outlay | <u>19,697</u> | <u>37,144</u> | <u>56,841</u> | <u>4,326</u> | <u>52,515</u> |

OCEAN TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
 Sheet 11 of 12

GENERAL FUND

JUNE 30, 2020

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|-----------------------------------|------------------------------------|--------------------------------|----------------------|--|
| Total Expenditures | 19,133,958 | 37,016 | 19,170,974 | 18,729,945 | 441,029 |
| Other Financing Sources (Uses): Transfer to Food Sources Fund | | 77,000 | 77,000 | 77,000 | |
| Excess (Deficiency) of Revenues Over/(Under) Expenditures | (1,357,243) | 114,016 | (1,471,259) | 379,359 | 1,850,618 |
| Fund Balance July 1 | 5,596,871 | | 5,596,871 | 5,596,871 | |
| Fund Balance June 30 | <u>\$ 4,239,628</u> | <u>114,016</u> | <u>4,125,612</u> | <u>5,976,230</u> | <u>1,850,618</u> |

OCEAN TOWNSHIP SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2020

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|---------------------|---|
| Recapitulation: | | | | | |
| Restricted Fund Balance: | | | | | |
| Maintenance Reserve | | | | \$ 627,745 | |
| Capital Reserve | | | | 1,351,158 | |
| Tuition Reserve | | | | 1,000,000 | |
| Designated for Subsequent Year's Expenditures | | | | 250,000 | |
| Excess Surplus - Designated for Subsequent Year's Expenditures | | | | 519,697 | |
| Excess Surplus - Current Year | | | | 878,981 | |
| Committed Fund Balance: | | | | | |
| Year End Encumbrances | | | | 602,584 | |
| Assigned Fund Balances: | | | | | |
| Designed For Subsequent Year's Expenditures - Emergency Reserve | | | | 250,000 | |
| Designed For Subsequent Year's Expenditures - Tuition Reserve | | | | 150,000 | |
| Unassigned Fund Balance | | | | <u>346,065</u> | |
| | | | | 5,976,230 | |
| Reconciliation to Governmental Funds Statement (GAAP): | | | | | |
| Final State Audit Payments not Recognized on GAAP Basis | | | | <u>(587,063)</u> | |
| Fund Balance per Governmental Funds (GAAP) | | | | <u>\$ 5,389,167</u> | |

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

JUNE 30, 2020

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|------------------|---|
| Revenues: | | | | | |
| Federal Sources | \$ 393,790 | | 393,790 | 393,790 | |
| State Sources | 916,213 | | 916,213 | 916,213 | |
| Total Revenues | <u>\$ 1,310,003</u> | <u>-</u> | <u>1,310,003</u> | <u>1,310,003</u> | <u>-</u> |
| Expenditures: | | | | | |
| Instruction: | | | | | |
| Salaries of Teachers | \$ 400,350 | | 400,350 | 400,350 | |
| Other Salaries for Instruction | 134,978 | | 134,978 | 134,978 | |
| Purchased Professional Services | 19,209 | | 19,209 | 19,209 | |
| General Supplies | 39,265 | | 39,265 | 39,265 | |
| Tuition | 197,244 | | 197,244 | 197,244 | |
| Total Instruction | <u>791,046</u> | <u>-</u> | <u>791,046</u> | <u>791,046</u> | <u>-</u> |
| Support Services: | | | | | |
| Salaries of Principals | 35,973 | | 35,973 | 35,973 | |
| Other Salaries for Instruction | 119,065 | | 119,065 | 119,065 | |
| Personal Services - Benefits | 241,077 | | 241,077 | 241,077 | |
| Other Purchased Services | 6,310 | | 6,310 | 6,310 | |
| Transportation | 44,287 | | 44,287 | 44,287 | |
| Supplies and Materials | 20,233 | | 20,233 | 20,233 | |
| Total Support Services | <u>466,945</u> | <u>-</u> | <u>466,945</u> | <u>466,945</u> | <u>-</u> |
| Facilities Acquisition and Construction Services: | | | | | |
| Instructional Equipments | 52,012 | | 52,012 | 52,012 | |
| Total Facilities Acquisition and Construction Services | <u>52,012</u> | <u>-</u> | <u>52,012</u> | <u>52,012</u> | <u>-</u> |
| Total Expenditures | <u>\$ 1,310,003</u> | <u>-</u> | <u>1,310,003</u> | <u>1,310,003</u> | <u>-</u> |

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

BUDGET-TO-GAAP RECONCILIATION

NOTE TO RSI

JUNE 30, 2020

| | <u>General Fund</u> | <u>Special Revenue Fund</u> |
|--|-------------------------|-------------------------------------|
| <u>Sources/Inflows of Resources</u> | | |
| Actual Amounts (budgetary) "revenues" from the budgetary comparison schedule | \$ 19,186,304 | 1,310,003 |
| Difference - Budget to GAAP: | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | | |
| State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes. | 653,365 | |
| The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33). | <u>(587,063)</u> | <u>(107,954)</u> |
| Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds. | <u>\$ 19,252,606</u> | <u>1,202,049</u> |
| <u>Uses/Outflows of Resources</u> | | |
| Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule | \$ 18,729,945 | 1,310,003 |
| Differences - Budget to GAAP: | | |
| Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes. | | |
| Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. | <u>\$ 18,729,945</u> | <u>1,310,003</u> |

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

OCEAN TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE

Exhibit L-1

NET PENSION LIABILITY - PERS

LAST SEVEN FISCAL YEARS

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| District's Proportion of the Net Pension Liability (Asset) | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| District's Proportionate Share of the Net Pension Liability (Asset) | \$ 2,995,994 | 3,521,131 | 6,755,887 | 5,507,162 | 4,075,034 | 3,344,465 | 3,259,576 |
| State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District | - | - | - | - | - | - | - |
| Total | <u>\$ 2,995,994</u> | <u>3,521,131</u> | <u>6,755,887</u> | <u>5,507,162</u> | <u>4,075,034</u> | <u>3,344,465</u> | <u>3,259,576</u> |
| District's Covered-Employee Payroll | \$ 1,222,941 | 1,186,453 | 1,222,477 | 1,215,177 | 1,272,368 | 914,319 | 956,085 |
| District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll | 40.82% | 33.70% | 18.09% | 22.07% | 31.22% | 27.34% | 29.33% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 42.04% | 40.45% | 36.78% | 31.20% | 38.21% | 42.74% | 40.71% |

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit L-2

SCHEDULE OF DISTRICT CONTRIBUTIONS - PERS

LAST SEVEN FISCAL YEARS

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually Required Contribution | \$ 184,479 | 169,839 | 169,553 | 169,553 | 147,546 | 128,507 | 147,395 |
| Contributions in Relation to the Contractually Required Contribution | 184,479 | 169,839 | 169,553 | 169,553 | 147,546 | 128,507 | 147,395 |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| District's Covered-Employee Payroll | \$ 1,222,941 | 1,186,453 | 1,222,477 | 1,215,177 | 1,272,368 | 914,319 | 956,085 |
| Contributions as a Percentage of Covered-Employee Payroll | 15.08% | 14.31% | 13.87% | 13.95% | 11.60% | 14.05% | 15.42% |

OCEAN TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE

Exhibit L-3

NET PENSION LIABILITY - TPAF

LAST SEVEN FISCAL YEARS

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| District's Proportion of the Net Pension Liability (Asset) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| District's Proportionate Share of the Net Pension Liability (Asset) | \$ - | - | - | - | - | - | - |
| State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District | <u>24,238,944</u> | <u>25,876,334</u> | <u>27,941,872</u> | <u>32,037,804</u> | <u>25,824,667</u> | <u>21,924,949</u> | <u>20,709,570</u> |
| Total | <u>\$24,238,944</u> | <u>25,876,334</u> | <u>27,941,872</u> | <u>32,037,804</u> | <u>25,824,667</u> | <u>21,924,949</u> | <u>20,709,570</u> |
| District's Covered-Employee Payroll | \$ 4,260,275 | 4,356,738 | 4,162,106 | 4,189,531 | 4,210,789 | 3,246,108 | 4,054,311 |
| District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll | 17.58% | 16.84% | 14.90% | 13.08% | 16.31% | 14.81% | 19.58% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 26.95% | 26.49% | 25.41% | 22.33% | 28.71% | 33.64% | 33.76% |

OCEAN TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS
TEACHER'S PENSION AND ANNUITY FUND (TPAF)
LAST TEN FISCAL YEARS

L-4

This schedule is not applicable.

The School District is not required to make any contributions towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

OCEAN TOWNSHIP SCHOOL DISTRICT**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PART III**

L-5

FOR THE FISCAL YEAR ENDED JUNE 30, 2020**Public Employee's Retirement System (PERS)**

Changes in Benefit Terms – None

Changes in Assumptions – The discount rate changed from 5.66% as of June 30, 2018, to 6.28% as of June 30, 2019, in accordance with Paragraph 44 of GASB Statement No. 67.

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms – None

Changes in Assumption – The discount rate changed from 4.86% as of June 30, 2018, to 5.60% as of June 30, 2019, in accordance with Paragraph 44 of GASB Statement No. 67.

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

OCEAN TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST FOUR FISCAL YEARS

Exhibit M-1

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---|----------------------|--------------------|--------------------|-------------------|
| <u>State's OPEB Liability Attributable to the District</u> | | | | |
| Service Cost | \$ 850,863 | 970,660 | 1,164,013 | * |
| Interest | 933,761 | 983,254 | 843,770 | * |
| Benefit Payments | (638,273) | (630,630) | (620,659) | * |
| Member Contributions | 18,920 | 21,796 | 22,854 | * |
| Difference between Expected and Actual Experience | (4,266,679) | (1,850,896) | | * |
| Change of Assumptions | 310,021 | (2,706,390) | (3,352,455) | * |
| Net Change in Total OPEB Liability | <u>(2,791,387)</u> | <u>(3,212,206)</u> | <u>(1,942,477)</u> | * |
| | | | | |
| Total Attributable OPEB Liability - Beginning | <u>23,584,072</u> | <u>26,796,278</u> | <u>28,738,755</u> | * |
| | | | | |
| Total Attributable OPEB Liability - Ending | <u>\$ 20,792,685</u> | <u>23,584,072</u> | <u>26,796,278</u> | <u>28,738,755</u> |
| | | | | |
| District's Covered Payroll | \$ 5,483,216 | 5,543,191 | 5,384,583 | 5,404,708 |
| | | | | |
| District's Contribution | None | None | None | None |
| | | | | |
| State's Proportionate Share of OPEB Liability as a Percentage of the District's Covered-Employee Payroll | 379.21% | 425.46% | 497.65% | 531.74% |

* - Information not available

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

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

OCEAN TOWNSHIP SCHOOL DISTRICT**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION****FOR THE FISCAL YEAR ENDED JUNE 30, 2020****Exhibit M-2**Change of Benefit Terms

None

Difference Between Expected and Actual Experience

The change in the liability from June 30, 2018 to June 30, 2019 is due to changes in the census, claims and premiums experience.

Changes of Assumptions

The Discount Rate changed from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019.

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit E-1

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

JUNE 30, 2020

| | <u>Title I</u> | <u>Title II A</u> | <u>IDEA Basic</u> | <u>IDEA Preschool</u> | <u>CARES Act</u> | <u>Preschool Education Aid</u> | <u>Total</u> |
|---|-------------------|-------------------|-----------------------|---------------------------|----------------------|------------------------------------|------------------|
| Revenues: | | | | | | | |
| Federal Sources | \$ 132,892 | 36,560 | 197,244 | 7,061 | 20,033 | | 393,790 |
| State Sources | | | | | | 916,213 | 916,213 |
| Total Revenues | \$ 132,892 | 36,560 | 197,244 | 7,061 | 20,033 | 916,213 | 1,310,003 |
| Expenditures: | | | | | | | |
| Instruction: | | | | | | | |
| Salaries of Teachers | \$ 98,840 | 24,250 | | | | 277,260 | 400,350 |
| Other Salaries for Instruction | | | | 6,095 | | 128,883 | 134,978 |
| Purchased Professional & Educational Services | | | | | | 19,209 | 19,209 |
| General Supplies | 6,127 | | | 500 | | 32,638 | 39,265 |
| Tuition | | | 197,244 | | | | 197,244 |
| Total Instruction | 104,967 | 24,250 | 197,244 | 6,595 | - | 457,990 | 791,046 |
| Support Services: | | | | | | | |
| Salaries of Program Directors | | | | | | 35,973 | 35,973 |
| Other Salaries for Instruction | | | | | | 119,064 | 119,064 |
| Employee Benefits | 26,925 | 6,800 | | 466 | | 206,886 | 241,077 |
| Purchased Professional Educational Services | | | | | | | - |
| Other Purchased Services | 800 | 5,510 | | | | | 6,310 |
| Transportation | | | | | | 44,288 | 44,288 |
| Supplies and Materials | 200 | | | | 20,033 | | 20,233 |
| Total Support Services | 27,925 | 12,310 | - | 466 | 20,033 | 406,211 | 466,945 |
| Facilities Acquisition and Construction Services: | | | | | | | |
| Instructional Equipment | | | | | | 52,012 | 52,012 |
| Total Facilities Acquisition and Construction Services | - | - | - | - | - | 52,012 | 52,012 |
| Total Expenditures | \$ 132,892 | 36,560 | 197,244 | 7,061 | 20,033 | 916,213 | 1,310,003 |

OCEAN TOWNSHIP SCHOOL DISTRICTSPECIAL REVENUE FUND

Exhibit E-2

PRESCHOOL EDUCATION AIDSCHEDULE OF EXPENDITURESBUDGETARY BASISFOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | <u>Budgeted</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|-------------------|----------------|---|
| Expenditures: | | | |
| Instruction: | | | |
| Salaries of Teachers | \$ 329,487 | 277,260 | 52,227 |
| Other Salaries for Instruction | 128,883 | 128,883 | - |
| Purchased Professional & Ed. Services | 19,209 | 19,209 | - |
| General Supplies | 32,638 | 32,638 | - |
| Total Instruction | <u>510,217</u> | <u>457,990</u> | <u>52,227</u> |
| Support Services: | | | |
| Salaries of Program Director | 35,973 | 35,973 | - |
| Salaries of Other Professional Staff | 24,103 | 24,103 | - |
| Salaries of Secretarial & Clerical Assistants | 9,347 | 9,347 | - |
| Other Salaries | 26,617 | 26,617 | - |
| Salaries of Community Parent | 18,632 | 18,632 | - |
| Salaries of Master Teachers | 40,365 | 40,365 | - |
| Personal Services - Employee Benefits | 206,886 | 206,886 | - |
| Purchased Professional - Education Services | 3,144 | - | 3,144 |
| Contr Serv-Trans (Bet. Home & School) | 44,288 | 44,288 | - |
| Total Support Services | <u>409,355</u> | <u>406,211</u> | <u>3,144</u> |
| Facilities, Acquisition and Construction Services: | | | |
| Non Instructional Equipment | 52,012 | 52,012 | - |
| Total Facilities, Acquisition and Construction Services | <u>52,012</u> | <u>52,012</u> | <u>-</u> |
| Total Expenditures | <u>\$ 971,584</u> | <u>916,213</u> | <u>55,371</u> |

Calculation of Budget and Carryover

| | |
|---|------------------|
| Total 2019-2020 Preschool Education Aid Allocation | \$ 971,584 |
| Actual ECPA Carryover (June 30, 2019) | - |
| Total Funds available for 2019-2020 Budget | <u>971,584</u> |
| Less: Budgeted 2019-2020 Preschool Education Aid | <u>971,584</u> |
| Available and Unbudgeted at June 30, 2020 Preschool Education Aid | \$ - |
| Add: 2019-2020 Unexpended Preschool Education Aid | <u>55,371</u> |
| 2019-2020 Actual Carryover Preschool Education Aid | <u>\$ 55,371</u> |
| 2019-2020 Carryover Budgeted in 2020-2021 Preschool Education Aid | <u>\$ 55,371</u> |

CAPITAL PROJECTS FUND – F

OCEAN TOWNSHIP SCHOOL DISTRICT

CAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2020

| | |
|--------------------------|------------|
| Fund Balance - Beginning | \$ 195,922 |
| Fund Balance - Ending | \$ 195,922 |

PROPRIETARY FUNDS – G

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit G-1

COMBINING STATEMENT OF NET POSITIONPROPRIETARY FUNDSJUNE 30, 2020

| | Business-Type Activities - Enterprise Funds | | Totals |
|--|--|------------------------------|------------------|
| | Food Service | Latch Key Program | |
| <u>Assets</u> | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents | \$ 2,086 | 45,960 | 48,046 |
| Accounts Receivable: | | | |
| State | 31 | | 31 |
| Federal | 3,244 | | 3,244 |
| Inventories | 5,679 | | 5,679 |
| Total Current Assets | <u>11,040</u> | <u>45,960</u> | <u>57,000</u> |
| Noncurrent Assets: | | | |
| Furniture, Machinery & Equipment | 188,304 | | 188,304 |
| Less: Accumulated Depreciation | <u>(158,729)</u> | | <u>(158,729)</u> |
| Total Noncurrent Assets | <u>29,575</u> | <u>-</u> | <u>29,575</u> |
| Total Assets | <u>\$ 40,615</u> | <u>45,960</u> | <u>86,575</u> |
| <u>Net Position</u> | | | |
| Invested in Capital Assets Net of Related Debt | \$ 29,575 | | 29,575 |
| Unrestricted | 11,040 | | 11,040 |
| Reserve for Latch Key | | <u>45,960</u> | <u>45,960</u> |
| Total Net Position | <u>\$ 40,615</u> | <u>45,960</u> | <u>86,575</u> |

COMBINING STATEMENT OF REVENUES, EXPENSES AND

CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2020

| | Business-Type Activities - Enterprise Funds | | Totals |
|---|--|------------------------------|----------------|
| | Food Service | Latch Key Program | |
| Operating Revenues: | | | |
| Charge for Services: | | | |
| Daily Sales - Reimbursable Programs | \$ 45,390 | | 45,390 |
| Daily Sales - Non Reimbursable Programs | 22,778 | | 22,778 |
| Community Service Functions | | 142,050 | 142,050 |
| Total Operating Revenues | <u>68,168</u> | <u>142,050</u> | <u>210,218</u> |
| Operating Expenses: | | | |
| Cost of Sales - Reimbursable Programs | 58,766 | | 58,766 |
| Cost of Sales - Non Reimbursable Programs | 28,945 | | 28,945 |
| Salaries | 97,409 | 139,089 | 236,498 |
| Management Fee | 10,171 | | 10,171 |
| General Supplies | 6,547 | 7,013 | 13,560 |
| Depreciation | 1,119 | | 1,119 |
| Miscellaneous | 2,096 | | 2,096 |
| Other Purchased Professional Services | 47,121 | 9,658 | 56,779 |
| Total Operating Expenses | <u>252,174</u> | <u>155,760</u> | <u>407,934</u> |
| Operating Income (Loss) | (184,006) | (13,710) | (197,716) |
| Nonoperating Revenues (Expenses): | | | |
| Interest Revenue | 47 | | 47 |
| Board Subsidy | 77,000 | | 77,000 |
| State Sources: | | | |
| State School Lunch Program | 1,946 | | 1,946 |
| Federal Sources: | | | |
| National Breakfast Program | 23,129 | | 23,129 |
| National School Lunch Program | 80,784 | | 80,784 |
| National School PB Lunch Program | 2,565 | | 2,565 |
| Food Distribution Program | 12,792 | | 12,792 |
| Total Nonoperating Revenues (Expenses) | <u>198,263</u> | <u>-</u> | <u>198,263</u> |
| Change in Net Position | 14,257 | (13,710) | 547 |
| Total Net Position - Beginning | <u>26,358</u> | <u>59,670</u> | <u>86,028</u> |
| Total Net Position - Ending | <u>\$ 40,615</u> | <u>45,960</u> | <u>86,575</u> |

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit G-3

COMBINING STATEMENT OF CASH FLOWSPROPRIETARY FUNDSJUNE 30, 2020

| | Business-Type Activities - Enterprise Funds | | Totals |
|---|--|------------------------------|------------------|
| | Food Service | Latch Key Program | |
| Cash Flows from Operating Activities: | | | |
| Receipts from Customers | \$ 68,168 | 142,080 | 210,248 |
| Payments to Employees | (97,409) | (139,089) | (236,498) |
| Payments to Suppliers | (138,061) | (18,644) | (156,705) |
| Net Cash Provided (Used by) Operating Activities | <u>(167,302)</u> | <u>(15,653)</u> | <u>(182,955)</u> |
| Cash Flows from Noncapital Financing Activities: | | | |
| Board Subsidy | 77,000 | | 77,000 |
| State and Federal Sources | 108,424 | | 108,424 |
| Net Cash Provided (Used by) Noncapital Financing Activities | <u>185,424</u> | <u>-</u> | <u>185,424</u> |
| Cash Flows from Investing Activities | | | |
| Interest | 47 | - | 47 |
| Net Increase (Decrease) in Cash & Cash Equivalents | 18,169 | (15,653) | 2,516 |
| Balances - Beginning of Year | <u>(16,083)</u> | <u>61,613</u> | <u>45,530</u> |
| Balances - End of Year | <u>\$ 2,086</u> | <u>45,960</u> | <u>48,046</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | |
| Operating Income (Loss) | \$ (184,006) | (13,710) | (197,716) |
| Depreciation | 1,119 | | 1,119 |
| Federal Commodities | 12,792 | | 12,792 |
| (Increase) Decrease in Accounts Receivable | 3,878 | | 3,878 |
| (Increase) Decrease in Inventories | (1,085) | | (1,085) |
| Increase (Decrease) in Accounts Payable | | (1,943) | (1,943) |
| Net Cash Provided (Used by) Operating Activities | <u>\$ (167,302)</u> | <u>(15,653)</u> | <u>(182,955)</u> |

FIDUCIARY FUND – HEALTH CARE

OCEAN TOWNSHIP SCHOOL DISTRICTTRUST AND AGENCY FUND

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET POSITIONJUNE 30, 2020

| | <u>Student Activity</u> | <u>Payroll Agency</u> | <u>Payroll Salary</u> | <u>Unemployment Compensation Expendable Trust Fund</u> | <u>Total 2020</u> |
|---|-----------------------------|---------------------------|---------------------------|--|-----------------------|
| <u>Assets</u> | | | | | |
| Cash and Cash Equivalents | \$ 3,505 | 3,055 | 607 | 35,582 | 42,749 |
| Total Assets | <u>\$ 3,505</u> | <u>3,055</u> | <u>607</u> | <u>35,582</u> | <u>42,749</u> |
| <u>Liabilities</u> | | | | | |
| Due to Student Groups | \$ 3,505 | | | | 3,505 |
| Payroll Withholdings | | 3,055 | 607 | | 3,662 |
| Total Liabilities | <u>\$ 3,505</u> | <u>3,055</u> | <u>607</u> | - | <u>7,167</u> |
| <u>Net Position</u> | | | | | |
| Reserved - Dedicated to Unemployment | | | | 35,582 | 35,582 |
| Total Net Position | | | | <u>35,582</u> | <u>35,582</u> |

OCEAN TOWNSHIP SCHOOL DISTRICTSTATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Exhibit H-2

FIDUCIARY FUNDSFOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | <u>Unemployment Compensation Trust</u> |
|----------------------------------|--|
| <u>Additions</u> | |
| Contributions: | |
| Other | \$ 17,593 |
| Total Contributions | <u>17,593</u> |
| Investment Earnings: | |
| Interest | 98 |
| Net Investment Earnings | <u>98</u> |
| Total Additions | 17,691 |
| <u>Deductions</u> | |
| Unemployment Claims | 16,376 |
| Total Deductions | <u>16,376</u> |
| Change in Net Position | 1,315 |
| Net Position - Beginning of Year | <u>34,267</u> |
| Net Position - End of the Year | <u><u>\$ 35,582</u></u> |

OCEAN TOWNSHIP SCHOOL DISTRICT

STUDENT ACTIVITY AGENCY FUND

Exhibit H-3

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | <u>Balance</u> <u>July 1, 2019</u> | <u>Cash</u> <u>Receipts</u> | <u>Cash</u> <u>Disbursements</u> | <u>Balance</u> <u>June 30, 2020</u> |
|-------------------|---------------------------------------|--------------------------------|-------------------------------------|--|
| Elementary School | <u>\$ 3,815</u> | <u>1,786</u> | <u>2,096</u> | <u>3,505</u> |

OCEAN TOWNSHIP SCHOOL DISTRICT

PAYROLL AGENCY

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | <u>Balance</u> <u>July 1, 2019</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2020</u> |
|--|---|-------------------------|-------------------------|--|
| <u>Assets</u> | | | | |
| Cash and Cash Equivalents | <u>\$ 83,023</u> | <u>3,169,123</u> | <u>3,249,091</u> | <u>3,055</u> |
| <u>Liabilities</u> | | | | |
| Payroll Deductions, Withholdings and Amount Due Employees | <u>\$ 83,023</u> | <u>3,169,123</u> | <u>3,249,091</u> | <u>3,055</u> |

LONG-TERM DEBT - I

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit I-1

LONG-TERM DEBT

SCHEDULE OF SERIAL BONDS

JUNE 30, 2020

| <u>Issue</u> | <u>Date of Issue</u> | <u>Amount of Issue</u> | <u>Maturities</u> | | <u>Interest Rate</u> | <u>Balance</u> | <u>Retired</u> | <u>Balance</u> |
|-----------------|----------------------|------------------------|-------------------|---------------|----------------------|---------------------|----------------|----------------------|
| | | | <u>Date</u> | <u>Amount</u> | | <u>July 1, 2019</u> | | <u>June 30, 2020</u> |
| Refunding -2015 | 7/15/15 | \$ 6,010,000 | 1/15/21 | \$ 570,000 | 3.000% | <u>\$ 4,920,000</u> | <u>555,000</u> | <u>4,365,000</u> |
| | | | 1/15/22 | 585,000 | | | | |
| | | | 1/15/23 | 605,000 | | | | |
| | | | 1/15/24 | 620,000 | | | | |
| | | | 1/15/25 | 640,000 | 3.500% | | | |
| | | | 1/15/26 | 660,000 | | | | |
| | | | 1/15/27 | 685,000 | | | | |
| | | | | | | | | |

OCEAN TOWNSHIP SCHOOL DISTRICT

Exhibit I-3

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

JUNE 30, 2020

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative) Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|----------------|---|
| Revenues: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 409,618 | | 409,618 | 409,618 | |
| State Aid: | | | | | |
| Debt Service Aid | <u>299,707</u> | | <u>299,707</u> | <u>299,707</u> | |
| Total Revenues | <u>709,325</u> | <u>-</u> | <u>709,325</u> | <u>709,325</u> | <u>-</u> |
| Expenditures: | | | | | |
| Regular Debt Service: | | | | | |
| Interest | 154,325 | | 154,325 | 154,325 | - |
| Redemption of Principal | <u>555,000</u> | | <u>555,000</u> | <u>555,000</u> | |
| Total Expenditures | <u>709,325</u> | <u>-</u> | <u>709,325</u> | <u>709,325</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | - | - | - | - |
| Fund Balance July 1 | | | | | - |
| Fund Balance June 30 | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

STATISTICAL SECTION

(Unaudited)

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

Exhibit J-1

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Governmental activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 1,092,228 | 1,172,628 | 1,211,985 | 993,174 | 1,908,300 | 1,798,900 | 2,077,375 | 2,268,789 | 2,467,243 | 2,704,872 |
| Restricted | 2,882,876 | 4,314,134 | 4,714,541 | 5,206,294 | 5,139,663 | 5,777,654 | 5,969,425 | 6,098,015 | 5,415,871 | 3,857,884 |
| Unrestricted | (888,194) | (897,561) | (586,672) | (51,716) | (3,835,303) | (3,970,274) | (4,005,892) | (7,275,695) | (4,511,295) | (1,664,204) |
| Total governmental activities net position | \$ 3,086,910 | 4,589,201 | 5,339,854 | 6,147,752 | 3,212,660 | 3,606,280 | 4,040,908 | 1,091,109 | 3,371,819 | 4,898,552 |
| Business-type activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 36,707 | - | 23,277 | 17,316 | 13,685 | 18,276 | 17,236 | 16,196 | 30,694 | 29,575 |
| Restricted | 7,774 | - | 29,432 | 42,645 | 38,228 | 39,154 | 35,927 | | 59,670 | 45,960 |
| Unrestricted | 9,396 | 26,738 | 32,727 | 44,737 | 52,231 | 30,359 | 34,723 | 57,775 | (4,336) | 11,040 |
| Total business-type activities net position | \$ 53,877 | 26,738 | 85,436 | 104,698 | 104,144 | 87,789 | 87,886 | 73,971 | 86,028 | 86,575 |
| District-wide | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 1,128,935 | 1,172,628 | 1,235,262 | 1,010,490 | 1,921,985 | 1,817,176 | 2,094,611 | 2,284,985 | 2,497,937 | 2,734,447 |
| Restricted | 2,890,650 | 4,314,134 | 4,743,973 | 5,248,939 | 5,177,891 | 5,816,808 | 6,005,352 | 6,098,015 | 5,475,541 | 3,903,844 |
| Unrestricted | (878,798) | (870,823) | (553,945) | (6,979) | (3,783,072) | (3,939,915) | (3,971,169) | (7,217,920) | (4,515,631) | (1,653,164) |
| Total district net position | \$ 3,140,787 | 4,615,939 | 5,425,290 | 6,252,450 | 3,316,804 | 3,694,069 | 4,128,794 | 1,165,080 | 3,457,847 | 4,985,127 |

Source: CAFR Schedule A-1

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

Exhibit J-2

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|
| Expenses | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular | \$ 2,240,260 | 1,977,645 | 2,294,668 | 2,367,728 | 2,318,149 | 2,552,204 | 2,520,354 | 2,555,367 | 2,359,863 | 2,195,346 |
| Special Education | 1,537,257 | 1,045,592 | 1,115,048 | 1,584,781 | 1,357,740 | 1,439,622 | 1,249,238 | 1,559,488 | 1,756,660 | 1,246,815 |
| Other Instruction | 265,444 | 414,160 | 388,663 | 373,842 | 415,414 | 338,261 | 643,045 | 353,285 | 359,057 | 265,984 |
| Support Services: | | | | | | | | | | |
| Tuition | 6,940,320 | 6,881,050 | 7,043,773 | 7,151,221 | 6,789,614 | 6,255,211 | 6,757,641 | 7,818,307 | 8,406,100 | 7,737,900 |
| Student & Instruction Related Services | 1,032,633 | 1,012,223 | 1,026,022 | 1,080,447 | 1,126,939 | 1,193,482 | 1,260,931 | 1,323,546 | 1,318,087 | 1,187,247 |
| General Administrative Services | | 255,393 | 199,391 | 263,869 | 276,858 | 289,238 | 269,689 | 305,475 | 296,128 | 269,930 |
| School Administrative Services | 258,279 | 197,979 | - | 225,980 | 295,614 | 262,894 | 237,967 | 273,589 | 283,590 | 400,468 |
| Other Administrative Services | 205,246 | - | 247,988 | | | | | | | |
| Plant Operations and Maintenance | 958,822 | 815,682 | 867,298 | 989,683 | 938,616 | 867,928 | 963,238 | 872,602 | 949,249 | 957,735 |
| Pupil Transportation | 757,663 | 930,851 | 970,596 | 943,013 | 1,042,749 | 1,052,621 | 1,098,653 | 955,122 | 897,461 | 758,517 |
| Business and Other Support Services | 198,628 | 172,935 | 166,241 | 144,392 | 144,425 | 145,499 | 147,801 | 152,043 | 173,180 | |
| Unallocated Benefits | 2,318,543 | 2,237,067 | 2,291,864 | 2,484,976 | 2,603,044 | 3,274,660 | 3,735,571 | 6,518,371 | 1,115,082 | 2,829,518 |
| Capital Outlay | | 258,023 | 103,521 | 38,771 | | 260,352 | 1,200 | 1,197 | 11,258 | - |
| Interest on Long-term Debt | 341,219 | 325,307 | 308,986 | 297,510 | 280,917 | 332,262 | 89,168 | 181,344 | 160,187 | 146,694 |
| Unallocated Depreciation | 392,036 | 403,480 | 365,643 | 321,819 | 366,257 | 369,788 | 390,238 | 395,456 | 357,558 | 362,044 |
| Total Governmental Activities Expenses | 17,446,350 | 16,927,387 | 17,387,702 | 18,268,032 | 17,956,336 | 18,634,022 | 19,364,734 | 23,265,192 | 18,443,460 | 18,358,198 |
| Business-type Activities: | | | | | | | | | | |
| Food Service | 308,367 | 337,675 | - | 312,258 | - | - | - | 280,747 | 264,434 | 76,500 |
| Latch Key | 85,800 | 74,223 | 106,388 | 112,863 | 120,594 | (21,986) | | 132,283 | 143,755 | |
| Total Business-type Activities Expense | 394,167 | 411,898 | 106,388 | 425,121 | 120,594 | (21,986) | 476,982 | 413,030 | 408,189 | 76,500 |
| Total District Expenses | \$ 17,840,517 | 17,339,285 | 17,494,090 | 18,693,153 | 18,076,930 | 18,612,036 | 19,841,716 | 23,678,222 | 18,851,649 | 18,434,698 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Taxes | \$ 9,418,649 | 9,592,649 | 9,771,626 | 9,944,546 | 10,143,430 | 10,224,870 | 10,415,270 | 10,779,804 | 11,318,706 | 11,622,126 |
| Taxes on Debt Service | 409,101 | 425,902 | 430,977 | 414,056 | 415,021 | 416,706 | 409,648 | 388,022 | 393,601 | 409,618 |
| Federal & State Aid Not Restricted | 8,369,238 | 8,734,904 | 8,007,268 | 8,749,931 | 8,268,070 | 8,439,049 | 9,028,587 | 9,037,187 | 8,953,188 | 7,873,497 |
| Miscellaneous Income | 343,281 | 510,733 | 151,826 | 138,459 | 242,712 | 51,957 | 85,857 | 160,380 | 58,675 | 56,690 |
| Sale of Bonds | | | | | | | | | | |
| Account Receivable Cancelled | (5,159) | - | | | | | | | | |
| Transfers | | (50,000) | (29,215) | (125,000) | | (104,940) | (140,000) | (50,000) | | (77,000) |
| Total Governmental Activities Program Revenues | 18,535,110 | 19,214,188 | 18,332,482 | 19,121,992 | 19,069,233 | 19,027,642 | 19,799,362 | 20,315,393 | 20,724,170 | 19,884,931 |
| Business Type Program Revenues | | | | | | | 477,079 | 399,115 | 420,246 | 77,047 |
| Change in Net Position | | | | | | | | | | |
| Governmental Activities | 700,833 | 1,502,231 | 779,694 | 853,960 | 992,857 | 393,620 | 434,628 | (2,949,799) | 2,280,710 | 1,526,733 |
| Business -Type Activities | (6,240) | (27,139) | 58,698 | 19,262 | (554) | (21,986) | 97 | (13,915) | 12,057 | 547 |
| Total District | \$ 694,593 | 1,475,092 | 838,392 | 873,222 | 992,303 | 371,634 | 434,725 | (2,963,714) | 2,292,767 | 1,527,280 |

Source: CAFR Schedule A-2

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

Exhibit J-3

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| General Fund | | | | | | | | | | |
| Reserved | \$ 442,388 | 3,844,675 | 4,464,541 | 4,247,052 | 4,374,838 | 5,305,549 | 5,719,425 | 5,641,332 | 4,969,949 | 5,630,165 |
| Unreserved | (258,312) | (334,011) | (293,662) | (282,182) | (250,007) | (188,505) | (167,867) | (318,210) | (276,443) | (240,998) |
| Emergency Reserve | 400,000 | 400,000 | 250,000 | 450,000 | 840,019 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| Total general fund | \$ 584,076 | 3,910,664 | 4,420,879 | 4,414,870 | 4,964,850 | 5,367,044 | 5,801,558 | 5,573,122 | 4,943,506 | 5,389,167 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | | | | | | | | | | |
| Capital Projects | \$ 67,802 | 67,802 | - | 739,640 | 234,262 | 205,504 | 195,922 | 195,922 | 195,922 | 195,922 |
| Debt Service | 6,509 | | - | 68 | | 16,601 | 27,362 | 10,761 | | |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue fund | | | | | | | | | | (107,954) |
| Capital Reserve fund | 992,282 | | - | - | - | - | - | - | - | - |
| Maintenance Reserve | 805,500 | | - | - | - | - | - | - | - | - |
| Debt Service | 6,509 | 1,657 | 1,725 | | | | | | | |
| Total all other governmental funds | \$ 1,878,602 | 69,459 | 1,725 | 739,708 | 234,262 | 222,105 | 223,284 | 206,683 | 195,922 | 87,968 |

Source: CAFR Schedule B-1

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

Exhibit J-4

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenues | | | | | | | | | | |
| Tax levy | \$ 9,827,750 | 10,018,551 | 10,202,603 | 10,358,602 | 10,358,602 | 10,641,576 | 10,824,918 | 11,167,826 | 11,712,307 | 12,031,744 |
| Tuition charges | | | | | | 137,649 | 50,425 | 98,971 | | |
| Interest earnings | | | | | | | | | | |
| Miscellaneous | 111,276 | 175,994 | 151,740 | 138,459 | 138,459 | 51,957 | 35,432 | 61,409 | 58,675 | 56,690 |
| State sources | 7,807,297 | 8,008,226 | 7,984,682 | 8,390,515 | 8,390,515 | 8,411,758 | 8,594,907 | 8,588,457 | 8,477,725 | 8,219,705 |
| Federal sources | 457,860 | 726,678 | 387,926 | 359,416 | 359,416 | 372,882 | 433,680 | 448,730 | 475,463 | 855,841 |
| Total revenue | 18,204,183 | 18,929,449 | 18,726,951 | 19,246,992 | 19,246,992 | 19,615,822 | 19,939,362 | 20,365,393 | 20,724,170 | 21,163,980 |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular instruction | 231,048 | 2,045,486 | 2,294,668 | 2,367,728 | 2,367,728 | 2,550,952 | 2,513,632 | 2,555,367 | 2,359,863 | 2,189,002 |
| Special education instruction | 1,537,257 | 1,440,178 | 1,449,117 | 1,584,781 | 1,584,781 | 1,439,622 | 1,249,238 | 1,559,488 | 1,756,660 | 2,037,861 |
| Other instruction | 265,444 | 414,160 | 386,663 | 373,842 | 373,842 | 656,040 | 643,045 | 353,285 | 359,057 | 265,984 |
| Support Services: | | | | | | | | | | |
| Tuition | 6,940,320 | 6,881,050 | 7,043,773 | 7,151,221 | 7,151,221 | 6,392,860 | 6,757,641 | 7,818,307 | 8,406,100 | 7,737,900 |
| Student & instruction related services | 1,032,633 | 1,067,468 | 1,057,293 | 1,080,447 | 1,080,447 | 1,221,294 | 1,260,931 | 1,323,546 | 1,318,087 | 1,586,585 |
| General administrative services | 258,279 | 255,393 | 247,988 | 263,869 | 263,869 | 289,238 | 269,689 | 305,475 | 296,128 | 269,930 |
| School Administrative services | 205,246 | 197,979 | 199,391 | 225,980 | 225,980 | 262,894 | 237,967 | 273,589 | 283,590 | 400,468 |
| Plant operations and maintenance | 958,822 | 906,965 | 867,298 | 989,683 | 989,683 | 867,928 | 963,238 | 872,602 | 949,249 | 957,735 |
| Pupil transportation | 757,663 | 930,851 | 970,596 | 943,013 | 943,013 | 1,052,621 | 1,098,653 | 955,122 | 897,461 | 758,517 |
| Business and Other Support Services | 198,828 | 172,935 | 166,241 | 144,392 | 144,392 | 145,499 | 147,801 | 152,043 | 173,180 | - |
| Unallocated employee benefits | 2,318,543 | 2,495,090 | 2,582,275 | 2,469,855 | 2,469,855 | 3,140,635 | 3,336,528 | 3,617,864 | 3,827,677 | 3,779,628 |
| Capital outlay | 489,625 | 566 | 103,521 | 75,326 | 75,326 | 396,263 | 179,492 | 73,067 | 37,270 | 56,338 |
| Debt service: | | | | | | | | | | |
| Principal | 370,000 | 385,000 | 405,000 | 415,000 | 415,000 | 450,000 | 500,000 | 515,000 | 530,000 | 555,000 |
| Interest and other charges | 347,775 | 332,278 | 316,431 | 304,881 | 304,881 | 254,999 | 205,814 | 185,675 | 170,225 | 154,325 |
| Total expenditures | 17,911,283 | 17,525,399 | 18,090,255 | 18,390,018 | 18,390,018 | 19,120,845 | 19,363,669 | 20,560,430 | 21,364,547 | 20,749,273 |
| Excess (Deficiency) of revenues over (under) expenditures | 292,900 | 1,404,050 | 636,696 | 856,974 | 856,974 | 494,977 | 575,693 | (195,037) | (640,377) | 414,707 |
| Other Financing sources (uses) | | | | | | | | | | |
| Accounts Payable Cancelled | | | | | | 15,060 | | | | |
| Additional Accounts Payable Adjustments | (5,310) | | (29,215) | | | | | | | |
| Accounts Receivable Cancelled | | | | | | | | | | |
| Sale of Bonds | | | | | | | | | | |
| Transfers - Food Service | (52,000) | (50,000) | (165,000) | (125,000) | (125,000) | (120,000) | (140,000) | (50,000) | | (77,000) |
| Total other financing sources (uses) | (57,310) | (50,000) | (194,215) | (125,000) | (125,000) | (104,940) | (140,000) | (50,000) | - | (77,000) |
| Net change in fund balances | \$ 235,590 | 1,354,050 | 442,481 | 731,974 | 731,974 | 390,037 | 435,693 | (245,037) | (640,377) | 337,707 |
| Debt service as a percentage of noncapital expenditures | 4.1% | 4.1% | 4.0% | 3.9% | 3.9% | 3.8% | 3.7% | 3.4% | 3.3% | 3.4% |

Source: CAFR Schedule B-2

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

| Fiscal Year Ended June 30, | Interest on Investments | Tuition Revenue | Rentals | Misc. | Total |
|-------------------------------|----------------------------|--------------------|---------|---------|---------|
| 2011 | \$ 26,363 | 23,059 | - | 19,103 | 68,525 |
| 2012 | 2,097 | 153,160 | | 20,598 | 175,855 |
| 2013 | 9,856 | | | 141,816 | 151,672 |
| 2014 | 7,149 | | | 131,310 | 138,459 |
| 2015 | | 37,647 | | 37,844 | 75,491 |
| 2016 | | 137,649 | | 51,957 | 189,606 |
| 2017 | | 50,425 | | 35,432 | 85,857 |
| 2018 | | 98,971 | | 61,409 | 160,380 |
| 2019 | | | | 58,675 | 58,675 |
| 2020 | | 20,771 | | 35,919 | 56,690 |

Source: District Records

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

Exhibit J-6

| Fiscal Year Ended June 30, | Vacant Land | Residential | Farm Reg. | Qfarm | Commercial | Industrial | Total Assessed Value | Less: Tax-Exempt Property | Public Utilities ^a | Net Valuation Taxable | Total Direct School Tax Rate ^b | Estimated Actual (County Equalized Value) |
|----------------------------|---------------|---------------|-----------|---------|------------|------------|----------------------|---------------------------|-------------------------------|-----------------------|---|---|
| 2011 | \$ 68,645,800 | 1,233,141,900 | 3,301,000 | 264,300 | 62,384,700 | 574,600 | 1,368,312,300 | | 1,437,244 | 1,369,749,544 | 0.731 | 0.331 |
| 2012 | 58,150,100 | 1,115,942,500 | 2,311,400 | 264,000 | 66,333,100 | 925,800 | 1,243,926,900 | | 1,437,244 | 1,245,364,144 | 0.819 | 0.343 |
| 2013 | 55,358,200 | 1,119,796,100 | 2,320,200 | 258,300 | 64,303,200 | 925,800 | 1,242,961,800 | | 1,333,171 | 1,244,294,971 | 0.832 | 0.357 |
| 2014 | 50,824,100 | 1,142,069,800 | 2,320,200 | 264,100 | 63,064,600 | 925,800 | 1,259,468,600 | | 1,193,220 | 1,260,622,320 | 0.838 | 0.387 |
| 2015 | 44,663,000 | 1,165,958,200 | 3,453,700 | 271,000 | 63,060,900 | 925,800 | 1,380,678,186 | 101,148,200 | 1,227,386 | 1,279,529,986 | 0.832 | 0.432 |
| 2016 | 44,663,000 | 1,165,958,200 | 3,453,700 | 271,000 | 63,060,900 | 925,800 | 1,380,678,186 | 101,148,200 | 1,227,386 | 1,279,529,986 | 0.833 | 0.432 |
| 2017 | 33,405,800 | 1,208,530,500 | 3,386,100 | 280,400 | 63,452,300 | 925,800 | 1,419,433,900 | 109,453,000 | 1,227,386 | 1,309,980,900 | 0.853 | 0.803 |
| 2018 | 34,038,300 | 1,213,816,300 | 3,386,100 | 280,800 | 63,603,500 | 925,800 | 1,316,039,000 | 110,158,800 | | 1,305,023,120 | 0.890 | 0.379 |
| 2019 | 33,731,900 | 1,216,267,600 | 3,386,100 | 272,500 | 64,662,900 | 925,800 | 1,319,296,800 | 110,346,400 | 1,227,386 | 1,430,093,200 | 0.912 | 0.373 |
| 2020 | 32,628,300 | 1,219,341,300 | 3,386,400 | 69,700 | 63,520,200 | 925,800 | 1,319,871,700 | 120,428,300 | 1,227,506 | 1,475,719,403 | 0.929 | 0.377 |

Source: Municipal Tax Assessor

Not Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

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

^b Tax rates are per \$100

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

Exhibit J-7

(rate per \$100 of assessed value)

| Fiscal Year Ended June 30, | Ocean Township Board of Education | | | Overlapping Rates | | | | Total Direct and Overlapping Tax Rate |
|-------------------------------------|-----------------------------------|------------------------------|-----------------|--------------------|-------------------|-------------------|-----------------|--|
| | General Obligation | | Total Direct | School District | Ocean Township | Library/Oth er | Ocean County | |
| | Basic Rate ^a | Debt Service ^b | | | | | | |
| 2011 | 0.700 | 0.031 | 0.731 | 0.731 | 0.421 | 0.036 | 0.331 | 1.549 Inc. Mun. Open Space .03 |
| 2012 | 0.786 | 0.033 | 0.819 | 0.819 | 0.463 | 0.039 | 0.343 | 1.722 Inc. Mun. Open Space .029 |
| 2013 | 0.800 | 0.032 | 0.832 | 0.832 | 0.523 | 0.041 | 0.357 | 1.753 |
| 2014 | 0.805 | 0.033 | 0.838 | 0.838 | 0.575 | 0.040 | 0.387 | 1.840 |
| 2015 | 0.799 | 0.033 | 0.832 | 0.832 | 0.587 | 0.040 | 0.423 | 1.855 |
| 2016 | 0.800 | 0.033 | 0.833 | 0.833 | 0.629 | 0.040 | 0.403 | 1.905 |
| 2017 | 0.821 | 0.032 | 0.853 | 0.853 | 0.667 | 0.040 | 0.401 | 1.961 |
| 2018 | 0.860 | 0.030 | 0.890 | 0.890 | 0.662 | 0.041 | 0.379 | 1.972 |
| 2019 | 0.882 | 0.030 | 0.912 | 0.091 | 0.681 | 0.041 | 0.373 | 2.068 |
| 2020 | 0.929 | 0.030 | 0.959 | 0.959 | 0.699 | 0.042 | 0.377 | 2.077 |

Source: Municipal Tax Collector

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

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

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

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

Exhibit J-8

| Taxpayer | As of December 31, 2020 | |
|----------|-------------------------|-----------------|
| | Taxable Assessed Value | Rank [Optional] |

Information not available at this time

| | |
|-------|-------------|
| Total | <u>\$ -</u> |
|-------|-------------|

Source: Municipal Tax Assessor

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

Exhibit J-9

| Fiscal Year Ended June 30, | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | |
|-------------------------------------|-------------------------------------|---|-----------------------|
| | | Amount | Percentage of Levy |
| 2011 | \$ 9,827,750 | 9,827,750 | 100.00% |
| 2012 | 10,018,551 | 10,018,551 | 100.00% |
| 2013 | 10,202,603 | 10,202,603 | 100.00% |
| 2014 | 10,358,602 | 10,358,602 | 100.00% |
| 2015 | 10,558,457 | 10,558,457 | 100.00% |
| 2016 | 10,641,576 | 10,641,576 | 100.00% |
| 2017 | 10,824,918 | 10,824,918 | 100.00% |
| 2018 | 11,712,307 | 11,712,307 | 100.00% |
| 2019 | 12,031,744 | 12,031,744 | 100.00% |
| 2020 | 12,264,187 | 12,264,187 | 100.00% |

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

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

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

Exhibit J-10

| Fiscal Year Ended June 30, | Governmental Activities | | | | Business-Type Activities | | Per Capita ^a |
|-------------------------------------|---|-------------------------------------|-------------------|---|-----------------------------|----------------|-------------------------|
| | General Obligation Bonds ^b | Certificates of Participation | Capital Leases | Bond Anticipation Notes (BANs) | Capital Leases | Total District | |
| 2011 | \$ 8,425,000 | | | | | 8,425,000 | 39,677 |
| 2012 | 8,040,000 | | | | | 8,040,000 | 41,986 |
| 2013 | 7,635,000 | | | | | 7,635,000 | 43,200 |
| 2014 | 7,220,000 | | 23,327 | | | 7,243,327 | 43,214 |
| 2015 | 6,790,000 | | 16,662 | | | 6,806,662 | 44,381 |
| 2016 | 6,465,000 | | 9,579 | | | 6,474,579 | 46,109 |
| 2017 | 5,965,000 | | - | | | 5,965,000 | N/A |
| 2018 | 5,450,000 | | - | | | 5,450,000 | N/A |
| 2019 | 4,920,000 | | - | | | 4,920,000 | N/A |
| 2020 | 4,365,000 | | - | | | 4,365,000 | N/A |

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

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

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

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

Exhibit J-11

| Fiscal Year Ended June 30, | General Bonded Debt Outstanding | | | Percentage of Actual Taxable Value ^a of Property | Per Capita Income ^b |
|-------------------------------------|---------------------------------|------------|---|--|-----------------------------------|
| | General Obligation Bonds | Deductions | Net General Bonded Debt Outstanding | | |
| 2011 | 8,795,000 | 370,000 | 8,425,000 | 0.62% | 39,677 |
| 2012 | 8,425,000 | 385,000 | 8,040,000 | 0.65% | 41,986 |
| 2013 | 8,040,000 | 405,000 | 7,635,000 | 0.61% | 43,200 |
| 2014 | 7,635,000 | 415,000 | 7,220,000 | 0.57% | 43,214 |
| 2015 | 7,220,000 | 430,000 | 6,790,000 | 0.53% | 44,381 |
| 2016 | 6,790,000 | 325,000 | 6,465,000 | 0.53% | 46,109 |
| 2017 | 6,465,000 | 500,000 | 5,965,000 | 0.50% | 50,184 |
| 2018 | 5,965,000 | 515,000 | 5,450,000 | N/A | N/A |
| 2019 | 5,450,000 | 530,000 | 4,920,000 | N/A | N/A |
| 2020 | 4,925,000 | 555,000 | 4,370,000 | N/A | N/A |

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

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

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

Ocean Township Board of Education
 Ratios of Overlapping Governmental Activities Debt
 As of June 30, 2020

Exhibit J-12

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable ^a</u> | <u>Estimated Share of Overlapping Debt</u> |
|---|-----------------------------|---|--|
| Debt repaid with property taxes | | | |
| Ocean Township | 24,804,231 | 100% | \$ 24,804,231 |
| Other debt | | 0.00% | |
| Ocean County | 455,251,000 | 1.47% | <u>6,692,190</u> |
| Subtotal, overlapping debt | | | 31,496,421 |
| Ocean Township School District Direct Debt | | | <u>4,370,000</u> |
| Total direct and overlapping debt | | | <u><u>\$ 35,866,421</u></u> |

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

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

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

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

Exhibit J-13

| | <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>2020</u> |
|---|---------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Debt limit | \$ - | | | 33,014,695 | 31,537,060 | 31,537,060 | 32,749,520 | 32,749,500 | 32,749,500 | 32,749,500 |
| Total net debt applicable to limit | <u>8,425,000</u> | <u>8,040,000</u> | <u>7,635,000</u> | <u>7,220,000</u> | <u>6,790,000</u> | <u>6,465,000</u> | <u>5,965,000</u> | <u>5,450,000</u> | <u>4,920,000</u> | <u>4,370,000</u> |
| Legal debt margin | <u>\$ 8,425,000</u> | <u>8,040,000</u> | <u>7,635,000</u> | <u>7,220,000</u> | <u>24,747,060</u> | <u>25,072,060</u> | <u>26,784,520</u> | <u>27,299,500</u> | <u>27,829,500</u> | <u>28,379,500</u> |
| Total net debt applicable to the limit as a percentage of debt limit | | | | | | | | | | |

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

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

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

Exhibit J-14

| <u>Year</u> | <u>Population ^a</u> | <u>Personal Income ^c</u> | <u>Unemployment Rate ^d</u> |
|-------------|--------------------------------|---|---|
| 2010 | 8,346 | 39,677 | 12.6% |
| 2011 | 8,372 | 41,986 | 13.1% |
| 2012 | 8,518 | 43,200 | 13.4% |
| 2013 | 8,653 | 43,214 | 11.6% |
| 2014 | 8,658 | 44,381 | 8.4% |
| 2015 | 8,850 | 46,109 | 6.8% |
| 2016 | 9,013 | N/A | 5.9% |
| 2017 | 9,013 | N/A | 5.1% |
| 2018 | 9,013 | N/A | 4.9% |
| 2019 | 9,013 | N/A | 3.5% |

Source:

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

b Personal income NJ Department of Education

c Per Capita NJ Department of Education

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

Ocean Township Board of Education
 Principal Employers,
 Latest Available

Exhibit J-15

| 2020 | | | |
|---|-----------|--------------------|--------------------------------------|
| Employer | Employees | Rank (Optional) | Percentage of Total Employment |
| INFORMATION IS NOT AVAILABLE AT THIS TIME | | | |
| | - | | 0.00% |

Source:

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

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

Exhibit J-16

| <u>Function/Program</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>2020</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Administration | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Certified Educational Support Staff | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Instruction | | | | 38 | 38 | 38 | 38 | 38 | 38 | 38 |
| Regular | 38 | 38 | 38 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| Special education | 15 | 15 | 15 | | | | | | | |
| Support Services: | | | | | | | | | | |
| Student & instruction related services | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| General administrative services | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| School administrative services | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Business administrative services | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Plant operations and maintenance | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| Food Service | | | | | | | | | | |
| Total | <u>104</u> | <u>104</u> | <u>104</u> | <u>104</u> | <u>104</u> | <u>104</u> | <u>104</u> | <u>104</u> | <u>104</u> | <u>104</u> |

Source: District Personnel Records

Ocean Township Board of Education
 Operating Statistics
 Last Ten Fiscal Years

Exhibit J-17

| Fiscal Year | Enrollment | Operating Expenditures ^a | Cost Per Pupil | Percentage Change | Pupil/Teacher Ratio | | Average Daily Enrollment (ADE) ^c | Average Daily Attendance (ADA) ^c | % Change in Average Daily Enrollment |
|-------------|------------|-------------------------------------|----------------|-------------------|-----------------------------|------------|---|---|--------------------------------------|
| | | | | | Teaching Staff ^b | Elementary | | | |
| 2011 | 540 | 15,755,164 | 29,176 | 0.06% | 52 | | 540 | 511 | 0.06% |
| 2012 | 532 | 16,904,003 | 31,774 | 8.90% | 53 | | 537 | 499 | -1.80% |
| 2013 | 541 | 16,935,682 | 31,304 | -0.02% | 53 | | 537 | 504 | 0.00% |
| 2014 | 514 | 0 | 0 | 0.00% | 53 | | 519 | 489 | -3.35% |
| 2015 | 546 | 0 | 0 | 0.00% | 53 | | 542 | 512 | 4.44% |
| 2016 | 519 | 18,401,497 | 35,456 | 0.00% | 53 | | 522 | 494 | -3.70% |
| 2017 | 513 | 18,300,548 | 35,674 | 0.00% | 53 | | 507 | 480 | -2.90% |
| 2018 | 488 | | - | 0.00% | 53 | | 497 | 471 | -5.00% |
| 2019 | 507 | 18,870,072 | 37,219 | 0.00% | 53 | | 517 | 492 | 4.00% |
| 2020 | 500 | 18,183,449 | 36,367 | 0.00% | 53 | | 500 | 492 | 0.00% |

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

Note: Enrollment based on annual October district count.

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

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

Exhibit J-18

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| District Building | | | | | | | | | | |
| Elementary | | | | | | | | | | |
| Frederic A. Priff School | | | | | | | | | | |
| Square Feet | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 |
| Capacity (students) | 318 | 318 | 318 | 318 | 318 | 318 | 318 | 318 | 318 | 318 |
| Enrollment | 216 | 216 | 218 | 209 | 209 | 210 | 201 | 198 | 198 | 198 |
| Waretown Elementary School | | | | | | | | | | |
| Square Feet | 40,002 | 40,002 | 40,002 | 40,002 | 40,002 | 40,002 | 40,002 | 40,002 | 30,002 | 30,002 |
| Capacity (students) | 349 | 349 | 349 | 349 | 349 | 349 | 349 | 349 | 349 | 349 |
| Enrollment | 327 | 327 | 319 | 305 | 305 | 312 | 306 | 298 | 309 | 309 |
| Total Enrollment | 535 | 535 | 537 | 514 | 514 | 522 | 507 | 488 | 507 | 500 |
| Other | | | | | | | | | | |
| Superintendent's Office | | | | | | | | | | |
| Square Feet | 840 | 840 | 840 | 840 | 840 | 840 | 840 | 840 | 840 | 840 |
| Business Office | | | | | | | | | | |
| Square Fee | 840 | 840 | 840 | 840 | 840 | 840 | 840 | 840 | 840 | 840 |
| Maintenance Offices | | | | | | | | | | |
| Square Feet | 840 | 840 | 840 | 840 | 840 | 840 | 840 | 840 | 840 | 840 |
| Latchkey Trailer | | | | | | | | | | |
| Square Feet | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Municipal Alliance | | | | | | | | | | |
| Square Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Number of Schools at June 30th | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Elementary = 2 | | | | | | | | | | |
| Other = 5 | | | | | | | | | | |

Source: District records, ASSA

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

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

Exhibit J-19

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

| School Facilities | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--------------------------------|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Frederic Priff School | \$ 95,000 | 94,974 | 89,434 | 91,791 | 74,690 | 86,539 | 73,421 | 60,836 | 63,464 | 64,172 |
| Waretown Elementary School | 105,000 | 104,972 | 98,965 | 107,755 | 87,223 | 101,093 | 93,446 | 76,243 | 79,846 | 69,204 |
| Total School Facilities | 200,000 | 199,946 | 188,399 | 199,546 | 161,913 | 187,632 | 166,867 | 137,079 | 143,310 | 133,376 |
| Grand Total | \$ 200,000 | 199,946 | 188,399 | 199,546 | 161,913 | 187,632 | 166,867 | 137,079 | 143,310 | 133,376 |

Source: District Records

OCEAN TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

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

OCEAN TOWNSHIP SCHOOL DISTRICT
 INSURANCE SCHEDULE (CONTINUED)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020
 UNAUDITED

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

SINGLE AUDIT SECTION

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

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

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

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

Telecopier:

(732) 280-8888

e-mail:

rah@monmouth.com

2807 Hurley Pond Road • Suite 100

P.O. Box 1409

Wall, New Jersey 07719-1409

(732) 681-4990

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

K-1

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ocean Township Board of Education, County of Ocean, State of New Jersey as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Ocean Township Board of Education, County of Ocean, State of New Jersey's basic financial statements, and have issued our report thereon dated January 22, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

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

January 22, 2021

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

Telecopier:
(732) 280-8888

e-mail:
rah@monmouth.com

2807 Hurley Pond Road • Suite 100
P.O. Box 1409
Wall, New Jersey 07719-1409
(732) 681-4990

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

K-2

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

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Ocean Township School District, County of Ocean, State of New Jersey's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Board of Education of the Ocean Township School District, County of Ocean, State of New Jersey's major state programs for the year ended June 30, 2020. The Board of Education of the Ocean Township School District, County of Ocean, State of New Jersey's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Board of Education of the Ocean Township School District, County of Ocean, State of New Jersey's, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

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

January 22, 2021

OCEAN TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2020

| Federal Grantor/ Pass-Through Grantor/ Program Title | Federal C.F.D.A. Number | Federal FAIN Number | Grant or State Project Number | Program or Award Amount | Grant Period | | Balance June 30, 2019 | Carryover (Walkover) Amount | Cash Received | Budgetary Expenditures | Adjustments | Balance at June 30, 2020 | | | |
|--|-------------------------------|---------------------------|--|-------------------------------|--------------|------------|--------------------------|-----------------------------------|------------------|---------------------------|-------------|--------------------------|---------------------|-------------------|--|
| | | | | | From | To | | | | | | (Accounts Receivable) | Deferred Revenue | Due to Grantor | |
| | | | | | | | | | | | | | | | |
| U.S. Department of Education: | | | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | | | |
| Medical Assistance Program | 93.778 | 2005NI5MAP | N/A | \$ 47,582 | 07/01/2019 | 06/30/2020 | \$ - | | 47,582 | (47,582) | | | | | |
| Total General Fund | | | | | | | - | - | 47,582 | (47,582) | - | - | - | - | |
| Special Revenue: | | | | | | | | | | | | | | | |
| NCLB: | | | | | | | | | | | | | | | |
| Title I | 84.010A | S010A180030 | NCLB-19 | 141,992 | 07/01/2018 | 06/30/2019 | 108 | | | | (108) | | | | |
| Title I | 84.010A | S010A190030 | NCLB-20 | 132,892 | 07/01/2019 | 06/30/2020 | | | 52,980 | (132,892) | | (79,912) | | | |
| Title II Part A | 84.367 | S367A170029 | NCLB-20 | 40,201 | 07/01/2019 | 06/30/2020 | | | 4,974 | (36,560) | | (31,586) | | | |
| Title II Part A | 84.367 | S367A180029 | NCLB-19 | 42,605 | 07/01/2018 | 06/30/2019 | (38,964) | | 38,964 | | | | | | |
| IDEA: | | | | | | | | | | | | | | | |
| Preschool | 84.173 | H173A190114 | IDEA-20 | 7,061 | 07/01/2019 | 06/30/2020 | | | 2,887 | (7,061) | | (4,174) | | | |
| Preschool | 84.173 | H173A180114 | IDEA-19 | 6,957 | 07/01/2018 | 06/30/2019 | 1 | | | | (1) | | | | |
| Basic | 84.027 | H027A190100 | IDEA-20 | 193,618 | 07/01/2019 | 06/30/2020 | | | 98,622 | (197,244) | | (98,622) | | | |
| CARES Act | 84.425D | S425D200027 | CARES-20 | 106,975 | 07/01/2019 | 06/30/2020 | | | | (20,033) | | (20,033) | | | |
| Total Special Revenue | | | | | | | (38,855) | - | 198,427 | (393,790) | (109) | (234,327) | - | - | |
| U.S. Department of Agriculture: | | | | | | | | | | | | | | | |
| Passed Through State Department of Education: | | | | | | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | | | | | | |
| National School Breakfast Program | 10.553 | 191NJ304N1099 | | 16,740 | 07/01/2018 | 06/30/2019 | (1,063) | | 1,063 | | | | | | |
| National School Breakfast Program | 10.553 | 186NJ304N1099 | | 23,129 | 07/01/2019 | 06/30/2020 | | | 21,873 | (23,129) | | (1,256) | | | |
| National School Lunch Program | 10.555 | 191NJ304N1099 | | 93,017 | 07/01/2018 | 06/30/2019 | (5,750) | | 5,750 | | | | | | |
| National School Lunch Program | 10.555 | 186NJ304N1099 | | 80,784 | 07/01/2019 | 06/30/2020 | | | 78,837 | (80,784) | | (1,947) | | | |
| National School PB Lunch Program | 10.555 | 191NJ304N1099 | | 2,884 | 07/01/2018 | 06/30/2019 | (181) | | 181 | | | | | | |
| National School PB Lunch Program | 10.555 | 186NJ304N1099 | | 2,565 | 07/01/2019 | 06/30/2020 | | | 2,525 | (2,565) | | (40) | | | |
| U.S. Food Distribution Program | 10.550 | 191NJ304N1099 | | 12,792 | 07/01/2019 | 06/30/2020 | | | 12,792 | (12,792) | | | | | |
| Total Enterprise Fund | | | | | | | (6,994) | - | 123,021 | (119,270) | - | (3,243) | - | - | |
| Total Federal Assistance | | | | | | | \$ (45,849) | - | 369,030 | (560,642) | (109) | (237,570) | - | - | |

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

OCEAN TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

Schedule B
K-4

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| State Grantor/Program State Department of Education | Grant or State Project Number | Program or Award Amount | Grant Period | | Balance June 30, 2019 | Carryover (Walkover) Amount | Cash Received | Budgetary Expenditures | Adjustments | Balance at June 30, 2020 | | | MEMO | |
|--|----------------------------------|-------------------------------|--------------|------------|--------------------------|-----------------------------------|---------------------|---------------------------|------------------|--------------------------|---------------------|-------------------|-------------------------|-------------------------------------|
| | | | From | To | | | | | | (Accounts Receivable) | Deferred Revenue | Due to Grantor | Budgetary Receivable | Cumulative Total Expenditures |
| | | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | | |
| Extraordinary Aid | 20-495-034-5120-044 | \$ 42,218 | 07/01/2019 | 06/30/2020 | \$ - | | (42,218) | | | (42,218) | | | | 42,218 |
| Extraordinary Aid | 19-495-034-5120-044 | 151,364 | 07/01/2018 | 06/30/2019 | (151,364) | 151,364 | | | | | | | | |
| Security Aid | 20-495-034-5120-084 | 176,928 | 07/01/2019 | 06/30/2020 | | 156,077 | (176,928) | | | | | (20,851) | 176,928 | |
| Transportation Aid | 20-495-034-5120-014 | 443,920 | 07/01/2019 | 06/30/2020 | | 402,219 | (443,920) | | | | | (41,701) | 443,920 | |
| Special Education Aid | 20-495-034-5120-089 | 541,176 | 07/01/2019 | 06/30/2020 | | 485,575 | (541,176) | | | | | (55,601) | 541,176 | |
| Adjustment Aid | 20-495-034-5120-085 | 4,709,807 | 07/01/2019 | 06/30/2020 | | 4,230,245 | (4,709,807) | | | | | (479,562) | 4,709,807 | |
| Non-Public Transportation | 20-495-034-5120-014 | 827 | 07/01/2019 | 06/30/2020 | | | (827) | | | (827) | | | 827 | |
| On-Behalf T.P.A.F. Pension Contributions - Post Retirement Medical (non-budgeted) | 20-495-034-5094-001 | 332,620 | 07/01/2019 | 06/30/2020 | | 332,620 | (332,620) | | | | | | 332,620 | |
| On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted) | 20-495-034-5094-002 | 880,806 | 07/01/2019 | 06/30/2020 | | 880,806 | (880,806) | | | | | | 880,806 | |
| On-Behalf T.P.A.F. Non-Contributory Insurance | 20-495-034-5094-004 | 15,787 | 07/01/2019 | 06/30/2020 | | 15,787 | (15,787) | | | | | | 15,787 | |
| On-Behalf T.P.A.F. Pension Contributions - Long Term Disability | 20-495-034-5094-004 | 707 | 07/01/2019 | 06/30/2020 | | 707 | (707) | | | | | | 707 | |
| TPAF Social Security (Reimbursed Non-Budgeted) | 20-495-034-5095-002 | 315,110 | 07/01/2019 | 06/30/2020 | | 315,110 | (315,110) | | | | | | 315,110 | |
| Total General Fund | | | | | <u>(151,364)</u> | <u>6,970,510</u> | <u>(7,459,906)</u> | <u>-</u> | <u>(43,045)</u> | <u>-</u> | <u>-</u> | <u>(597,715)</u> | <u>7,459,906</u> | |
| Special Revenue Fund: | | | | | | | | | | | | | | |
| Preschool Education | 20-495-034-5120-086 | 971,584 | 07/01/2019 | 06/30/2020 | | 818,911 | (916,213) | | | | | (97,302) | 916,213 | |
| Capital Projects: | | | | | | | | | | | | | | |
| State Grant - Waretown Elementary HVAC | 3820-050-14-1002 | 162,400 | 04/07/2014 | 06/30/2015 | (162,400) | | | | | (162,400) | | | | |
| State Grant - Waretown Elementary Generator | 3820-050-14-1003 | 70,000 | 04/07/2014 | 06/30/2015 | (70,000) | | | | | (70,000) | | | | |
| State Grant - Waretown Elementary Windows | 3820-050-14-1004 | 49,600 | 04/07/2014 | 06/30/2015 | (49,600) | | | | | (49,600) | | | | |
| State Grant - Priff Elementary Generator | 3820-030-14-1001 | 32,000 | 04/07/2014 | 06/30/2015 | (32,000) | | | | | (32,000) | | | | |
| Total Capital Projects | | | | | <u>(314,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(314,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | |
| State Department of Agriculture | | | | | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | | | | | |
| National School Lunch Program (State Share) | 19-100-010-3350-023 | 2,538 | 07/01/2018 | 06/30/2019 | (159) | 159 | | | | | | | | |
| National School Lunch Program (State Share) | 20-100-010-3350-023 | 1,946 | 07/01/2019 | 06/30/2020 | | 1,915 | (1,946) | | | (31) | | | 1,946 | |
| Total Enterprise Fund | | | | | <u>(159)</u> | <u>2,074</u> | <u>(1,946)</u> | <u>-</u> | <u>(31)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,946</u> | |
| Debt Service Fund: | | | | | | | | | | | | | | |
| Debt Service Aid | 20-495-034-5120-017 | 299,707 | 07/01/2019 | 06/30/2020 | | 299,707 | (299,707) | | | | | | 299,707 | |
| Total State Financial Assistance | | | | | <u>\$ (465,523)</u> | <u>8,091,202</u> | <u>(8,677,772)</u> | <u>-</u> | <u>(357,076)</u> | <u>-</u> | <u>-</u> | <u>(695,017)</u> | <u>8,677,772</u> | |
| | | | | | | | \$ 8,677,772 | | | | | | | |
| | | | | | | | (1,229,920) | | | | | | | |
| | | | | | | | <u>\$ 7,447,852</u> | | | | | | | |
| Less on Behalf TPAF Pension System Contributions | | | | | | | | | | | | | | |
| Total for State Financial Assistance-Major Program Determination | | | | | | | | | | | | | | |

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

BOARD OF EDUCATION

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OCEAN TOWNSHIP SCHOOL DISTRICT

NOTES TO SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE

JUNE 30, 2020

NOTE 1: General

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

NOTE 2: Basis of Accounting

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

NOTE 3: Relationship to General Purpose Financial Statements

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

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Debt Service Fund</u> | <u>Food Service</u> | <u>Total</u> |
|--|---------------------|-----------------------------|--------------------------|---------------------|--------------|
| <u>State Assistance</u> | | | | | |
| Actual Amounts (Budgetary) | | | | | |
| “Revenues” from the Schedule of Expenditures of State Financial Assistance | \$ 7,459,906 | 916,213 | 299,707 | 1,946 | 8,677,772 |
| Difference – Budget to “GAAP” | | | | | |
| Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized | | | | | |

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

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Debt Service Fund</u> | <u>Food Service</u> | <u>Total</u> |
|---|---------------------|-------------------------------------|----------------------------------|-------------------------|------------------|
| The Last State Aid Payment Is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33) | 66,302 | (107,954) | _____ | _____ | (41,652) |
| Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances | <u>\$ 7,526,208</u> | <u>808,259</u> | <u>299,707</u> | <u>1,946</u> | <u>8,636,120</u> |
| <u>Federal Assistance</u> | | | | | |
| Actual Amounts (Budgetary) "Revenues" from the Schedule of Expenditures of Federal Awards | \$ 47,582 | 393,790 | _____ | 119,270 | 560,642 |
| Difference – Budget to "GAAP" Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized | _____ | _____ | _____ | _____ | _____ |
| Total Federal Revenue as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances | <u>\$ 47,582</u> | <u>393,790</u> | _____ | <u>119,270</u> | <u>560,642</u> |

NOTE 4: Relationship to Federal and State Financial Reports

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

NOTE 5: Other

TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2020. The amount reported as TPAF pension contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2020. Revenues and expenditures reported under the food distribution program represent current year value received and current year distributions respectively.

OCEAN TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Part 1 - Summary of Auditor's Results

Financial Statement Section

(A) Type of auditor's report issued: Unmodified

(B) Internal control over financial reporting:

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

2) Were reportable conditions(s) identified that were not considered to be material weaknesses? Yes x No

(C) Noncompliance material to general purpose financial statements noted? Yes x No

Federal Awards Section

Not Applicable

State Awards

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

Auditee qualified as low-risk auditee? x Yes No

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

Internal Control over major programs:

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

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

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

Identification of major programs:

GMIS Number(s)

20-495-034-5120-089
20-495-034-5120-085
20-495-034-5120-084

Name of State Program

Special Education Aid (State Aid - Public Cluster)
Adjustment Aid (State Aid - Public Cluster)
Security Aid (State Aid - Public Cluster)

OCEAN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

K-6

Part 2 - Financial Statement Findings

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

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's Response: N/A

OCEAN TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

K-6

Part 3 - Schedule of Federal and State Award Findings and Questioned Costs

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

FEDERAL AWARDS

Not Applicable

STATE AWARDS

Finding: None

State program information: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

Management's response: N/A

OCEAN TOWNSHIP SCHOOL DISTRICT

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

K-7

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Prior Audit Findings:

There were no prior year audit findings.