

Ocean Township School District

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

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021**

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

For the Fiscal Year Ended June 30, 2021

Prepared by

**Ocean Township Board of Education
Business Department**

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INTRODUCTORY SECTION



TOWNSHIP OF OCEAN SCHOOL DISTRICT

TINA TRUEBA

SCHOOL BUSINESS ADMINISTRATOR

March 14, 2022

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

Dear Board Members:

The Annual Comprehensive Financial Report (ACFR) of the Township of Ocean School District (District) for the fiscal year ended June 30, 2021, is hereby submitted. This CAFR includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards (GASB), Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2020-2021 fiscal year with an enrollment of 3,299 students, which is 6 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years.

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

ACTUAL STUDENT ENROLLMENT

Fiscal Year	Student Enrollment	Percent Change
2020-2021	3299	<0.00>%
2019-2020	3305	<3.53>%
2018-2019	3426	<2.50>%
2017-2018	3514	<1.95>%
2016-2017	3584	<1.94>%

PROJECTED STUDENT ENROLLMENT

Fiscal Year	Student Enrollment	Percent Change
2021-2022	3,270	<0.01>%
2022-2023	3,250	<0.01>%
2023-2024	3,250	<0.00>%
2024-2025	3,250	<0.00>%

2) ECONOMIC CONDITION AND OUTLOOK: Typically, housing in Ocean Township experiences the conversion of former year round residences to summer living and winter rentals which have contributed to student enrollment decreases. The real estate market continues to slowly rebound from the economic downturn. However, since March 2021, the Global Pandemic has turned the local economy upside down. Enrollments are projected to plateau and be steady over the next several years.

3) MAJOR INITIATIVES: The Township of Ocean Schools strives to meet the educational needs of all students. The District has increased the instructional technology available to students by providing all students in grades kindergarten through twelve with Chromebook computers. With these devices, students conduct research, develop 21st century skills and take assessments. In addition, the District is in the beginning stages of major programmatic advances in the areas of 1) visual and performing arts with the implementation of the Spartan School of Visual and Performing Arts Academy, 2) science, technology, engineering and math (STEM) education, 3) career and technical education, and 4) elementary literacy. Major facility upgrades have been completed to address growth in these areas. Finally, the Township of Ocean School District has been successful in applying for state funds for an early childhood preschool program. For the 2022-2023 school year, we will add another 3 full day preschool classes for a total of 16 preschool classes with approximately 240 preschool students ages 3-4. In addition, we have partnered with a local provider, Acelero, for an additional 30 preschool student placements. As always, we encourage our students and staff to be innovative and creative. We foster a climate of discovery. We are proud of our diversity and the rich culture of our schools.

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

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

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

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board and/or voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balances at June 30, 2021.

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

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

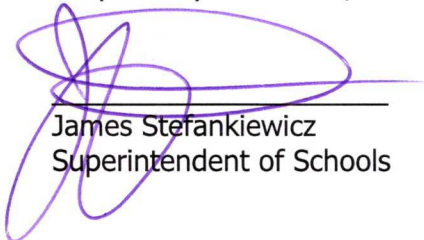
8) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found in Exhibit J-20.

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

10) ACKNOWLEDGEMENTS:

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

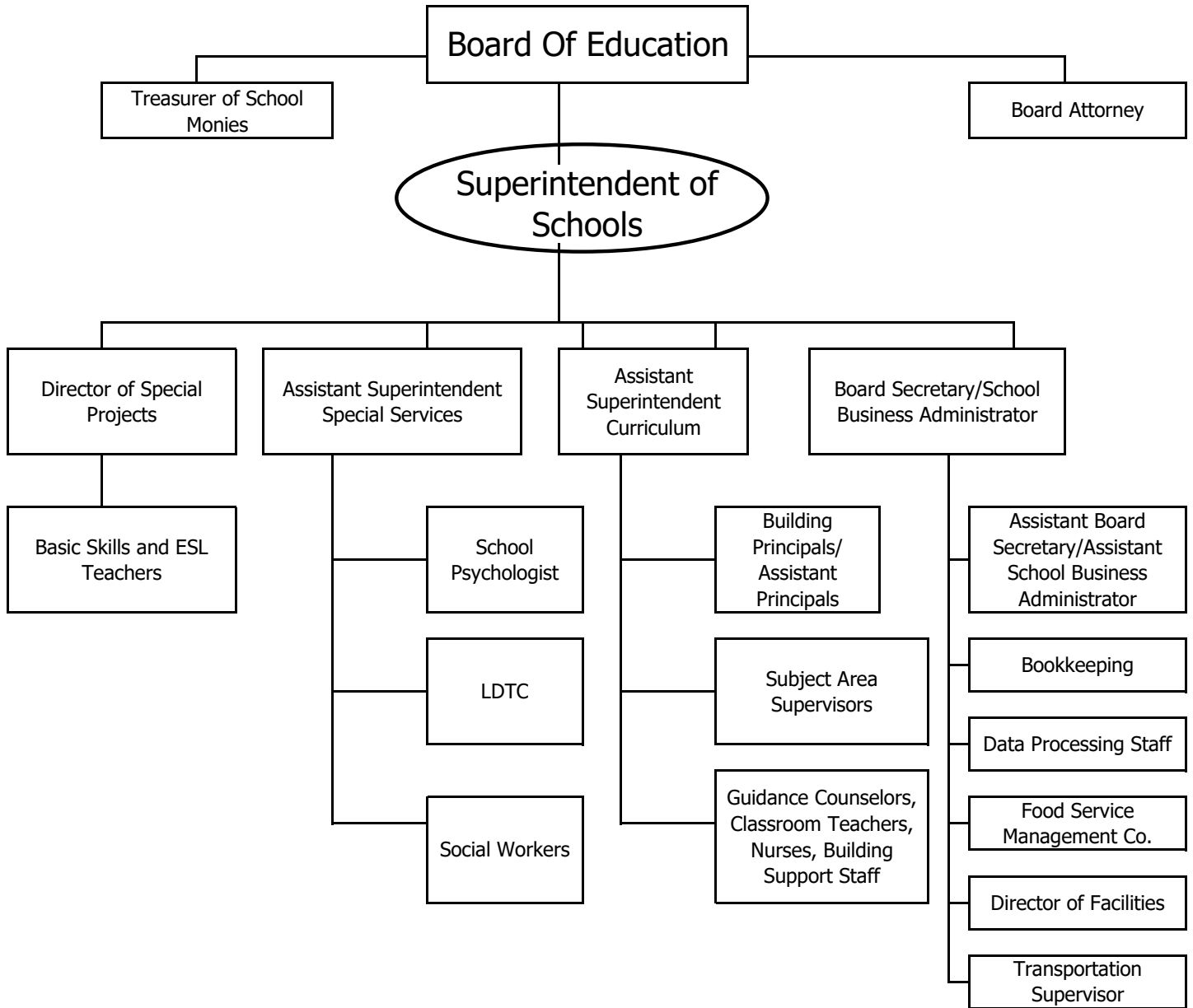
Respectfully submitted,



James Stefankiewicz
Superintendent of Schools



Tina L. Trueba
School Business Administrator/
Board Secretary



OCEAN TOWNSHIP BOARD OF EDUCATION ROSTER OF OFFICIALS

Members of the Board of Education

Term Expires

Jeffrey Weinstein, President

2022

Irene Gilman, Vice President

2024

Amy McGovern

2022

GraceAnne Talarico

2022

Natalie Tortorello

2023

Alix Hayes

2023

Shawanda Beale

2023

Denise Parlamas

2024

John McCarthy

2024

Rio Jones - Student Representative

Marilena Iosifides, Student Representative

Other Officials

James Stefankiewicz, Superintendent of Schools

Kenneth Jannarone, Board Secretary/School Business Administrator (Retired, effective October 1, 2021)

Tina Trueba, Board Secretary/School Business Administrator (effective November 1, 2021)

Shannon Carey, Assistant School Business Administrator

Robert Williams, Treasurer

OCEAN TOWNSHIP SCHOOL DISTRICT
Consultants, Independent Auditor and Advisors
June 30, 2021

Board Attorney

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

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

Schenk, Price, Smith & King, LLP
220 Park Avenue
Florham Park, NJ 07932

Board Auditor

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

Official Depository

Santander Bank
57 Monmouth Road
Oakhurst, NJ 07755

FINANCIAL SECTION

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ocean Township School District (the "District"), in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ocean Township School District, in the County of Monmouth, State of New Jersey, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, Ocean Township School District adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. Net position as of June 30, 2020, has been restated as a result. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual fund financial statements and schedules, long-term debt schedules, schedule of expenditures of federal awards, and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund financial statements and schedules, long-term debt schedules, schedule of expenditures of federal awards, and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2022 on our consideration of the Ocean Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Ocean Township School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ocean Township School District's internal control over financial reporting and compliance.

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



Laura DiTommaso
Public School Accountant
License #20CS-00164

Red Bank, New Jersey
March 14, 2022

REQUIRED SUPPLEMENTARY INFORMATION - PART I

**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED**

The management's discussion and analysis of the Township of Ocean School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic annual financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- In total, net position increased \$5,012,157, which represents a 7 percent decrease from 2020.
- General revenues accounted for \$77,443,623 in revenue or 72 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 \$30,369,840 or 28 percent of total revenues of \$107,813,463.
- Total assets of governmental activities increased by \$1,926,630 as cash and cash equivalents increased by \$3,299,877 receivables decreased by \$161,603, and net capital assets decreased by \$1,211,644.
- The School District had \$104,739,866 in expenses; only \$32,308,400 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$69,435,116 were adequate to provide for these programs.
- Among major funds, the General Fund had \$88,821,152 in revenues and \$86,313,923 in expenditures. The General Fund's balance increased \$2,507,229 from 2020.
- Fund Balance for the General Fund as of the fiscal year end was \$13,079,119. The undesignated portion of surplus was \$5,954,539. Based on our calculation of excess surplus, the maximum of undesignated fund balance (2%) is \$2,114,834. The excess \$3,839,705 must be utilized for tax relief in the succeeding year budget.
- The revenues for operating grants and contributions were recorded as an offset to expenses in this current year rather than as a general revenue on Schedule A-2.

**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED**

Using this Annual Comprehensive Financial Report (ACFR)

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, how did we do financially during 2021? The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED**

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 25. Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

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

Proprietary Funds

Proprietary funds include enterprise funds. The enterprise fund uses the same basis of accounting as business-type activities. Our school district uses the enterprise fund to report the Board's cafeteria operations.

Long Term Debt

A separate section is used to account for all long-term Debt including detail of serial bonds payable and obligations under capital leases.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 31 - 64 of this report.

**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED**

The School District as a Whole

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

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

Table 1 provides a summary of the School District's net position for 2021 and 2020.

**Table 1
Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Assets				
Current and Other Assets	\$ 15,506,647	\$ 12,368,773	\$ 759,889	\$ 430,705
Capital Assets	43,126,506	44,338,150	6,406	12,478
Total Assets	<u>58,633,153</u>	<u>56,706,523</u>	<u>766,295</u>	<u>443,183</u>
Deferred Outflows	<u>2,696,229</u>	<u>3,286,486</u>	-	-
Liabilities				
Long-Term Liabilities	26,258,877	28,988,440	-	-
Current Portion of Long-Term Debt	2,934,366	2,927,893	-	-
Other Liabilities	20,236,717	22,020,048	377,363	43,890
Total Liabilities	<u>49,199,160</u>	<u>53,936,381</u>	<u>377,363</u>	<u>43,890</u>
Deferred Inflows	<u>7,640,828</u>	<u>7,402,384</u>	-	-
Net Assets				
Invested in Capital Assets, Net of Debt	16,089,062	14,571,110	6,406	12,478
Restricted	12,924,802	10,200,395	-	-
Unrestricted	(24,525,270)	(26,117,261)	382,526	386,815
Total Net Position	<u>\$ 4,488,594</u>	<u>\$ (1,345,756)</u>	<u>\$ 388,932</u>	<u>\$ 399,293</u>

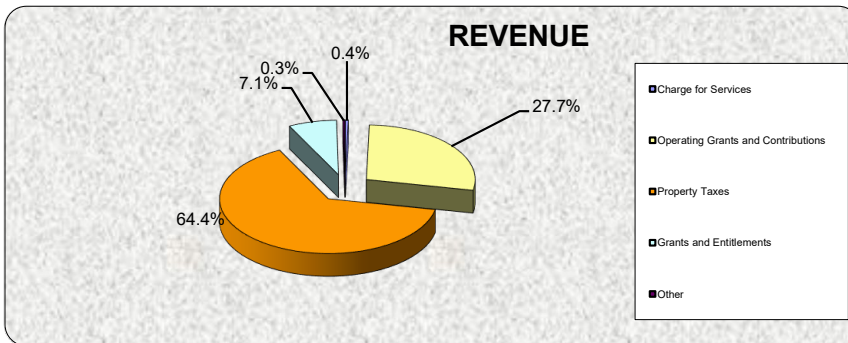
The District's combined net position of \$4,877,526 on June 30, 2021 results in an increase of 615.34% percent from the prior year.

**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED**

Table 2 shows the changes in net position for fiscal year 2021 and 2020.

**Table 2
Change in Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues				
Program Revenues:				
Charge for Services	\$ 478,070	\$ 492,356	\$ 6,980	\$ 394,145
Operating Grants and Contributions	29,891,770	17,071,672	1,931,580	570,485
General Revenues:				
Property Taxes	69,435,116	68,313,317	-	-
Grants and Entitlements	7,708,526	8,328,016	-	-
Other	299,981	517,289	-	-
Total Revenues	<u>\$107,813,463</u>	<u>\$ 94,722,650</u>	<u>\$ 1,938,560</u>	<u>\$ 964,630</u>
Program Expenses				
Instruction	\$62,489,349	\$ 52,724,263	\$ -	\$ -
Support Services:				
Pupils and Instructional Staff	20,300,209	17,389,169	-	-
General and School Administration	7,345,231	6,603,210	-	-
Business Operations and Maintenance of Facilities	7,560,920	7,150,169	-	-
Pupil Transportation	4,011,922	4,239,783	-	-
Interest on Debt	728,250	791,717	-	-
Food Service	-	-	1,948,920	841,880
Other	355,065	557,225	-	-
Total Expenses	<u>102,790,946</u>	<u>89,445,536</u>	<u>1,948,920</u>	<u>841,880</u>
Increase (Decrease) in Net Position	5,022,517	5,277,114	(10,360)	122,750
Net Position - Beginning, as restated	(553,923)	(6,622,870)	399,293	276,543
Net Position - Ending	<u>\$ 4,488,594</u>	<u>\$ (1,345,756)</u>	<u>\$ 388,933</u>	<u>\$ 399,293</u>



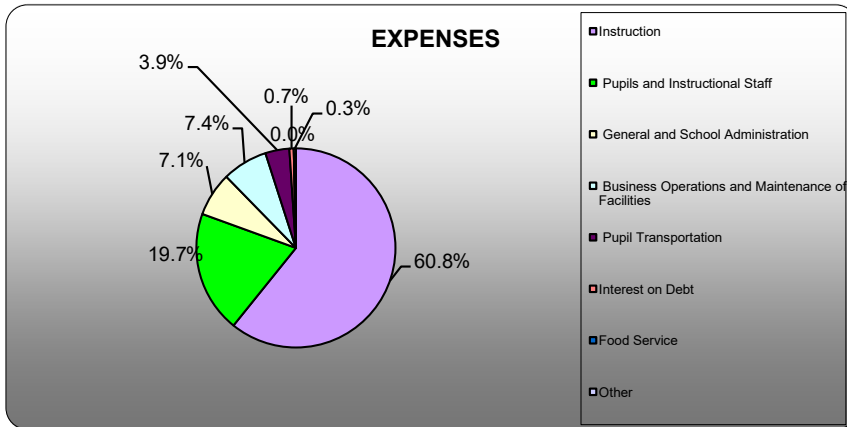
**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval only if the District exceeds the state mandated tax levy cap for School District operations. Property taxes made up 72 percent of revenues for governmental activities for the Township of Ocean School District for fiscal year 2021 and 72 percent for fiscal year 2020. Property tax revenues increased by \$1,121,799 which is a 2 percent increase over the prior year. The increase was needed to fund the additional expenditures associated with higher operating costs and a decrease in state aid.

Federal and state grants accounted for another 28 percent of revenues.

Total expenses for the fiscal year were \$102,790,946.



Program expenses includes instruction which comprises 60.8 percent of total expenses. Support services comprises 39.20 percent of total expenses.

Business-Type Activities are not shown above. Revenues for the Food Service Fund totaled \$1,938,560 which were comprised of charges for services in the amount of \$6,980 and federal and state reimbursements in the amount of \$1,931,580. Total operating expenses totaled \$1,948,920.

**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
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Governmental Activities (continued)

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

Table 3

	<u>Total Cost of Services 2021</u>	<u>Net Cost of Services 2021</u>	<u>Total Cost of Services 2020</u>	<u>Net Cost of Services 2020</u>
Instruction	\$ 62,489,349	\$ 41,078,118	\$52,724,263	\$ 40,715,858
Support Services:				
Pupils and Instructional Staff	20,300,209	14,711,214	17,379,169	14,496,402
General and School Administration, and Business Services	7,345,231	5,355,435	6,603,210	5,341,553
Operation and Maintenance of Facilities	7,560,920	6,828,969	7,150,169	6,363,583
Pupil Transportation	4,011,922	3,367,055	4,239,783	3,615,170
Interest and Fiscal Charges	728,250	728,250	791,717	791,717
Other	<u>355,065</u>	<u>355,065</u>	<u>557,225</u>	<u>557,225</u>
Total Expenses	<u>\$102,790,946</u>	<u>\$72,421,106</u>	<u>\$ 89,445,536</u>	<u>\$71,881,508</u>

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

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

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

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

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

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

Other includes special schools.

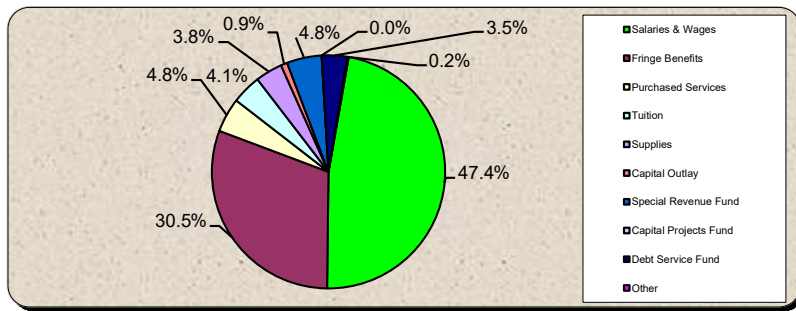
The dependence upon tax revenues is apparent. Over 93 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 75 percent. The community, as a whole, is the primary support for the Township of Ocean School District.

**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
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The School District's Funds

Information about the School District's governmental funds starts on page 25. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$96,746,767 and expenditures of \$94,327,971. The net change in fund balance for the year was most significant in the General Fund, an increase of \$2,507,229. As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

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



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

	2021	2020	% Change
Salaries & Wages	\$ 44,666,172	\$44,026,349	1.45%
Fringe Benefits	28,759,023	26,588,577	8.16%
Purchased Services	4,489,847	4,247,367	5.71%
Tuition	3,854,460	4,106,604	-6.14%
Supplies	3,533,454	3,013,872	17.24%
Capital Outlay	841,082	1,095,912	23.25%
Special Revenue Fund	4,685,151	3,122,160	39.96%
Capital Projects Fund	-	36,986	-100.00%
Debt Service Fund	3,328,897	3,347,164	-.55%
Other	<u>169,885</u>	<u>166,350</u>	2.13%
Total	<u>\$ 94,327,971</u>	<u>\$ 89,751,341</u>	4.80%

Expenditures are up \$4,576,630 or 5.09 percent from the prior year mostly due to Covid-19 activity.

**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
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General Fund Budgeting Highlights

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

During the course of the fiscal 2021 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Revisions in the budget were made to recognize revenues and expenditures that were not anticipated and to prevent over-expenditures in specific expense accounts. Significant revisions are noted below.

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

There was a decrease in Charter School enrollment by 9 students.

There was an increase in custodial services and personal protective equipment supplies for students and staff due to the Covid-19 Pandemic.

Capital Assets

At the end of the fiscal year 2021, the School District had \$44,338,125 invested in land, construction in progress, buildings, furniture and equipment, and vehicles. Table 5 shows fiscal 2020 balances compared to 2021.

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

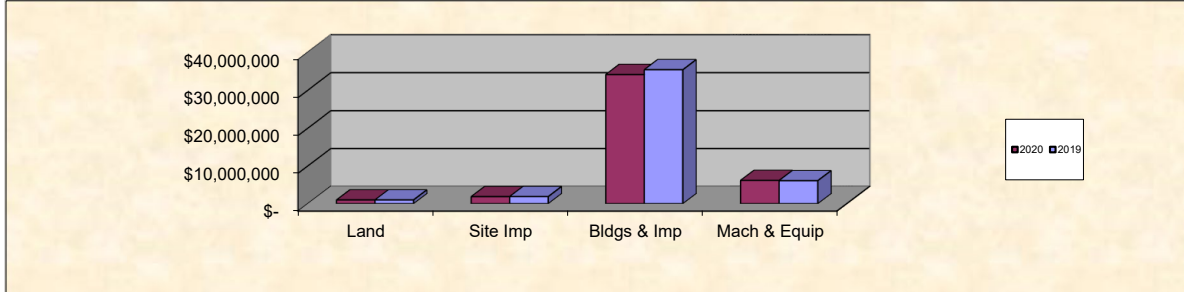
	<u>2021</u>	<u>2020</u>
Land and Construction in Progress	\$ 984,971	\$ 984,971
Site Improvements	1,856,963	1,867,764
Buildings and Improvements	34,130,452	35,389,181
Machinery and Equipment	<u>6,154,120</u>	<u>6,096,234</u>
Totals	<u>\$43,126,506</u>	<u>\$44,338,150</u>

Capital assets decreased \$1,211,644 from fiscal year 2020 to fiscal year 2021. The decrease in capital assets is due to depreciation expense.

For more detailed information, please refer to the Notes to Financial Statements.

**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
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Capital Assets (continued)



Debt Administration

At June 30, 2021, the School District had \$28,963,243 as outstanding debt. Of this amount \$1,925,799 is for compensated absences, \$1,992,444 is for capital leases payable, and the \$25,045,000 is for bonds for school construction.

At June 30, 2021, the School District's overall legal debt margin was over \$193 million. For more detailed information, please refer to the Notes to Financial Statements.

For the Future

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

The Township of Ocean School District's budget for 2020-2021 was below the 2% cap on the tax levy. Therefore, there was no election or vote for the budget in April 2021 as the district optioned to move the election of the board to November.

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

The labor agreement for teachers, administrators, and several other employee groups has been negotiated through June 30, 2024.

**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
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For the Future (continued)

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

In the 2022-2023 School Year, the District is planning for a \$5M curtain wall and HVAC project for the Township of Ocean Intermediate School.

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

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 10,247,192	\$ 334,258	\$ 10,581,450
Receivables, net	250,565	425,631	676,196
Restricted assets:			
Cash and cash equivalents	4,659,913	-	4,659,913
Intergovernmental receivable	348,977	-	348,977
Capital assets, net	43,126,506	6,406	43,132,912
Total assets	58,633,153	766,295	59,399,448
Deferred outflows:			
Deferred outflows related to pensions	2,696,229	-	2,696,229
Total deferred outflows	2,696,229	-	2,696,229
LIABILITIES			
Accounts payable:			
Other	1,786,351	377,363	2,163,714
Related to pensions	1,226,099		1,226,099
Contracts payable	176,124	-	176,124
Accrued interest	255,483	-	255,483
Unearned revenue	220,565	-	220,565
Payable to state government	33,781	-	33,781
Noncurrent liabilities:			
Due within one year	2,934,366	-	2,934,366
Due beyond one year	26,028,877	-	26,028,877
State pension liability	16,538,314	-	16,538,314
Total liabilities	49,199,960	377,363	49,577,323
Deferred inflows:			
Deferred inflows related to pensions	7,595,360	-	7,595,360
Unamortized bond issuance premium	45,468	-	45,468
Total deferred inflows	7,640,828	-	7,640,828
NET POSITION			
Invested in capital assets, net of related debt	16,089,062	6,406	16,095,468
Restricted for:			
Capital reserve	3,409,912	-	3,409,912
Maintenance reserve	1,250,000	-	1,250,000
Excess surplus	7,469,172	-	7,469,172
Unemployment compensation	447,784	-	447,784
Student activities	320,245	-	320,245
Scholarships	27,689	-	27,689
Unrestricted	(24,525,270)	382,526	(24,142,744)
Total net position	\$ 4,488,594	\$ 388,932	\$ 4,877,526

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2021

Functions/Programs	Program		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Revenues Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction:						
Regular	\$ 44,071,466	\$ -	\$ 14,991,540	\$ (29,079,926)	\$ -	\$ (29,079,926)
Special education	13,898,598	169,845	4,889,732	(8,839,021)	-	(8,839,021)
Other special instruction	2,785,244	-	1,039,244	(1,746,000)	-	(1,746,000)
Other instruction	1,734,041	-	323,870	(1,410,171)	-	(1,410,171)
Support services:						
Instruction	5,078,332	-	-	(5,078,332)	-	(5,078,332)
Student and instruction-related services	15,221,877	245,813	5,343,182	(9,632,882)	-	(9,632,882)
School administrative services	3,795,704	-	1,195,539	(2,600,165)	-	(2,600,165)
General administrative services	1,206,255	-	266,625	(939,630)	-	(939,630)
Central services and administrative information technology	2,343,272	-	527,632	(1,815,640)	-	(1,815,640)
Plant operations and maintenance	7,560,920	6,703	725,248	(6,828,969)	-	(6,828,969)
Pupil transportation	4,011,922	55,709	589,158	(3,367,055)	-	(3,367,055)
Special schools	212,830	-	-	(212,830)	-	(212,830)
Charter school	142,235	-	-	(142,235)	-	(142,235)
Interest on long-term debt	728,250	-	-	(728,250)	-	(728,250)
Total governmental activities	102,790,946	478,070	29,891,770	(72,421,106)	-	(72,421,106)
Business-type activities:						
Food service	1,948,920	6,980	1,931,580	-	(10,360)	(10,360)
Total business-type activities	1,948,920	6,980	1,931,580	-	(10,360)	(10,360)
Total primary government	\$ 104,739,866	\$ 485,050	\$ 31,823,350	(72,421,106)	(10,360)	(72,431,466)

General revenues:

Property taxes levied for:

General purposes	66,718,681
Debt service	2,716,435
Federal and state aid not restricted	7,708,526
Investment earnings	16,603
Miscellaneous income	283,378
Total general revenues, special items, extraordinary items and transfers	77,443,623

Change in net position

5,022,517 (10,360) 5,012,157

Net position-beginning (as restated)

(533,923) 399,292 (134,631)

Net position-ending

\$ 4,488,594 \$ 388,932 \$ 4,877,526

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

FUND FINANCIAL STATEMENTS

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 9,361,022	\$ 347,934	\$ -	\$ 9,708,956
Receivables, net	49,934	9,454	-	59,388
Due from other funds	-	2,916	-	2,916
Receivables from other governments	157,396	382,758	-	540,154
Restricted cash and cash equivalents	<u>4,659,912</u>	<u>-</u>	<u>1</u>	<u>4,659,913</u>
Total Assets	<u>\$ 14,228,264</u>	<u>\$ 743,062</u>	<u>\$ 1</u>	<u>\$ 14,971,327</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 773,367	\$ 278,010	\$ -	\$ 1,051,377
Contracts payable	176,124	-	-	176,124
Interfund payable	2,916	-	-	2,916
Deferred revenue	-	220,565	-	220,565
Payroll deductions and withholdings payable	47,880	-	-	47,880
Unemployment compensation claims payable	148,858	-	-	148,858
Payable to state government	-	33,781	-	33,781
Total Liabilities	<u>1,149,145</u>	<u>532,356</u>	<u>-</u>	<u>1,681,501</u>
Fund balances:				
Restricted for:				
Excess surplus - current year	3,839,705	-	-	3,839,705
Excess surplus - prior year - designated for subsequent year's expenditures	3,629,467	-	-	3,629,467
Capital reserve	3,409,912	-	-	3,409,912
Maintenance reserve	1,250,000	-	-	1,250,000
Unemployment compensation	447,784	-	-	447,784
Scholarships	-	27,689	-	27,689
Student activities	-	320,245	-	320,245
Assigned to:				
Designated by the BOE for subsequent year's expenditures	597,725	-	1	597,726
Unassigned:				
Special revenue fund (deficit)	-	(137,228)	-	(137,228)
General fund	(95,474)	-	-	(95,474)
Total Fund Balances	<u>13,079,119</u>	<u>210,706</u>	<u>1</u>	<u>13,289,826</u>
Total Liabilities and Fund Balances	<u>\$ 14,228,264</u>	<u>\$ 743,062</u>	<u>\$ 1</u>	

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

The premiums and discounts associated with the issuance of the various bonds are reflected as income in the year the bonds are issued but are capitalized on the statement of net position. The bond premium is \$692,118 and accumulated amortization is \$646,650.	(45,468)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$84,011,115 and the accumulated depreciation is \$40,884,609.	43,126,506
Deferred pension costs in governmental activities are not financial resources and, therefore, not reported in the funds.	(4,899,131)
Accounts payable related to the April 1, 2022 required PERS pension contribution that is not liquidated with current financial resources	(1,226,099)
Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	(29,218,726)
Net Pension Liability - PERS - June 30, 2021 is not reported as a liability in the funds.	<u>(16,538,314)</u>
	<u>\$ 4,488,594</u>

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
Local tax levy	\$ 66,718,681	\$ -	\$ 2,716,435	\$ 69,435,116
Tuition charges	169,845	-	-	169,845
Transportation fees	55,709	-	-	55,709
Rental fees	6,703	-	-	6,703
Interest earned on investments	15,479	-	-	15,479
Interest earned on capital reserve funds	1,124	-	-	1,124
Other restricted miscellaneous revenues	149,024	264,337	-	413,361
Unrestricted miscellaneous revenues	124,902	-	-	124,902
Total - local sources	<u>67,241,467</u>	<u>264,337</u>	<u>2,716,435</u>	<u>70,222,239</u>
State sources	21,541,111	1,883,669	612,462	24,037,242
Federal sources	38,574	2,448,712	-	2,487,286
Total Revenues	<u>88,821,152</u>	<u>4,596,718</u>	<u>3,328,897</u>	<u>96,746,767</u>
EXPENDITURES				
Current:				
Regular instruction	20,295,378	3,242,485	-	23,537,863
Special education instruction	7,197,179	-	-	7,197,179
Other special instruction	1,360,951	-	-	1,360,951
School-sponsored activities	1,290,174	-	-	1,290,174
Support services and undistributed costs:				
Instruction	3,712,225	1,366,107	-	5,078,332
Student and instruction-related services	7,899,000	-	-	7,899,000
General administrative services	1,055,439	-	-	1,055,439
School administrative services	2,157,208	-	-	2,157,208
Central services and administrative technology	1,619,762	-	-	1,619,762
Plant operations and maintenance	6,566,961	-	-	6,566,961
Pupil transportation	3,204,476	-	-	3,204,476
Employee benefits	28,759,023	-	-	28,759,023
Administrative cost	-	386	-	386
Special schools	212,830	-	-	212,830
Transfer to charter school	142,235	-	-	142,235
Debt service:				
Principal	-	-	2,515,000	2,515,000
Interest and other charges	-	-	813,897	813,897
Capital outlay	841,082	76,173	-	917,255
Total Expenditures	<u>86,313,923</u>	<u>4,685,151</u>	<u>3,328,897</u>	<u>94,327,971</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,507,229</u>	<u>(88,433)</u>	<u>-</u>	<u>2,418,796</u>
Net Change in Fund Balances	<u>2,507,229</u>	<u>(88,433)</u>	<u>-</u>	<u>2,418,796</u>
Fund Balance, July 1, 2020 as previously stated	10,124,400	(65,204)	1	10,059,197
Cumulative effect of the application of GASB 84: Net increase in restricted programs/grant funds	<u>447,490</u>	<u>364,343</u>	<u>-</u>	<u>811,833</u>
Fund Balance, July 1, as restated	<u>10,571,890</u>	<u>299,139</u>	<u>1</u>	<u>10,871,030</u>
Fund Balance - Ending	<u>\$ 13,079,119</u>	<u>\$ 210,706</u>	<u>\$ 1</u>	<u>\$ 13,289,826</u>

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2021

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ 2,418,796
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation expense	\$ (2,128,899)	
Capital outlays	<u>917,255</u>	(1,211,644)
Repayment of long-term debt, i.e. bond principal, is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the Statement of Activities.		
		2,515,000
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		
		214,594
Bond premium is amortized over the lives of the bonds in the Statement of Activities but are recorded as an addition from the proceeds from sales of bonds in the governmental funds.		
		60,624
Interest on long-term debt in the Statement of Activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The decrease in accrued interest is an addition in the reconciliation.		
		25,023
Pension expense for PERS is reported in the Statement of Activities. However, does not require the use of current financial resources and therefore, is not reported as expenditures in the governmental funds.		
		776,630
Proceeds from capital leases are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.		
		-
In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition in the reconciliation.		
		<u>223,494</u>
Change in Net Position of Governmental Activities		<u>\$ 5,022,517</u>

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Fund Net Position
Proprietary Funds
June 30, 2021

	Business-type Activities- Enterprise Funds Food Service Fund	Governmental Activities- Internal Service Funds Self-Insurance Activities
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 334,258	\$ 538,236
Other receivables	425,631	-
Total Current Assets	<u>759,889</u>	<u>538,236</u>
Capital assets:		
Furniture, machinery and equipment	497,070	-
Less: accumulated depreciation	(490,664)	-
Total Capital Assets	<u>6,406</u>	<u>-</u>
Total Assets	<u>766,295</u>	<u>538,236</u>
LIABILITIES		
Current liabilities:		
Accounts payable	<u>377,363</u>	<u>538,236</u>
Total Current Liabilities	<u>377,363</u>	<u>538,236</u>
NET POSITION		
Invested in capital assets	6,406	-
Unrestricted	<u>382,526</u>	<u>-</u>
Total Net Position	<u>\$ 388,932</u>	<u>\$ -</u>

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2021

	Business-type Activities Enterprise Funds	Governmental Activities Internal Service Funds
	Food Service Fund Fixed Price Contract	Self- Insurance Activities
Operating Revenues		
Charges for services:		
Daily sales - reimbursable program	\$ -	\$ -
Daily sales - non-reimbursable program	6,980	-
Services provided to other funds	-	2,525,000
Total Operating Revenues	<u>6,980</u>	<u>2,525,000</u>
Operating Expenses		
Purchased services- fixed price contract	1,942,849	-
Employee benefits	-	2,525,000
Depreciation	6,071	-
Total Operating Expenses	<u>1,948,920</u>	<u>2,525,000</u>
Operating Income (Loss)	<u>(1,941,940)</u>	<u>-</u>
Non-Operating Revenues		
State sources:		
School lunch program	55,956	-
Federal sources:		
National school lunch program	1,206,410	-
Breakfast program	563,511	-
After school snack	36,653	-
Food distribution program	69,050	-
Total Non-Operating Revenues	<u>1,931,580</u>	<u>-</u>
Change in Net Position	(10,360)	-
Total Net Position - Beginning	<u>399,292</u>	<u>-</u>
Total Net Position - Ending	<u>\$ 388,932</u>	<u>\$ -</u>

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2021

	Business-type Activities Enterprise Funds	Governmental Activities Internal Service Funds
	Food Service Fund	Self- Insurance Activities
Cash Flows from Operating Activities		
Receipts from customers and other funds	\$ 3,232	\$ 2,525,000
Payment to management company and other suppliers	(1,609,376)	-
Payments for employee benefits	-	(3,025,384)
	<u>(1,606,144)</u>	<u>(500,384)</u>
Net Cash Provided by (Used for) Operating Activities		
Cash Flows from Non-Capital Financing Activities		
State sources	38,289	-
Federal sources	1,607,042	-
	<u>1,645,331</u>	<u>-</u>
Net Cash Provided by Non-Capital Financing Activities		
	39,187	(500,384)
Net Increase in Cash and Cash Equivalents		
	295,071	1,038,620
Balance - Beginning of Year		
	<u>\$ 334,258</u>	<u>\$ 538,236</u>
Balance - End of Year		
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:		
Operating loss	\$ (1,941,940)	\$ -
Adjustments to reconcile operating income (loss) to net cash used for operating activities		
Depreciation	6,071	-
(Increase) decrease in accounts receivable, net	(3,748)	-
Increase (decrease) in accounts payable	333,473	(500,384)
	<u>335,796</u>	<u>(500,384)</u>
Total Adjustments		
	<u>\$ (1,606,144)</u>	<u>\$ (500,384)</u>
Net Cash Provided by (Used for) Operating Activities		

Noncash Noncapital Financing Activities:

The Board of Education received \$69,050 of food commodities from the US Department of Agriculture for the year ended June 30, 2021.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Ocean Township School District, this includes general operations, internal service, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. Recent Accounting Pronouncements

During fiscal year 2021, the District adopted the following GASB statements:

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

The pronouncement required the restatement of the July 1, 2020 fund balance of governmental activities as follows:

Fund Balance July 1, 2020, as previously stated	\$ 10,124,400
Cumulative effect of the application of GASB 84:	
Net increase in Restricted Programs/Grant Funds	<u>447,490</u>
Fund Balance July 1, as restated	<u>\$ 10,571,890</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Recent Accounting Pronouncements (continued)

The pronouncement required the restatement of the July 1, 2020 Special Revenue Fund Balance as follows:

Fund Balance July 1, 2020, as previously stated	\$ (65,204)
Cumulative effect of the application of GASB 84:	
Net increase in Restricted Programs/Grant Funds	<u>364,343</u>
Fund Balance July 1, as restated	<u>\$ 299,139</u>

GASB No. 98, *The Annual Comprehensive Financial Report* - This Statement establishes the term *annual comprehensive financial report* and its acronym ACFR to replace the term *comprehensive annual financial report* and its acronym CAFR.

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

GASB No. 87, *Leases*- will be effective with the fiscal year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement user by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

GASB No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*- will be effective with the fiscal year ending June 30, 2022. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.

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

GASB No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)*- will be effective for fiscal years beginning after June 15, 2022. As used in this Statement, a PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. The Statement also provides guidance for APAs which is an arrangement in which a government compensates an operator for services that may include designing, construction, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Recent Accounting Pronouncements (continued)

GASB No.96, *Subscription-Based Information Technology Arrangements* - will be effective for fiscal years beginning after June 15, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to -use subscription asset and a corresponding liability; (3) provides the capitalization criteria for outlays other than subscription payments; and (4) requires note disclosures regarding a SBITA.

GASB No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans- an Amendment of GASB Nos. 14 and 84, and a suppression of GASB No. 32* – will be effective for fiscal years beginning after June 15, 2021. The primary objectives of the Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans.

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

C. Basis of Presentation

The District's basic financial statements consist of District-Wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

District-Wide Statements:

The Statement of Net Position and the Statement of Activities report information about the District's governmental and business-type activities. These statements include the financial activities of the overall District in its entirety. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the financial condition of the governmental and business-type activities of the District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense is allocated to functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds. Separate statements for each fund category—governmental, and proprietary—are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all governmental funds as major is important for the public interest and to promote consistency among district financial reporting models.

The District has reported the following major government funds:

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

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings and the purchase of built-in equipment. These resources cannot be transferred from and to current expense without Board resolution and NJDOE approval.

Special Revenue Fund: The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Local Governments, (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

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

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 of the government funds.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

The District reports the following proprietary funds:

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

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

D. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and capital leases, are recorded only when payment is due. Capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available, to apply committed resources first followed by unrestricted resources.

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

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and approved by a vote of the Board of Education. Budgets, except for the special revenue fund, are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of details as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23.

All budget amendments/transfers must be approved by School Board resolution and may be made at any time during the fiscal year, as long as the "transfer from" does not exceed 10% of the original line item budget, is not going to an administrative account, and is not going to or from capital outlay construction of facilities. If a transfer is anticipated to exceed 10% the District must obtain NJDOE approval prior to making the transfer. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and GAAP with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognitions of the last state aid payments for the current year. Since the State is recording the last state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

F. Encumbrance Accounting

Under encumbrance accounting, purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Encumbrances are a component of fund balance 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 governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned 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.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Cash and Cash Equivalents

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

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of New Jersey's 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 District's deposits are insured through the Federal Deposit Insurance Corporation (FDIC), or GUDPA. The District is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds for all deposits not covered by the FDIC. Bank balances are insured up to \$250,000 in aggregate by FDIC for each bank.

Receivables and Allowance for Uncollectible Accounts

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. No allowance for uncollectible accounts has been recorded, as all amounts are considered collectible.

Inventories

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. In the District-wide statements interfund transfers are reported as other financing sources/uses in governmental funds.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

Capital Assets

Capital assets, which include land, property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the District-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years.

The District was able to estimate the historical cost for the initial reporting of these capital assets through historical records or through estimation procedures performed by an independent appraisal company. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are valued at their estimated fair market value on the date of donation. The District does not possess any infrastructure.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance
(continued)

Capital Assets

All reported capital assets, except for land are depreciated using the straight-line method. The following estimated useful lives are used to compute depreciation:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Building and Building Improvements	50 years
Furniture, Machinery and Equipment	10-15 years
Computer and Related Technology	5 years

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

Deferred Outflows/Inflows of Resources

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

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

Compensated Absences

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

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

For the District-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year are reported in two components- the amount due within one year and the amount due in more than one year.

Unearned Revenue

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance
(continued)

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide and enterprise fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full, from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due. Bond premiums are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond discounts as expenditures in the current period. The face amount of debt and bond premiums are reported as other financing sources while discounts on debt are reported as other financing uses.

Pensions

In the District-Wide financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

District-Wide Net Position

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

Fund Balance

Fund balance categories are designed to make the nature and extent of the constraints place on a government's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the user of the resources reported in governmental funds.

Restricted Fund Balance - Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures - This restriction was created in accordance with N.J.S.A. 18A:7F-7 to represent the June 30, 2020 audited excess surplus that was appropriated in the 2021/2022 original budget certified for taxes.

Reserved Excess Surplus - This restriction was created in accordance with N.J.S.A. 18A:7F-7 to represent the June 30, 2021 audited excess surplus that is required to be appropriated in the 2022/2023 original budget certified for taxes.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance
(continued)

Fund Balance (continued)

Capital Reserve - This restriction was created by the District in accordance with N.J.A.C. 6A:23A 14.1 to fund future capital expenditures (See Note 15).

Maintenance Reserve - This restriction was created by the District in accordance with N.J.A.C. 6A:23A-14.2 to accumulate funds for the required maintenance of the District's facilities. The District is prohibited from using the funds for routine or capital maintenance. (See Note 16).

Unemployment Compensation - This restriction was created to provide for unemployment claims for former employees for District's electing the reimbursement method (payment in lieu of contributions).

Capital Projects - Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

Debt Service - Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

Committed Fund Balance - Amounts constrained to specific purposes by an entity itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the entity takes the same highest-level action to remove or change the constraint.

Year-End Encumbrances - Represents outstanding purchase orders at year-end for contracts awarded by formal action of the Board of Education for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30, 2021.

Assigned Fund Balance - Amounts the entity intends to use for a specific purpose; intent can be expressed by the Board of Education or by an official or body to which the Board of Education delegates the authority.

Year-End Encumbrances - Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30, 2021.

Unassigned Fund Balance - 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.

H. Revenues and Expenditures/Expenses

Revenues - Exchange and Nonexchange Transactions

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Revenues and Expenditures/Expenses (continued)

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

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

Interfund transactions

Transfers between governmental and business-type activities on the District-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 the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Tuition

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined.

Tuition Expenditures - Tuition charges for the fiscal year 2020-2021 were based on rates established by the receiving district or private school for the disabled. These rates are subject to change when the actual costs have been certified by the state.

Proprietary Funds, Operating and Non- Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

I. Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, pension, workers compensation, compensated absences, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Management Estimates

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

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

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

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

The details of this \$29,218,726 difference are as follows:

Bonds payable	\$25,045,000
Capital leases payable	1,992,444
Accrued interest payable	255,483
Compensated absences	<u>1,925,799</u>
Net adjustments to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$29,218,726</u>

NOTE 3. CASH AND CASH EQUIVALENTS

As of June 30, 2021, operating cash, in the form of Negotiable Order of Withdrawal ("NOW") accounts, is held in the District's name by a commercial banking institution. At June 30, 2021, the carrying amount of the District's deposits was \$8,170,173 and the bank balance was \$8,508,227. The District also held \$1,400 in petty cash at June 30, 2021.

Based on levels of risk, \$250,000 of the District's cash deposits on June 30, 2021 were secured by federal depository insurance. The remaining bank balance of \$8,258,226, was covered by the New Jersey Governmental Unit Deposit Protection Act (GUDPA).

Pursuant to GASB No. 40, *Deposit and Investment Risk Disclosures*, the District's NOW accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that, in the event of failure of the counterparty, the District would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

At June 30, 2021, all of the District's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The District does not have a policy for the management of custodial credit risk, other than depositing all its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by financial institutions, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 3. CASH AND CASH EQUIVALENTS

Investments

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

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

The District participates in the New Jersey Asset and Rebate Management Program which is a joint investment trust for local government units in the State of New Jersey. It was formed to make available comprehensive investment management, accounting and rebate calculation services for the issuers of tax-exempt bonds and complies with all New Jersey statutes and regulations for the allowable investment of public funds. The District participates in the joint investment account which provides a convenient method for local governments to pool funds for temporary investing. These investments consist of United States Treasury Bills and notes and other obligations guaranteed by the United States of America, Federal agency bonds and notes with a maturity not greater than 397 days, and fully collateralized repurchase agreements. The carrying amount and fair value as of June 30, 2021 was \$5,204,344.

Custodial Credit Risk: Pursuant to GASB No. 40, the NJARM, a pooled investment, is exempt from custodial credit risk disclosure. The District ensures that its funds are only deposited in financial institutions in which New Jersey School Districts are permitted to invest their funds.

Credit Risk: The District limits its investments to those permitted under state statute. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The NJARM was comprised of investments rated by Standard and Poor's (S&P) as follows:

<u>S&P Rating</u>	<u>Percentage of Portfolio</u>
AA+	36.88%
A-1+	4.27%
Exempt*	58.85%

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

Interest Rate Risk: The District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds so that there is not a risk to the market value of such deposits or investments. The weighted average maturity of the NJARM portfolio at December 31, 2020, was 51 days.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 4. RECEIVABLES

Receivables at June 30, 2021, consisted of accounts (rent and tuition), accrued interest, interfund, intergovernmental, and property taxes. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables are as follows:

	<u>Governmental Fund Financial Statements</u>	<u>Governmental Wide Financial Statements</u>
State Aid	\$ 117,580	\$ 136,258
Federal Aid	348,978	721,998
Other	<u>132,984</u>	<u>166,917</u>
Gross Receivables	599,542	1,025,173
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>
Total Receivables, Net	<u>\$ 599,542</u>	<u>\$ 1,025,173</u>

NOTE 5. CAPITAL ASSETS

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 984,971	\$ -	\$ -	\$ 984,971
Total capital assets not being depreciated	<u>984,971</u>	<u>-</u>	<u>-</u>	<u>984,971</u>
Capital assets being depreciated:				
Site improvements	3,753,483	156,348	-	3,909,831
Building and building improvements	62,561,330	76,592	-	62,637,922
Vehicles	5,053,646	411,785	194,640	5,270,791
Capital lease	3,756,083	-	-	3,756,083
Furniture and equipment	<u>7,178,987</u>	<u>272,530</u>	<u>-</u>	<u>7,451,517</u>
Totals at historical cost	<u>82,303,529</u>	<u>917,255</u>	<u>194,640</u>	<u>83,026,144</u>
Less accumulated depreciation for:				
Site improvements	1,885,719	167,149	-	2,052,868
Building and building improvements	27,172,149	1,335,321	-	28,507,470
Vehicles	3,682,750	264,764	194,640	3,752,874
Capital lease	424,969	115,555	-	540,524
Furniture and equipment	<u>5,784,763</u>	<u>246,110</u>	<u>-</u>	<u>6,030,873</u>
	<u>38,950,350</u>	<u>2,128,899</u>	<u>194,640</u>	<u>40,884,609</u>
Total capital assets being depreciated, Net of accumulated depreciation	<u>43,353,179</u>	<u>(1,211,644)</u>	<u>-</u>	<u>42,195,535</u>
Governmental Activity Capital Assets, Net	<u>\$ 44,338,150</u>	<u>\$ (1,211,644)</u>	<u>\$ -</u>	<u>\$ 43,126,506</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 5. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Regular instruction	\$ 853,753
Special education instruction	302,759
Other Special	57,250
Other Instruction	54,273
Student related services	332,282
School administration	90,746
General and business administration	44,398
Central services and administrative technology	68,138
Plant operations and maintenance	96,856
Transportation	<u>228,444</u>
Total	<u>\$ 2,128,899</u>

The following is a summary of the business-type capital assets for the year ended June 30, 2021:

	<u>Beginning Balance</u>	<u>Transfers or Additions</u>	<u>Transfers or Retirements</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets being depreciated:				
Equipment	\$ 497,070	\$ -	\$ -	\$ 497,070
Less accumulated depreciation	<u>484,592</u>	<u>6,072</u>	<u>-</u>	<u>490,664</u>
Enterprise fund capital assets, net	<u>\$ 12,478</u>	<u>\$ 6,072</u>	<u>\$ -</u>	<u>\$ 6,406</u>

NOTE 6. LONG-TERM LIABILITIES

Bonds Payable

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

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,535,000	\$ 750,029	\$ 3,285,029
2023	1,745,000	677,956	2,422,956
2024	1,290,000	636,981	1,926,981
2025	1,335,000	598,281	1,933,281
2026	1,380,000	558,231	1,938,231
Thereafter	<u>16,760,000</u>	<u>3,031,632</u>	<u>19,791,632</u>
	<u>\$25,045,000</u>	<u>\$ 6,253,110</u>	<u>\$31,298,110</u>

Bonds Authorized But Not Issued

As of June 30, 2021, the District had no authorized but not issued bonds.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 6. LONG-TERM LIABILITIES (continued)

Capital Lease Payable

The District is leasing equipment totaling \$3,571,659 under capital leases. Capital leases are for terms of no more than five years except for the lease related to the Energy Savings Improvement Program, which cannot exceed fifteen years.

The following is a schedule of minimum lease payments under the capital leases and the present value of the net minimum lease payments at June 30, 2021.

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2022	\$ 277,185
2023	282,850
2024	284,411
2025	278,599
2026	264,575
Thereafter	<u>831,696</u>
Total	2,219,316
Less: Amount representing interest	<u>(226,872)</u>
Present value of minimum lease payments	<u>\$ 1,992,444</u>

Unamortized Bond Premium

Unamortized bond premium as of June 30, 2021 and 2020, is \$ 45,468 and \$106,091, respectively.

Changes in Long-Term Liabilities

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Within</u> <u>One Year</u>
Compensated absences payable	\$ 2,149,293	\$ -	\$ 223,494	\$ 1,925,799	\$ 173,323
Capital leases payable	2,207,040	-	214,596	1,992,444	226,043
Interest rates of 1.45% to 4.00%	<u>27,560,000</u>	<u>-</u>	<u>2,515,000</u>	<u>25,045,000</u>	<u>2,535,000</u>
Subtotal	31,916,333	-	2,953,090	28,963,243	2,934,366
Net pension liability	<u>18,524,738</u>	<u>-</u>	<u>1,986,424</u>	<u>16,538,314</u>	<u>-</u>
Total governmental activities Long-term liabilities	<u>\$50,441,071</u>	<u>\$ -</u>	<u>\$ 4,939,514</u>	<u>\$45,501,557</u>	<u>\$ 2,934,366</u>

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 7. PENSION PLANS

Descriptions of Systems

Substantially all of the Board's employees participate in one of the two contributory defined benefit public employee's retirement systems: The Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple -employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to the Division's Annual Comprehensive Financial Report (ACFR), which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

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.

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

Early retirement benefits are available with a reduction 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. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing member. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payment 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. The Board's actuarially determined contributions to PERS for each of the years ended June 30, 2021, 2020 and 2019 were \$1,036,384, \$1,000,040, and \$1,109,442 respectively, equal to the required contributions for each year.

The employee contribution rate was 7.5% effective July 1, 2018.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 7. PENSION PLANS (continued)

Public Employee's Retirement System (PERS)

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

At June 30, 2021, the District reported a liability of \$16,538,314 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2019, which was rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2020, the District's proportion was .04277934%, which was a decrease of .00223141% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized full accrual pension expense of \$348,543 in the district financial statements. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ 301,136	\$ 58,487
Changes of assumptions	536,522	6,924,749
Net difference between projected and actual earnings on pension plan investments	565,293	-
Changes in proportion and differences between District contributions and proportionate share of contributions	67,179	612,124
District contributions subsequent to the measurement date	<u>1,226,099</u>	<u>-</u>
Total	<u>\$ 2,696,229</u>	<u>\$ 7,595,360</u>

\$1,226,099 is reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2021	\$ (875,385)
2022	(798,084)
2023	(456,085)
2024	(184,433)
2025	<u>(39,889)</u>
Total	<u>\$ (2,353,876)</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 7. PENSION PLANS (continued)

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

Actuarial Assumptions

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median 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-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 7. PENSION PLANS (continued)

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

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 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%	3.40%
Cash equivalents	4.00%	0.50%
US Treasuries	5.00%	1.94%
Investment grade credit	8.00%	2.67%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
US Equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private Equity	13.00%	11.42%

Discount Rate

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2020. 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 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability as of June 30, 2020 calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	<u>At 1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
District's proportionate share of the net pension liability	<u>\$19,697,086</u>	<u>\$16,538,314</u>	<u>\$13,861,456</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 7. PENSION PLANS (continued)

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate (continued)
Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Additional Information

Collective balances for the Local Group at June 30, 2020 are as follows:

Collective deferred outflows of resources	\$ 1,383,360,202
Collective deferred inflows of resources	\$ 6,885,726,332
Collective net pension liability	\$ 16,435,616,426

District's proportion .04277934%

Pension Plan Fiduciary Net Position

The components of the net pension liability of the participating employers for PERS as of June 30, 2020, are as follows:

	<u>State</u>	<u>Local</u>	<u>Total</u>
Total pension liability	\$ 28,272,160,382	\$ 39,432,792,871	\$ 67,704,953,253
Plan fiduciary net position	<u>6,048,192,857</u>	<u>22,997,176,445</u>	<u>29,045,369,302</u>
	<u>\$ 22,223,967,525</u>	<u>\$ 16,435,616,426</u>	<u>\$ 38,659,583,951</u>
District's net pension liability (as reported on June 30, 2020)			<u>\$ 16,538,314</u>

Collective pension expense for the Local Group for the measurement period ended June 30, 2020 is \$400,652,325.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) is 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for the 2020, 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively. The Board's actuarially determined contributions to PERS for each of the years ended June 30, 2021, 2020 and 2019 were \$1,036,384, \$1,000,040, and \$1,109,442 respectively, equal to the required contributions for each year.

Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' 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 contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Annual Comprehensive Financial Report (ACFR), which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 7. PENSION PLANS (continued)

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

Benefits Provided

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

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

Early retirement benefits are available with a reduction 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. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and amortization of the unfunded accrued liability. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

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. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2021, the State of New Jersey contributed \$8,541,726 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$12,045,802.

The employee contribution rate was 7.5% effective July 1, 2018.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 7. PENSION PLANS (continued)

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

Special Funding Situation (continued)

At June 30, 2020 The State's proportionate share of the net pension liability associated with the District was \$193,711,441. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2019, which was rolled forward to June 30, 2020. The State's proportionate share of the net pension liability associated with the District was based on actual contributions made to the TPAF allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year. At June 30, 2020, the State's proportionate share of the TPAF net pension liability associated with the District was .2941761283%, which was a decrease of .0042150215% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$8,541,726 for contributions incurred by the State.

Actuarial Assumptions

The actuarial valuation used the following assumptions, applied to all periods included 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%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 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 General Below-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-2020.

The actuarial assumptions used in the July 1, 2019 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, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 7. PENSION PLANS (continued)

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

Long-Term Expected Rate of Return (continued)

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 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%	3.40%
Cash equivalents	4.00%	.50%
US Treasuries	5.00%	1.94%
Investment grade credit	8.00%	2.67%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
US Equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private Equity	13.00%	11.42%

Discount Rate

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020, 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 based on 78% 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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 7. PENSION PLANS (continued)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2020 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>At 1% Decrease (4.40%)</u>	<u>At Current Discount Rate (5.40%)</u>	<u>At 1% Increase (6.40%)</u>
State's proportionate share of the net pension liability associated with the district	<u>\$227,536,744</u>	<u>\$193,711,441</u>	<u>\$165,625,179</u>

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

Pension Plan Fiduciary Net Position

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

Additional Information

Collective balances associated with the Local Group at June 30, 2020 are as follows:

Collective deferred outflows of resources	\$	9,626,548,228
Collective deferred inflows of resources	\$	14,591,988,841
Collective net pension liability- Local Group	\$	65,848,796,740
State's proportionate share associated with the District		.2941761283%

Collective pension expense for the plan measurement period ended June 30, 2020 is \$4,099,006,933.

Additional Information

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

Defined Contribution Retirement Program (DCRP)

Established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89 P.L. 2008 and Chapter 1 P.L. 2010 provides eligible members and their beneficiaries with a tax-sheltered defined contribution retirement benefit, along with life insurance and disability coverage. In the DCRP, employee contributions are 5.5%. Employee contributions are matched by a 3% employer contribution. The District contributed \$96,902 to the DCRP for the year ended June 30, 2021.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 7. PENSION PLANS (continued)

Supplemental Annuity Collective Trust Fund (SACT)

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

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

General Information about the OPEB Plan

Plan description and benefits provided

The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education with 25 years of service or on a disability retirement. Under the provision of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of PERS and Alternative Benefits Program ("APB") who retire from a board of education with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Retirees who are not eligible for employer paid health coverage at retirement can continue in this program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. In fiscal year 2020, the State paid PRM benefits for 143,053 State and local retirees.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2020, the State contributed \$1.578 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's "pay-as-you-go" contributions have decreased with Fiscal Year 2019 amounts. The State has appropriated \$1.775 billion in Fiscal Year 2021 as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligation to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for Fiscal Year 2019. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2020, total State OPEB liability to provide these benefits is \$65.5 billion, a decrease of \$10.5 billion or 13.8 percent from the \$76.0 billion liability recorded in Fiscal Year 2019.

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

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

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

General Information about the OPEB Plan (continued)

Total OPEB Liability

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

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2020 actuarial valuation reported by the State in the State's most recently issued ACFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%		
Salary increases:	TPAF/ABP	PERS	PFRS
Through 2026	1.55%-4.45%	2.00%-6.00%	3.25%-15.25%
	based on service years	based on service years	based on service years
Thereafter	1.55%-4.45%	3.00%-7.00%	Applied to all future years
	based on service years	based on service years	
Discount rate	2.21%		

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

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-2020. 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-2020. 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-2020.

The actuarial assumptions used in the June 30, 2019 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 and PERS, and PFRS respectively.

Health Care Trend Assumptions

For pre-Medicare medical benefits, this amount initially is 5.6% and decreases to a 4.5% long-term trend rate after seven 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 7.0% and decreases to a 4.5% long-term trend rate after seven years. For Medicare Part B reimbursement, the trend rate is 5.0%.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

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

Total OPEB Liability (continued)

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

	<u>Total OPEB Liability</u>
Balance at 6/30/2019	\$ 41,729,081,045
Changes for the year:	
Service cost	1,790,973,822
Interest	1,503,341,357
Changes of benefit terms	-
Differences between expected and actual experience	11,544,750,637
Changes in assumptions or other inputs	12,386,549,981
Benefit payments	(1,180,515,618)
Contributions from the members	<u>35,781,384</u>
 Balance at 6/30/2020	 <u>\$ 67,809,962,608</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% in 2019 to 2.21% in 2020.

There were no changes in assumptions in benefit terms.

Sensitivity of the Total Nonemployer OPEB liability to changes in the discount rate:

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

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability (School Retirees)	<u>\$81,748,410,002</u>	<u>\$67,809,962,608</u>	<u>\$56,911,439,160</u>

Sensitivity of the Total Nonemployer OPEB liability to changes in the healthcare trend rate:

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	Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	<u>\$54,738,488,540</u>	<u>\$67,809,962,608</u>	<u>\$83,375,182,975</u>

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

For the year ended June 30, 2021, the District recognized OPEB revenue and expense of \$10,239,465 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75 and in which there is a special funding situation.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

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

Total OPEB Liability (continued)

In accordance with GASBS No. 75 the District's proportionate share of school retirees OPEB is zero, and there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual Experience	\$10,295,318,750	\$ (9,170,703,615)
Changes of assumptions or other inputs	11,534,251,250	(7,737,500,827)
Contributions made in fiscal year ending 2020 after the June 30, 2019 measurement date	<u>To be determined</u>	<u>N/A</u>
Total	<u>\$21,829,570,000</u>	<u>\$ (16,908,204,442)</u>

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

Year ending June 30:	
2021	\$ 43,440,417
2022	43,440,417
2023	43,440,417
2024	43,440,417
2025	43,440,417
Thereafter	<u>4,704,163,473</u>
Total	<u>\$ 4,921,365,558</u>

NOTE 9. RISK MANAGEMENT AND HEALTH INSURANCE

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

Property and Liability Insurance

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

New Jersey Unemployment Compensation Insurance

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 9. RISK MANAGEMENT AND HEALTH INSURANCE (continued)

Health Insurance

The District self-insures for employee prescription plans. Costs associated with these risks are reported in the internal service fund.

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

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

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2020-2021	\$ 1,038,620	\$ 2,525,000	\$(3,025,384)	\$ 538,236
2019-2020	846,916	2,725,000	\$(2,533,296)	1,038,620
2018-2019	832,780	2,140,000	(2,125,864)	846,916

NOTE 10. DEFERRED COMPENSATION

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

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

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

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 11. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2021, the interfund receivables and payables that resulted from regularly recurring operational transfers are detailed below:

Due to the Special Revenue Fund from the General Fund to cover Grant expenditures \$2,916

The interfund between the general fund and special revenue funds represents loans between the funds. All interfund balances are expected to be paid within one year.

There were no Interfund transfers during the year.

NOTE 12. ECONOMIC DEPENDENCY

The District is dependent on 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 13. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billing. The first billing is an estimate of the current year's levy-based on the prior year's taxes. The second billing reflects adjustments to the current year's actual tax levy. The final tax bill is usually mailed on or before June 14, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, August 1 and November 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges.

Taxes are collected by the municipality and are remitted to the District on predetermined, agreed-upon schedules.

NOTE 14. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grant Programs

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

Encumbrances

As of June 30, 2021, there were encumbrances as detailed below in the governmental funds:

General Fund	\$ 497,725
Special Revenue Fund	<u>18,217</u>
Total Governmental Funds	<u>\$ 515,942</u>

On the District's Governmental Funds Balance Sheet as of June 30, 2021 \$-0- is assigned for year-end encumbrances in the Special Revenue Fund. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grant receivables or an increase in unearned revenue.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 15. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning balance, July 1, 2020	\$ 1,908,788
Interest earnings	1,124
Deposits per board resolution	
Board resolution June 30,2021	<u>1,500,000</u>
Ending balance, June 30, 2021	<u>\$ 3,409,912</u>

NOTE 16. MAINTENANCE RESERVE ACCOUNT

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

The maintenance reserve account is used to accumulate funds for the required maintenance of the District's facilities. The District is prohibited from using the funds for routine or capital maintenance. A District may only increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes or by deposit of unanticipated revenue or unexpended line-item appropriation by board resolution at year end. The board resolution for deposit at year end into a maintenance reserve account must be made between June 1 and June 30 of the budget year.

The activity of the capital reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning balance, July 1, 2020	\$ 1,000,000
Deposits per board resolution	
Board resolution June 06, 2021	<u>250,000</u>
Ending balance, June 30, 2021	<u>\$ 1,250,000</u>

The balance in the maintenance reserve does not exceed four percent of the replacement cost of the school district's facilities for the current year at June 30, 2021. The District did not budget for withdrawal from maintenance reserve in its 2021-2022 fiscal year budget.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 17. DEFICIT FUND BALANCE

As reflected on Exhibit B-1, Balance Sheet Governmental Funds, the District has an unassigned deficit fund balance of \$95,474 in the General Fund and \$137,228 in the Special Revenue Fund as of June 30, 2021. This deficit is reported in the fund financial statements on a modified accrual basis. *N.J.S.A.* 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed on or more June State aid payments as revenue, for budget purposes only, in the current school year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payment (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the General and Special Revenue fund balance deficits do not alone indicate that the district is facing financial difficulties.

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

As reflected on Exhibit A-1, Statement of Net Position, a deficit in unrestricted net position of \$24,525,270 existed as of June 30, 2021 for governmental activities. The primary cause of this deficit is the recognition of the net pension liability as well as the District not recognizing the receivable for state aid payments and the recording of the long-term liability for compensated absences. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net Position, such liabilities are required to be recorded in the period in which they are incurred.

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

NOTE 18. FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1)

Of the \$13,079,119 General Fund balance in the fund financial statements at June 30, 2021, \$497,725 is reserved for encumbrances; \$3,839,705 is reserved as excess surplus in accordance with *N.J.S.A.* 18A:7F-7; \$3,629,467 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2021; \$3,409,912 has been reserved in the Capital Reserve Account, \$1,250,000 has been reserved in the Maintenance Reserve account and \$100,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2022.

Special Revenue Fund

The \$(137,228) deficit in the Special Revenue Fund in the fund financial statements at June 30, 2021 is unreserved and undesignated.

Debt Service Fund

The \$1 Debt Service Fund balance at June 30, 2021, has been appropriated and included as anticipated revenue for the year ending June 30, 2022.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2021

NOTE 19. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for reserve fund balance - excess surplus is a required calculation pursuant to the New Jersey Comprehensive Education Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve fund balance of the general fund at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in the subsequent years' budget. The minimum amount for the 2020-2021 school year was raised from 2% to 4%. However, the District elected to maintain the 2% required minimum amount. Based on that calculation, the District has an excess fund balance generated during the 2021 fiscal year in the amount of \$3,839,705 which will be designated for tax relief in 2022-2023.

NOTE 20. RELATED PARTIES AND ORGANIZATIONS

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

NOTE 21. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 14, 2022, the date through which procedures were performed to prepare the financial statements for issuance. The outbreak of COVID-19 continues to cause widespread disruption including the operations of public school systems. The course of the pandemic and its ultimate effect on the United States and its economy is not fully known at this time. Management evaluation is ongoing, and it is impossible to predict the effect that the pandemic may have on school operations as the educational environment continues to change.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 66,718,681	-	\$ 66,718,681	\$ 66,718,681	-
Tuition charges	120,000	-	120,000	169,845	49,845
Transportation fees	-	-	-	55,709	55,709
Interest earned on investments	-	150,000	150,000	15,479	(134,521)
Interest earned on capital reserve	100	-	100	1,124	1,024
Unrestricted miscellaneous revenue	100,000	-	100,000	124,902	24,902
Other restricted miscellaneous revenue	150,000	-	-	149,024	149,024
Rental fees	230,000	(150,000)	230,000	6,703	(223,297)
Total - local sources	67,318,781	-	67,318,781	67,241,467	(77,314)
State sources:					
Categorical special education aid	2,526,776	-	2,526,776	2,526,776	-
Categorical security aid	552,389	-	552,389	552,389	-
Adjustment aid	1,952,949	-	1,952,949	1,952,949	-
Categorical transportation aid	1,729,784	-	1,729,784	1,729,784	-
Extraordinary aid	875,000	-	875,000	1,461,096	586,096
Aid in lieu adjustment	-	-	-	73,825	73,825
On-behalf TPAF post retirement medical (non-budgeted)	-	-	-	2,676,844	2,676,844
On-behalf TPAF pension contributions (non-budgeted)	-	-	-	8,541,726	8,541,726
On-behalf TPAF long term disability insurance (non-budgeted)	-	-	-	3,858	3,858
Reimbursed TPAF social security contributions	-	-	-	2,345,820	2,345,820
Securing our Children's Future Bond Act (non-budgeted)	-	-	-	14,255	14,255
Total - state sources	7,636,898	-	7,636,898	21,879,322	14,242,424

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Federal sources:					
Medical assistance program	\$ 82,623	-	\$ 82,623	\$ 38,574	\$ (44,049)
Total - federal sources	<u>82,623</u>	<u>-</u>	<u>82,623</u>	<u>38,574</u>	<u>(44,049)</u>
Total revenues	<u>75,038,302</u>	<u>-</u>	<u>75,038,302</u>	<u>89,159,363</u>	<u>14,121,061</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Regular programs - instruction:					
Salaries of teachers:					
Preschool/kindergarten	916,650	-	916,650	886,373	30,277
Grades 1-5	7,040,273	19,000	7,059,273	6,849,929	209,344
Grades 6-8	4,806,050	5,000	4,811,050	4,651,636	159,414
Grades 9-12	6,609,825	(64,000)	6,545,825	6,387,960	157,865
Regular programs - home instruction:					
Salaries of teachers	44,000	760	44,760	23,388	21,372
Purchased professional educational services	35,000	-	35,000	8,476	26,524
Regular programs - undistributed instruction:					
Other salaries for instruction	276,744	(1,500)	275,244	234,048	41,196
Purchased professional educational services	48,000	15,540	63,540	62,558	982
Purchased technical services	269,064	66,230	335,294	335,201	93
Other purchased services (400 - 500 series)	57,333	(2,685)	54,648	50,131	4,517
General supplies	913,772	(21,265)	892,507	776,960	115,547
Textbooks	42,225	(4,050)	38,175	22,083	16,092
Other objects	20,126	(5,695)	14,431	6,635	7,796
Total regular programs	<u>21,079,062</u>	<u>7,335</u>	<u>21,086,397</u>	<u>20,295,378</u>	<u>791,019</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Special education - instruction:					
Learning and/or language disabilities:					
Salaries of teachers	\$ 1,018,910	-	\$ 1,018,910	\$ 969,977	\$ 48,933
Other salaries for instruction	317,102	(15,000)	302,102	294,829	7,273
General supplies	17,211	-	17,211	16,181	1,030
	<u>1,353,223</u>	<u>(15,000)</u>	<u>1,338,223</u>	<u>1,280,987</u>	<u>57,236</u>
Total learning and/or language disabilities					
Multiple disabilities:					
Salaries of teachers	464,645	(11,200)	453,445	437,837	15,608
Other salaries for instruction	382,428	15,100	397,528	375,914	21,614
Other purchased services (400-500 series)	23,980	900	24,880	24,670	210
General supplies	23,513	1,000	24,513	24,109	404
Textbooks	1,346	(1,346)	-	-	-
	<u>895,912</u>	<u>4,454</u>	<u>900,366</u>	<u>862,530</u>	<u>37,836</u>
Total multiple disabilities					
Resource room:					
Salaries of teachers	3,844,843	(3,900)	3,840,943	3,706,658	134,285
Other salaries for instruction	328,530	-	328,530	283,193	45,337
General supplies	58,870	1,546	60,416	59,092	1,324
Textbooks	2,404	(690)	1,714	1,329	385
	<u>4,234,647</u>	<u>(3,044)</u>	<u>4,231,603</u>	<u>4,050,272</u>	<u>181,331</u>
Total resource room					

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Preschool disabilities - part-time:					
Salaries of teachers	\$ 366,075	\$ (87,010)	\$ 279,065	\$ 273,370	\$ 5,695
Other salaries for instruction	161,072	10	161,082	150,346	10,736
Purchased professional - educational services	4,966	(4,966)	-	-	-
General supplies	1,540	4,966	6,506	6,239	267
Total preschool disabilities - part-time	533,653	(87,000)	446,653	429,955	16,698
Preschool disabilities - full-time:					
Salaries of teachers	249,425	51,330	300,755	300,475	280
Other salaries for instructions	269,292	25,000	294,292	272,960	21,332
Total preschool disabilities - full time	518,717	76,330	595,047	573,435	21,612
Total special education - instruction	7,536,152	(24,260)	7,511,892	7,197,179	314,713
Basic skills/remedial - instruction:					
Salaries of teachers	451,781	26,000	477,781	431,454	46,327
Other salaries for instruction	21,803	(10,000)	11,803	-	11,803
Other purchased services (400 - 500 series)	200	-	200	-	200
General supplies	14,826	-	14,826	12,834	1,992
Total basic skills/remedial - instruction	488,610	16,000	504,610	444,288	60,322
Bilingual education - instruction:					
Salaries of teachers	866,809	(400)	866,409	866,352	57
Other salaries for instruction	55,405	(11,230)	44,175	41,017	3,158
General supplies	16,729	(3,400)	13,329	9,294	4,035
Total bilingual education - instruction	938,943	(15,030)	923,913	916,663	7,250

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
School sponsored cocurricular activities - instruction:					
Salaries	\$ 366,864	\$ 1,700	\$ 368,564	\$ 319,138	\$ 49,426
Purchased services (300 - 500 series)	21,900	-	21,900	12,300	9,600
Supplies and materials	30,545	-	30,545	21,367	9,178
Other objects	1,803	-	1,803	769	1,034
Transfers to cover deficit	3,000	-	3,000	-	3,000
Total school sponsored cocurricular activities - instruction	424,112	1,700	425,812	353,574	72,238
School sponsored athletics - instruction:					
Salaries	739,999	(1,700)	738,299	695,234	43,065
Purchased services (300 - 500 series)	194,614	600	195,214	138,538	56,676
Supplies and materials	70,000	(600)	69,400	49,586	19,814
Other objects	11,800	-	11,800	5,525	6,275
Transfers to cover deficit	90,000	-	90,000	47,717	42,283
Total school sponsored athletics - instruction	1,106,413	(1,700)	1,104,713	936,600	168,113
Total - instruction	31,573,292	(15,955)	31,557,337	30,143,682	1,413,655
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within state - regular	11,000	33,500	44,500	19,463	25,037
Tuition to other LEAs within state - special	248,940	(76,500)	172,440	74,439	98,001
Tuition to county vocational school districts - regular	563,650	(33,000)	530,650	432,448	98,202
Tuition to county vocational school districts - special	96,000	-	96,000	39,000	57,000
Tuition to private schools for disabled within state	2,951,709	109,880	3,061,589	2,992,878	68,711
Tuition to private schools for disabled and other LEA's outside state	144,000	(58,700)	85,300	74,000	11,300
Tuition - State Facilities	79,997	-	79,997	79,997	-
Total undistributed expenditures - instruction	4,095,296	(24,820)	4,070,476	3,712,225	358,251

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Attendance and social work services:					
Salaries	\$ 83,811	-	\$ 83,811	\$ 83,810	\$ 1
Other purchased services	200	-	200	-	200
Total attendance and social work services	<u>84,011</u>	<u>-</u>	<u>84,011</u>	<u>83,810</u>	<u>201</u>
Health services:					
Salaries	469,154	48,000	517,154	515,728	1,426
Purchased professional and technical services	150,000	(3,000)	147,000	101,275	45,725
Supplies and materials	16,715	10,070	26,785	16,406	10,379
Total health services	<u>635,869</u>	<u>55,070</u>	<u>690,939</u>	<u>633,409</u>	<u>57,530</u>
Speech, occupational therapy, physical therapy, related services:					
Salaries	1,049,483	(7,500)	1,041,983	1,037,792	4,191
Purchased professional educational services	218,200	-	218,200	98,010	120,190
Supplies and materials	11,007	500	11,507	10,260	1,247
Other objects	600	-	600	213	387
Total speech, occupational therapy, physical therapy, related services	<u>1,279,290</u>	<u>(7,000)</u>	<u>1,272,290</u>	<u>1,146,275</u>	<u>126,015</u>
Other support services - students - extra services:					
Salaries	946,488	(28,500)	917,988	905,064	12,924
Total other support services - students - extra services	<u>946,488</u>	<u>(28,500)</u>	<u>917,988</u>	<u>905,064</u>	<u>12,924</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Other support services - guidance:					
Salaries of other professional staff	\$ 1,203,743	23,140	\$ 1,226,883	\$ 1,174,425	\$ 52,458
Salaries of secretarial and clerical assistants	131,687	-	131,687	131,687	-
Other purchased services (400 - 500 series)	5,065	-	5,065	480	4,585
Supplies and materials	62,574	-	62,574	47,294	15,280
Other objects	11,000	-	11,000	8,720	2,280
Total other support services - guidance	1,414,069	23,140	1,437,209	1,362,606	74,603
Other support services - child study team:					
Salaries of other professional staff	1,746,193	68,960	1,815,153	1,794,656	20,497
Salaries of secretarial and clerical assistants	164,516	750	165,266	165,266	-
Purchased professional-educational services	36,460	18,000	54,460	51,729	2,731
Other purchased professional and technical services	47,916	(16,381)	31,535	28,905	2,630
Miscellaneous purchased services (400 - 500 series)	17,745	(1,900)	15,845	6,865	8,980
Supplies and materials	54,927	(1,119)	53,808	46,332	7,476
Other objects	5,100	500	5,600	4,339	1,261
Total other support services - child study team	2,072,857	68,810	2,141,667	2,098,092	43,575
Improvement of instructional services:					
Salaries of supervisors of instruction	890,278	(26,950)	863,328	741,027	122,301
Salaries of other professional staff	117,133	(540)	116,593	114,974	1,619
Salaries of secretarial and clerical assistants	148,614	-	148,614	148,613	1
Other purchased services (400 - 500 series)	23,850	-	23,850	19,227	4,623
Supplies and materials	4,200	6,845	11,045	6,014	5,031
Other objects	3,965	-	3,965	3,414	551
Total improvement of instructional services	1,188,040	(20,645)	1,167,395	1,033,269	134,126

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Educational media services/school library:					
Salaries	\$ 490,786	\$ 2,000	\$ 492,786	\$ 492,736	\$ 50
Purchased professional and technical services	3,750	-	3,750	3,750	-
Supplies and materials	64,597	(1,730)	62,867	56,292	6,575
Other objects	360	(60)	300	230	70
	<u>559,493</u>	<u>210</u>	<u>559,703</u>	<u>553,008</u>	<u>6,695</u>
Total educational media services/school library					
Instructional staff training services:					
Salaries of other professional staff	66,755	-	66,755	66,593	162
Salaries of secretarial and clerical assistants	10,181	-	10,181	10,181	-
Other salaries	1,000	(1,000)	-	-	-
Purchased professional educational services	23,850	(22,850)	1,000	256	744
Other purchased services (400 - 500 series)	75	20,360	20,435	6,437	13,998
	<u>101,861</u>	<u>(3,490)</u>	<u>98,371</u>	<u>83,467</u>	<u>14,904</u>
Total instructional staff training services					
Support services - general administration:					
Salaries	521,255	15,460	536,715	534,683	2,032
Legal services	198,825	(22,780)	176,045	101,192	74,853
Audit fees	39,000	11,700	50,700	50,044	656
Architectural/Engineering services	20,000	(3,230)	16,770	13,866	2,904
Other purchased professional services	70,000	(10,550)	59,450	54,071	5,379
Purchased technical services	23,300	4,300	27,600	27,117	483
Communications/telephone	239,000	33,900	272,900	212,763	60,137
BOE other purchased professional services	4,000	-	4,000	610	3,390
Other purchased services (400 - 500 series)	37,100	-	37,100	20,817	16,283
General supplies	8,200	(2,000)	6,200	4,426	1,774
BOE in-house training/meeting supplies	3,000	-	3,000	1,256	1,744
Miscellaneous expenditures	38,000	-	38,000	34,594	3,406
BOE membership dues and fees	350	-	350	-	350
	<u>1,202,030</u>	<u>26,800</u>	<u>1,228,830</u>	<u>1,055,439</u>	<u>173,391</u>
Total support services - general administration					

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Support services - school administration:					
Salaries of principals/assistant principals	\$ 1,105,864	\$ 117,000	\$ 1,222,864	\$ 1,222,863	\$ 1
Salaries of other professional staff	246,283	-	246,283	246,283	-
Salaries of secretarial and clerical assistants	526,762	29,807	556,569	556,525	44
Other purchased services (400 - 500 series)	120,763	(45,836)	74,927	74,924	3
Supplies and materials	51,339	(15,611)	35,728	35,724	4
Other objects	27,000	(5,765)	21,235	20,889	346
Total support services - school administration	2,078,011	79,595	2,157,606	2,157,208	398
Central services:					
Salaries	586,405	(37,180)	549,225	549,178	47
Purchased professional services	67,000	2,500	69,500	64,635	4,865
Purchased technical services	51,500	3,920	55,420	55,392	28
Other purchased services (400 - 500 series)	144,090	(133,020)	11,070	3,350	7,720
Supplies and materials	12,150	(2,300)	9,850	9,789	61
Miscellaneous expenditures	6,700	-	6,700	3,446	3,254
Total central services	867,845	(166,080)	701,765	685,790	15,975
Administrative information technology:					
Salaries	706,840	54,560	761,400	761,161	239
Other purchased services (400 - 500 series)	24,376	136,887	161,263	156,203	5,060
Supplies and Materials	-	19,100	19,100	16,608	2,492
Total administrative information technology	731,216	210,547	941,763	933,972	7,791
Required allowable maintenance for school facilities:					
Salaries	630,990	(49,250)	581,740	509,910	71,830
Cleaning, repair and maintenance services	287,227	(10,978)	276,249	236,575	39,674
General supplies	226,118	571,209	797,327	691,789	105,538
Total required allowable maintenance for school facilities	1,144,335	510,981	1,655,316	1,438,274	217,042

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Custodial services:					
Salaries	\$ 2,335,884	-	\$ 2,335,884	\$ 2,073,582	\$ 262,302
Salaries of non-instructional aids	80,000	-	80,000	56,736	23,264
Purchased professional and technical services	27,980	-	27,980	11,979	16,001
Cleaning, repair and maintenance services	188,146	6,330	194,476	119,500	74,976
Rental of land and buildings other than lease purchase agreements	16,500	-	16,500	8,002	8,498
Lease purchase payments - Energy Savings	241,583	-	241,583	241,583	-
Other purchased property services	244,050	1,200	245,250	195,251	49,999
Insurance	499,905	-	499,905	435,730	64,175
Travel	-	600	600	533	67
Miscellaneous Purchased Services	600	(600)	-	-	-
General supplies	346,650	(10,300)	336,350	202,081	134,269
Energy (natural gas)	505,500	11,000	516,500	495,435	21,065
Energy (electricity)	835,000	(60,000)	775,000	734,726	40,274
Other objects	28,000	-	28,000	23,429	4,571
Total custodial services	5,349,798	(51,770)	5,298,028	4,598,567	699,461
Care and upkeep of grounds:					
Salaries	140,032	-	140,032	131,744	8,288
Cleaning, repair and maintenance services	21,300	(10,000)	11,300	-	11,300
General supplies	76,000	(1,000)	75,000	28,554	46,446
Total care and upkeep of grounds	237,332	(11,000)	226,332	160,298	66,034
Security:					
Salaries	352,118	-	352,118	287,232	64,886
Purchased prof. and tech. services	122,097	-	122,097	79,667	42,430
General supplies	3,177	-	3,177	2,923	254
Total security	477,392	-	477,392	369,822	107,570

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Student transportation services:					
Salaries of non-instructional aids	\$ 160,970	-	\$ 160,970	\$ 84,877	\$ 76,093
Salaries for pupil transportation					
between home and school - regular	1,520,110	-	1,520,110	1,413,674	106,436
between home and school - special education	313,626	(35,000)	278,626	197,239	81,387
other than between home and school	55,000	-	55,000	8,247	46,753
Other purchased professional and technical services	116,000	35,000	151,000	146,758	4,242
Cleaning, repair and maintenance services	488,000	15,300	503,300	479,641	23,659
Contracted services (between home and school) - vendors	583,013	(7,100)	575,913	515,540	60,373
Contracted services (between home and school) - joint agreement	10,000	-	10,000	-	10,000
Contracted services (special education) - vendors	280,000	-	280,000	34,854	245,146
Contracted services aid-in-lieu payments - non public	135,000	-	135,000	127,658	7,342
Miscellaneous purchased services - transportation	101,640	-	101,640	67,737	33,903
General supplies	5,995	-	5,995	2,689	3,306
Transportation supplies	209,000	(8,200)	200,800	116,130	84,670
Miscellaneous expenditures	12,000	-	12,000	9,432	2,568
Total student transportation services	3,990,354	-	3,990,354	3,204,476	785,878
Personal services - employee benefits:					
Unallocated benefits:					
Group insurance	14,000	-	14,000	5,075	8,925
Social security contributions	1,012,100	(33,860)	978,240	978,184	56
Other retirement contribution - PERS	1,300,000	-	1,300,000	1,109,442	190,558
Other retirement contribution - ERIP	20,000	-	20,000	17,269	2,731
Other retirement contribution - regular	83,000	14,000	97,000	96,902	98
Workmen's compensation	749,416	-	749,416	587,141	162,275
Health benefits	13,327,020	(768,040)	12,558,980	12,139,072	419,908
Tuition reimbursement	155,000	20,980	175,980	173,921	2,059
Other employee benefits	141,800	3,300	145,100	83,769	61,331
Total unallocated benefits	16,802,336	(763,620)	16,038,716	15,190,775	847,941

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
On-behalf contributions:					
On-behalf TPAF post retirement medical (non-budgeted)	\$ -	\$ -	\$ -	\$ 2,676,844	\$ (2,676,844)
On-behalf TPAF pension contributions (non-budgeted)	-	-	-	8,541,726	(8,541,726)
On-behalf TPAF long-term disability Insurance (non-budgeted)	-	-	-	3,858	(3,858)
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	2,345,820	(2,345,820)
Total on-behalf contributions	-	-	-	13,568,248	(13,568,248)
Total personal services - employee benefits	16,802,336	(763,620)	16,038,716	28,759,023	(12,720,307)
Total undistributed expenditures	45,257,923	(101,772)	45,156,151	54,974,094	(9,817,943)
Total general current expense	76,831,215	(117,727)	76,713,488	85,117,776	(8,404,288)
CAPITAL OUTLAY:					
Equipment:					
Special education - instruction					
Multiple disabilities					
Undistributed expenditures:					
School administration	47,700	131,825	179,525	146,785	32,740
Required maintenance school facilities	126,162	(57,081)	69,081	42,816	26,265
Custodial services	29,108	(12,606)	16,502	16,500	2
Care and upkeep of grounds	160,095	11,424	171,519	163,103	8,416
Non-instructional equipment	10,000	(9,400)	600	-	600
School Buses Regular	340,000	294,890	634,890	411,786	223,104
Total equipment	713,065	359,052	1,072,117	780,990	291,127

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Facilities acquisition and construction services:					
Construction Services	\$ 500,000	\$ (213,715)	\$ 286,285	\$ -	\$ 286,285
Other objects	60,092	-	60,092	60,092	-
Interest deposit to capital reserve	100	-	100	-	100
Total facilities acquisition and construction services	<u>560,192</u>	<u>(213,715)</u>	<u>346,477</u>	<u>60,092</u>	<u>100</u>
Total capital outlay	<u>1,273,257</u>	<u>145,337</u>	<u>1,418,594</u>	<u>841,082</u>	<u>291,227</u>
SPECIAL SCHOOLS:					
Summer school - instruction:					
Salaries of teachers	157,785	8,900	166,685	157,385	9,300
Other salaries for instruction	135,000	(8,900)	126,100	40,213	85,887
Purchased professional and technical services	11,750	-	11,750	5,580	6,170
General supplies	9,477	570	10,047	9,652	395
Total summer school - instruction	<u>314,012</u>	<u>570</u>	<u>314,582</u>	<u>212,830</u>	<u>101,752</u>
Total special schools	<u>314,012</u>	<u>570</u>	<u>314,582</u>	<u>212,830</u>	<u>101,752</u>
Transfer of funds to Charter School	<u>281,956</u>	<u>(28,180)</u>	<u>253,776</u>	<u>142,235</u>	<u>111,541</u>
Total expenditures	<u>78,700,440</u>	<u>-</u>	<u>78,700,440</u>	<u>86,313,923</u>	<u>(7,899,768)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,662,138)</u>	<u>-</u>	<u>(3,662,138)</u>	<u>2,845,440</u>	<u>6,221,293</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	\$ (3,662,138)	\$ -	\$ (3,662,138)	\$ 2,845,440	\$ 6,221,293
Fund balance, July 1, 2020, as previously stated	-	-	-	11,996,497	-
Cumulative effect of the application of GASB 84: Net increase in restricted programs/grant funds	-	-	-	447,490	-
Fund Balance, July 1, as restated	-	-	-	12,443,987	-
Fund Balance, June 30	<u>\$ (3,662,138)</u>	<u>\$ -</u>	<u>\$ (3,662,138)</u>	<u>\$ 15,289,427</u>	<u>\$ 6,221,293</u>

Recapitulation

Restricted fund balance:	
Capital reserve	\$ 3,409,912
Maintenance Reserve	1,250,000
Excess surplus - designated for subsequent year's expenditures	3,629,467
Excess surplus - current year	3,839,705
Unemployment compensation	447,784
Assigned fund balances:	
Designated for subsequent year's expenditures	597,725
Unassigned fund balances	2,114,834
	<u>15,289,427</u>
Reconciliation to governmental funds statements (GAAP)	
Last state aid payment not recognized on GAAP basis	<u>(2,210,308)</u>
Fund Balance per governmental funds (GAAP)	<u>\$ 13,079,119</u>

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local sources	\$ -	\$ 19,700	\$ 19,700	\$ 268,274	\$ 248,574
State sources	1,980,512	248,376	2,228,888	1,946,420	(282,468)
Federal sources	1,501,381	827,268	2,328,649	2,331,351	2,702
Total Revenues	<u>3,481,893</u>	<u>1,095,344</u>	<u>4,577,237</u>	<u>4,546,045</u>	<u>(31,192)</u>
EXPENDITURES:					
Instruction					
Salaries of teachers	850,272	(28,898)	821,374	821,159	215
Other salaries for instruction	145,660	21,603	167,263	141,398	25,865
Purchased professional and technical services	102,856	(5,484)	97,372	90,223	7,149
General supplies	100,000	468,695	568,695	519,892	48,803
Textbooks	35,081	12,630	47,711	47,622	89
Other purchased services	1,227,022	393,238	1,620,260	1,610,999	9,261
Other miscellaneous	5,000	900	5,900	900	5,000
Total Instruction	<u>2,465,891</u>	<u>862,684</u>	<u>3,328,575</u>	<u>3,232,193</u>	<u>96,382</u>
Support Services					
Salaries of supervisors	15,000	-	15,000	13,499	1,501
Salaries of secretaries and clerical assistants	185,000	(59,900)	125,100	70,864	54,236
Personal services - employee benefits	210,655	188,184	398,839	397,977	862
Purchased professional services	346,003	71,104	417,107	410,878	6,229
General supplies	120,000	(12,547)	107,453	83,853	23,600
Other purchased services	82,986	(8,700)	74,286	3,479	70,807
Other objects	-	1,653	1,653	1,653	-
Scholarships awarded- non-budgeted	-	-	-	11,566	(11,566)
Student activities- non-budgeted	-	-	-	259,727	(259,727)
Total Support Services	<u>959,644</u>	<u>179,794</u>	<u>1,139,438</u>	<u>1,253,496</u>	<u>(114,058)</u>
Other - Admin Cost	<u>-</u>	<u>386</u>	<u>386</u>	<u>386</u>	<u>-</u>
Instructional equipment	<u>56,358</u>	<u>52,480</u>	<u>108,838</u>	<u>76,379</u>	<u>32,459</u>
Total Expenditures	<u>3,481,893</u>	<u>1,095,344</u>	<u>4,577,237</u>	<u>4,562,454</u>	<u>14,783</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(16,409)</u>	<u>\$ (16,409)</u>
Fund Balance, July 1				-	
Prior period adjustment				<u>364,343</u>	
Fund Balance, July 1 (Restated)				<u>364,343</u>	
Fund Balance, June 30				<u>\$ 347,934</u>	
Recapitulation:					
Restricted:					
Scholarships				\$ 27,689	
Student Activities				<u>320,245</u>	
				<u>\$ 347,934</u>	

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

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

**OCEAN TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Budget-to-GAAP Reconciliation
Fiscal Year Ended June 30, 2021**

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 89,159,363	\$ 4,546,045
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	122,697
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until subsequent year.	(2,210,308)	(137,228)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,872,097	65,204
 Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 88,821,152</u>	<u>\$ 4,596,718</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 86,313,923	\$ 4,562,454
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.	-	122,697
 Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 86,313,923</u>	<u>\$ 4,685,151</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

	Fiscal Year Ended June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the Net Pension Liability	0.04277934%	0.04501075%	0.04712067%	0.05035807%	0.05254898%	0.05101445%	0.04984458%	0.04956637%
Employer's proportionate share of the Net Pension Liability	\$ 16,538,314	\$ 18,524,738	\$ 20,447,449	\$ 24,637,193	\$ 31,008,009	\$ 23,553,440	\$ 19,364,539	\$ 19,038,744
District's covered-employee payroll	\$ 7,533,520	\$ 7,287,888	\$ 7,224,113	\$ 7,335,862	\$ 7,130,014	\$ 7,219,151	\$ 7,306,958	\$ 6,924,348
District's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	219.53%	254.19%	283.04%	335.85%	434.89%	326.26%	265.02%	274.95%
Plan Fiduciary Net Position as a percentage of the total pension liability (local)	42.90%	42.04%	40.45%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

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

	Fiscal Year Ended June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
Contractually-required contribution	\$ 1,109,441	\$ 1,000,040	\$ 1,032,967	\$ 980,468	\$ 930,106	\$ 902,069	\$ 852,645	\$ 750,592
Contributions in relation to the contractually-required contribution	(1,109,441)	(1,000,040)	(1,032,967)	(980,468)	(930,106)	(902,069)	(852,645)	(750,952)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 7,533,520	\$ 7,287,888	\$ 7,224,113	\$ 7,335,862	\$ 7,130,014	\$ 7,219,151	\$ 7,306,958	\$ 6,924,348
Contributions as a percentage of covered-employee payroll	14.73%	13.72%	14.30%	13.37%	13.04%	12.50%	11.67%	10.85%

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

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

	Fiscal Year Ended June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the Net Pension Liability**	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportion of the net pension liability associated to the District **	0.29417613%	0.29839115%	0.30497400%	0.30731149%	0.31209329%	0.30429849%	0.30006102%	0.30554180%
State's proportionate share of the Net Pension Liability associated with the employer*	\$ 193,711,441	\$ 183,125,465	\$ 194,017,908	\$ 207,200,489	\$ 245,512,453	\$ 192,329,639	\$ 160,666,363	\$ 154,418,423
District's covered-employee payroll	\$ 32,374,498	\$ 31,228,688	\$ 31,717,809	\$ 31,635,815	\$ 31,553,108	\$ 31,415,277	\$ 30,953,607	\$ 29,765,972
District's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	598.35%	586.40%	611.70%	654.96%	778.09%	612.22%	519.06%	518.78%
Plan Fiduciary Net Position as a percentage of the total pension liability (local)	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

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

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to Required Supplementary Information - Part III
Schedule of the District's Proportionate Share of the Net Pension Liability
and Schedule of District Contributions
For the Fiscal Year Ended June 30, 2021

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvements was based on Scale MP-2020.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvements was based on Scale MP-2020.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2019, a change of -1.29%.

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

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

	Fiscal Year Ended June 30,		
	2021	2020	2019
Total OPEB Liability:			2018
Service Cost	\$ 5,129,804	\$ 5,040,013	\$ 5,677,196
Interest	4,985,697	6,152,717	6,508,440
Differences between expected and actual experience	38,742,667	(25,915,094)	(12,377,049)
Changes in assumptions or other inputs	41,179,643	2,075,561	(17,901,608)
Contributions from the members	118,957	126,669	144,168
Benefit payments	(3,924,677)	(4,273,184)	(4,171,344)
Net change in total OPEB Liability	86,232,091	(16,793,318)	(22,120,197)
Total OPEB liability, beginning	139,205,180	155,998,498	178,118,695
Total OPEB liability, ending	<u>\$ 225,437,271</u>	<u>\$ 139,205,180</u>	<u>\$ 178,118,695</u>
District's Proportionate Share of OPEB Liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
State's Proportionate Share of OPEB Liability	<u>225,437,271</u>	<u>139,205,180</u>	<u>178,118,695</u>
Total OPEB liability- ending	<u>\$ 225,437,271</u>	<u>\$ 139,205,180</u>	<u>\$ 178,118,695</u>
District's Covered-Employee Payroll	<u>\$ 39,908,018</u>	<u>\$ 38,516,576</u>	<u>\$ 38,971,677</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	<u>0%</u>	<u>0%</u>	<u>0%</u>

Notes to Schedule:

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

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

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

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2021

	I.D.E.A Part B		Title I Basic 2020-2021	Cares Act	Scholarship Fund	Student Activity Fund	Total Other Special Projects (Ex. E-1a)	Total Nonpublic Programs (Ex. E-1b)	Totals 2021
	Regular 2020-2021	Preschool 2020-2021							
REVENUES:									
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 9,071	\$ 245,813	\$ 13,390	\$ -	\$ 268,274
State sources	-	-	-	-	-	-	1,159,171	787,249	1,946,420
Federal sources	1,013,447	41,938	504,126	283,958	-	-	487,882	-	2,331,351
Total Revenues	\$ 1,013,447	\$ 41,938	\$ 504,126	\$ 283,958	\$ 9,071	\$ 245,813	\$ 1,660,443	\$ 787,249	\$ 4,546,045
EXPENDITURES:									
Instruction:									
Salaries of teachers	\$ -	\$ -	\$ 348,735	\$ -	\$ -	\$ -	\$ 472,424	\$ -	\$ 821,159
Other salaries for instruction	-	-	-	-	-	-	141,398	-	141,398
Purchased professional and technical services	-	-	-	-	-	-	-	90,223	90,223
General supplies	-	-	3,184	200,105	-	-	316,603	-	519,892
Textbooks	-	-	-	-	-	-	-	47,622	47,622
Other purchased services	863,199	41,938	2,635	-	-	-	53,823	649,404	1,610,999
Other objects	-	-	-	-	-	-	900	-	900
Total instruction	863,199	41,938	354,554	200,105	-	-	985,148	787,249	3,232,193
Support services:									
Salaries of supervisors	-	-	-	-	-	-	13,499	-	13,499
Other salaries for instruction	-	-	-	-	-	-	70,864	-	70,864
Personal services - employee benefits	-	-	149,572	-	-	-	248,405	-	397,977
Purchased professional and technical services	150,248	-	-	-	-	-	260,630	-	410,878
Other purchased services	-	-	-	-	-	-	3,479	-	3,479
General supplies	-	-	-	83,853	-	-	-	-	83,853
Other objects	-	-	-	-	-	-	1,653	-	1,653
Scholarships awarded	-	-	-	-	11,566	-	-	-	11,566
Student Activities	-	-	-	-	-	259,727	-	-	259,727
Total support services	150,248	-	149,572	83,853	11,566	259,727	598,530	-	1,253,496
Instructional equipment	-	-	-	-	-	-	76,379	-	76,379
Administrative cost	-	-	-	-	-	-	386	-	386
Total Expenditures	\$ 1,013,447	\$ 41,938	\$ 504,126	\$ 283,958	\$ 11,566	\$ 259,727	\$ 1,660,443	\$ 787,249	\$ 4,562,454
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ 0	\$ -	\$ -	\$ -	\$ (2,495)	\$ (13,914)	\$ -	\$ -	\$ (16,409)
Fund Balances July 1	-	-	-	-	-	334,159	-	-	364,343
Prior Period Adjustment	-	-	-	-	30,184	-	-	-	364,343
Fund Balance, July 1 (Restated)	-	-	-	-	30,184	334,159	-	-	364,343
Fund Balance, June 30	\$ 0	\$ -	\$ -	\$ -	\$ 27,689	\$ 320,245	\$ -	\$ -	\$ 347,934

OCEAN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis (Continued)
For the Fiscal Year Ended June 30, 2021

	Title II, Part A Teacher and Principal Training & Recruiting		Title III Part A 2020-2021	Perkins Grant 2020-2021	Career Pathways 2021	Preschool Education Aid 2021	Coronavirus Relief Fund 2021	Non-Public Coronavirus Relief Fund 2021	Special Olympics New Jersey	Carry forward to E-1 Total Other Special Projects
	2020-2021	2021								
REVENUES:										
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,390	\$ 13,390
State sources	-	-	-	-	-	1,159,171	-	-	-	1,159,171
Federal sources	107,333	33,912	33,912	16,857	99,880	-	196,110	33,790	-	487,882
Total revenues	\$ 107,333	\$ 33,912	\$ 33,912	\$ 16,857	\$ 99,880	\$ 1,159,171	\$ 196,110	\$ 33,790	\$ 13,390	\$ 1,660,443
EXPENDITURES:										
Instruction:										
Salaries of teachers	\$ 60,437	\$ 23,733	\$ 23,733	\$ 9,614	\$ 2,730	\$ 375,910	\$ -	\$ -	\$ -	472,424
Other salaries for instruction	-	-	-	-	-	132,398	-	-	9,000	141,398
General supplies	-	-	-	1,498	16,544	99,166	196,110	-	3,285	316,603
Other purchased services	-	-	-	2,884	17,149	-	-	33,790	-	53,823
Other objects	-	-	-	-	-	-	-	-	900	900
Total instruction	60,437	23,733	23,733	13,996	36,423	607,474	196,110	33,790	13,185	985,148
Support services:										
Salaries of supervisors	-	-	-	-	-	13,499	-	-	-	13,499
Other salaries for instruction	-	-	-	-	8,100	62,764	-	-	-	70,864
Personal services - employee benefits	25,921	10,179	10,179	822	828	210,655	-	-	-	248,405
Purchased professional and technical services	20,975	-	-	-	-	239,655	-	-	-	260,630
Other purchased services	-	-	-	-	-	-	-	-	-	-
General supplies	-	-	-	-	2,349	1,130	-	-	-	3,479
Other objects	-	-	-	1,653	-	-	-	-	-	1,653
Total support services	46,896	10,179	10,179	2,475	11,277	527,703	-	-	-	585,031
Instructional Equipment	-	-	-	-	52,180	23,994	-	-	205	76,379
Administrative cost	-	-	-	386	-	-	-	-	-	386
Total expenditures	\$ 107,333	\$ 33,912	\$ 33,912	\$ 16,857	\$ 99,880	\$ 1,159,171	\$ 196,110	\$ 33,790	\$ 13,390	\$ 1,660,443

OCEAN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis (Continued)
For the Fiscal Year Ended June 30, 2021

	N.J. Nonpublic Handicapped Services Ch. 193		N.J. Nonpublic Auxiliary Services Ch. 192		N.J. Nonpublic Auxiliary Services Ch. 192		Nonpublic Nursing	Nonpublic Textbooks	Nonpublic Security Aid	Carry forward to E-1 Total Nonpublic Programs
	Examination and Classification	Corrective Speech	Supplemental Instruction	Compensatory	ESL	Nonpublic				
REVENUES:										
State sources	\$ 131,339	\$ 41,286	\$ 91,957	\$ 227,918	\$ 2,664	\$ 90,223	\$ 47,622	\$ 154,240	\$ 787,249	
Total revenues	<u>\$ 131,339</u>	<u>\$ 41,286</u>	<u>\$ 91,957</u>	<u>\$ 227,918</u>	<u>\$ 2,664</u>	<u>\$ 90,223</u>	<u>\$ 47,622</u>	<u>\$ 154,240</u>	<u>\$ 787,249</u>	
EXPENDITURES:										
Instruction:										
Purchased professional and technical services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,223	\$ -	\$ -	\$ -	\$ 90,223
Textbooks	-	-	-	-	-	-	47,622	-	-	47,622
Other purchased services	131,339	41,286	91,957	227,918	2,664	-	-	154,240	-	649,404
Total instruction	131,339	41,286	91,957	227,918	2,664	90,223	47,622	154,240	787,249	
Total expenditures	<u>\$ 131,339</u>	<u>\$ 41,286</u>	<u>\$ 91,957</u>	<u>\$ 227,918</u>	<u>\$ 2,664</u>	<u>\$ 90,223</u>	<u>\$ 47,622</u>	<u>\$ 154,240</u>	<u>\$ 787,249</u>	

OCEAN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Preschool Education Aid Schedule of Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2021

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers	\$ 376,125	\$ 375,910	\$ 215
Other salaries for instruction	144,160	132,398	11,762
Purchased professional educational services	7,000	-	7,000
Other purchased services	7,000	-	7,000
Other objects	5,000	-	5,000
General supplies	100,000	99,166	834
Total instruction	<u>639,285</u>	<u>607,474</u>	<u>31,811</u>
Support services:			
Salaries of supervisors of instruction	15,000	13,499	1,501
Salaries of secretarial and clerical assistants	5,000	3,000	2,000
Other salaries for instruction	112,000	59,765	52,235
Personal services - employee benefits	210,655	210,655	-
Purchased educational services- Head Start	210,000	210,000	-
Purchased professional and educational services	31,300	29,655	1,645
Other purchased services	22,986	-	22,986
Other purchased services-cleaning	51,300	-	51,300
General supplies	20,000	1,129	18,871
Total support services	<u>678,241</u>	<u>527,703</u>	<u>150,538</u>
Instructional Equipment	<u>56,358</u>	<u>23,994</u>	<u>32,364</u>
Total expenditures	<u>\$ 1,373,884</u>	<u>\$ 1,159,171</u>	<u>\$ 214,713</u>
Calculation of Budget and Carryover			
Total revised 2020-21 Preschool Education Aid allocation	\$ 1,372,284		
Add: Actual ECPA/PEA Carryover (June 30, 2020)	1,600		
Add: Budgeted transfer from the General Fund 2020-21	<u>-</u>		
Total Preschool Education Aid Funds Available for 2020-21 Budget	1,373,884		
Less: 2020-21 Budgeted Preschool Education Aid	<u>(1,373,884)</u>		
Available and unbudgeted Preschool Education Aid Funds as of June 30, 2021	-		
Add: June 30, 2021 Unexpended Preschool Education Aid	214,713		
Less: 2020-21 Commissioner - approved Transfer to the General Fund	<u>-</u>		
2020-21 Carryover- Preschool Education Aid Programs	<u>214,713</u>		
2020-21 Preschool Education Aid Carryover Budgeted for Preschool Programs 2021-22	<u>\$ 214,713</u>		

CAPITAL PROJECTS FUND DETAIL STATEMENTS

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

PROPRIETARY FUNDS DETAIL STATEMENTS

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

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

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

LONG-TERM DEBT SCHEDULES

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
As of June 30, 2021

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Amount	Interest Rate	Balance July 1, 2020	Retired	Balance June 30, 2021
School renovations and additions (Refunding issue 2010)	10/20/2010	\$ 8,585,000	3/1/2022	820,000	4.000%	\$ 1,645,000	\$ 825,000	\$ 820,000
School bonds - energy project (Refunding issue 2016)	9/1/2016	2,650,000	9/1/2021 9/1/2022	510,000 500,000	1.450% 1.450%	1,530,000	520,000	1,010,000
School bonds - 2015 referendum	2/15/2015	28,944,000	3/15/2022 3/15/2023 3/15/2024 3/15/2025 3/15/2026 3/15/2027 3/15/2028 3/15/2029 3/15/2030 3/15/2031 3/15/2032 3/15/2033 3/15/2034 3/15/2035 3/15/2036	1,205,000 1,245,000 1,290,000 1,335,000 1,380,000 1,430,000 1,480,000 1,530,000 1,585,000 1,640,000 1,695,000 1,755,000 1,820,000 1,880,000 1,945,000	3.000% 3.000% 3.000% 3.000% 3.000% 3.000% 3.000% 3.000% 3.000% 3.000% 3.000% 3.125% 3.125% 3.250% 3.250%	24,385,000	1,170,000	23,215,000
						<u>\$ 27,560,000</u>	<u>\$ 2,515,000</u>	<u>\$ 25,045,000</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Obligations under Capital Leases
As of June 30, 2021

Description	Amount of Original Issue	Balance July 1, 2020	Retired Current Year	Balance June 30, 2021
Energy saving improvement project districtwide copy machines	\$ 3,433,934 137,725	\$ 2,077,767 129,273	\$ 188,641 25,955	\$ 1,889,126 103,318
Total obligations under capital lease	<u>\$ 3,571,659</u>	<u>\$ 2,207,040</u>	<u>\$ 214,596</u>	<u>\$ 1,992,444</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final to Actual</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 2,716,435	\$ -	\$ 2,716,435	\$ 2,716,435	\$ -
State sources:					
Debt service aid - Type II	<u>612,462</u>	<u>-</u>	<u>612,462</u>	<u>612,462</u>	<u>-</u>
Total revenues	<u>3,328,897</u>	<u>-</u>	<u>3,328,897</u>	<u>3,328,897</u>	<u>-</u>
EXPENDITURES:					
Regular debt service:					
Interest	813,897	-	813,897	813,896	1
Redemption of principal	<u>2,515,000</u>	<u>-</u>	<u>2,515,000</u>	<u>2,515,000</u>	<u>-</u>
Total expenditures	<u>3,328,897</u>	<u>-</u>	<u>3,328,897</u>	<u>3,328,896</u>	<u>1</u>
Excess (Deficiency) of revenues over expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Fund balances, July 1	1	-	1	1	-
Fund balances, June 30	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 1</u>
Recapitulation of Excess of Revenues Over Expenditures					
Budgeted fund balance	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>

Ocean Township School District Statistical Section (Unaudited)

<u>Contents</u>	<u>Page</u>
Financial Trends	93 - 99
<p>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</p>	
Revenue Capacity	100 - 103
<p>These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.</p>	
Debt Capacity	104 - 107
<p>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the district's ability to issue additional debt in the future.</p>	
Demographic and Economic Information	108 - 109
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.</p>	
Operating Information	110 - 115
<p>These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.</p>	

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
					Fiscal year ending June 30, (restated)					
Governmental activities										
Invested in capital assets, net of related debt	\$ 20,862,685	\$ 23,103,432	\$ 26,199,311	\$ 1,851,705	\$ 1,897,901	\$ 3,982,607	\$ 10,878,904	\$ 12,849,190	\$ 14,571,110	\$ 16,089,062
Restricted	7,896,093	8,599,305	7,421,919	33,319,170	24,916,071	10,800,884	5,532,025	7,078,899	10,200,395	12,924,802
Unrestricted	(3,165,792)	(3,018,695)	(2,932,839)	(21,706,190)	(22,387,040)	(24,236,674)	(26,300,884)	(26,550,959)	(26,117,261)	(24,525,270)
Total governmental activities net position	\$ 25,592,986	\$ 28,684,042	\$ 30,688,391	\$ 13,464,685	\$ 4,426,932	\$ (9,453,183)	\$ (9,889,955)	\$ (6,622,870)	\$ (1,345,756)	\$ 4,488,594
Business-type activities										
Invested in capital assets, net of related debt	\$ 76,535	\$ 64,921	\$ 55,812	\$ 47,283	\$ 39,095	\$ 30,906	\$ 23,259	\$ 17,868	\$ 12,478	\$ 6,406
Unrestricted	(34,970)	55,533	38,867	25,142	51,636	90,561	130,924	258,675	386,815	382,526
Total business-type activities net position	\$ 41,565	\$ 120,454	\$ 94,679	\$ 72,425	\$ 90,731	\$ 121,467	\$ 154,183	\$ 276,543	\$ 399,293	\$ 388,932
District-wide										
Invested in capital assets, net of related debt	\$ 20,939,220	\$ 23,168,353	\$ 26,255,123	\$ 1,898,988	\$ 1,936,996	\$ 4,013,513	\$ 10,902,163	\$ 12,867,058	\$ 14,583,588	\$ 16,095,468
Restricted	7,896,093	8,599,305	7,421,919	33,319,170	24,916,071	10,800,884	5,532,025	7,078,899	10,200,395	11,469,888
Unrestricted	(3,200,762)	(2,963,162)	(2,893,972)	(21,681,048)	(22,335,404)	(24,146,113)	(26,169,960)	(26,292,284)	(25,730,446)	(22,687,830)
Total district-wide net position	\$ 25,634,551	\$ 28,804,496	\$ 30,783,070	\$ 13,537,110	\$ 4,517,663	\$ (9,331,716)	\$ (9,735,772)	\$ (6,346,327)	\$ (946,463)	\$ 4,877,526

Source: District records

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

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

Note: The years 2016 and 2017 were restated due to a revaluation of capital assets.

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

	Fiscal year ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
Instruction										
Regular	\$ 31,201,908	\$ 31,710,830	\$ 32,519,106	\$ 37,890,451	\$ 40,522,362	\$ 45,892,122	\$ 45,781,920	\$ 40,219,547	\$ 36,527,743	\$ 44,071,466
Special education	7,304,546	7,949,249	8,250,188	10,042,126	11,419,006	12,793,370	13,834,752	12,419,261	11,968,267	13,898,598
Other special education	1,601,960	1,779,028	2,057,503	2,304,209	2,531,521	3,029,437	2,621,320	2,261,234	2,419,379	2,785,244
Other instruction	1,545,146	1,568,092	1,644,512	1,721,308	1,831,733	1,809,805	1,825,577	1,798,851	1,808,874	1,734,041
Support Services										
Instruction	3,265,613	4,702,295	4,020,710	4,211,098	4,319,884	4,420,757	3,480,737	4,052,082	4,668,511	5,078,332
Student & instruction-related services	9,260,790	9,073,914	9,144,162	10,997,582	11,863,986	13,544,060	14,068,119	13,079,032	12,710,658	15,221,877
School administrative services	2,943,430	3,022,176	3,071,142	3,494,178	3,750,253	4,023,127	2,917,325	2,541,108	2,333,637	3,795,704
General administrative services	1,130,936	1,217,809	1,300,236	739,030	639,274	1,097,739	2,036,664	1,919,850	2,120,913	1,206,255
Central services and administrative information technology	1,475,749	1,555,888	1,668,114	1,933,809	1,855,649	2,113,122	2,166,689	2,099,998	2,148,660	2,343,272
Plant operations and maintenance	6,786,929	6,580,843	6,952,515	7,662,856	7,627,965	7,510,703	7,534,832	7,150,169	7,150,169	7,560,920
Pupil transportation	3,917,781	4,245,998	3,908,356	3,904,511	3,998,919	4,076,488	4,418,551	4,613,008	4,239,783	4,011,922
Special Schools	156,620	159,880	188,275	207,251	227,710	223,586	239,036	273,088	271,731	212,830
Charter schools	21,473	43,184	47,307	15,745	25,462	-	43,098	147,800	285,494	142,235
Interest on long-term debt	716,154	627,280	545,646	674,061	1,127,442	939,956	918,227	854,701	791,717	728,250
Total governmental activities expenses	71,329,035	74,236,466	75,317,772	85,798,215	91,741,166	101,474,272	101,991,946	93,814,392	89,445,536	102,790,946
Business-type activities:										
Food service	1,237,158	1,173,646	1,202,792	1,229,862	1,129,632	1,089,540	1,132,300	1,023,704	841,880	1,948,920
Total business-type activities expense	1,237,158	1,173,646	1,202,792	1,229,862	1,129,632	1,089,540	1,132,300	1,023,704	841,880	1,948,920
Total district expenses	\$ 72,566,193	\$ 75,410,112	\$ 76,520,564	\$ 87,028,077	\$ 92,870,798	\$ 102,563,812	\$ 103,124,246	\$ 94,838,096	\$ 90,287,416	\$ 104,739,866
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 138,091	\$ 233,095	\$ 310,487	\$ 243,678	\$ 169,845
Support services	267,470	259,327	273,683	273,485	292,954	282,979	272,332	295,444	118,251	308,225
Special schools	20,698	6,813	66,021	65,142	19,248	35,804	41,499	102,755	130,427	-
Operating grants and contributions	8,276,785	9,107,433	7,932,435	16,411,370	20,327,982	27,188,389	27,313,539	20,483,014	17,071,672	29,891,770
Total governmental activities program revenues	8,564,953	9,373,573	8,272,139	16,749,997	20,640,184	27,645,263	27,860,465	21,191,700	17,564,028	30,369,840
Business-type activities:										
Charges for services:										
Food service	710,173	634,851	645,088	600,395	560,319	543,772	582,923	575,561	394,145	6,980
Operating grants and contributions	478,629	467,684	531,929	607,213	587,619	576,504	582,093	570,503	570,485	1,931,580
Total business-type activities program revenues	1,188,802	1,102,535	1,177,017	1,207,608	1,147,938	1,120,276	1,165,016	1,146,064	964,630	1,938,560
Total district program revenues	\$ 9,753,755	\$ 10,476,108	\$ 9,449,156	\$ 17,957,605	\$ 21,788,122	\$ 28,765,539	\$ 29,025,481	\$ 22,337,764	\$ 18,528,658	\$ 32,308,400
Net (Expense) Revenue										
Governmental activities	\$ (62,764,082)	\$ (64,862,893)	\$ (67,045,633)	\$ (69,048,218)	\$ (71,100,982)	\$ (73,829,009)	\$ (74,131,485)	\$ (72,622,692)	\$ (71,881,508)	\$ (72,421,106)
Business-type activities	(48,356)	(71,111)	(25,775)	(22,254)	18,306	30,736	32,716	122,360	122,750	(10,360)
Total district-wide net expense	\$ (62,812,438)	\$ (64,934,004)	\$ (67,071,408)	\$ (69,070,472)	\$ (71,082,676)	\$ (73,798,273)	\$ (74,098,769)	\$ (72,500,332)	\$ (71,758,758)	\$ (72,431,466)

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

	Fiscal year ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 55,724,474	\$ 56,734,353	\$ 57,501,584	\$ 58,643,552	\$ 60,221,552	\$ 61,425,948	\$ 62,765,948	\$ 64,307,696	\$ 65,573,829	\$ 66,718,681
Taxes levied for debt service	3,093,434	3,092,317	3,055,830	3,025,867	2,246,346	3,501,658	2,160,996	2,751,686	2,739,488	2,716,435
Federal and state aid not restricted	8,117,177	7,983,334	7,927,627	8,170,339	8,302,180	8,416,244	8,494,157	8,380,488	8,328,016	7,708,526
Investment earnings	13,824	18,898	15,354	10,300	89,927	25,179	95,283	233,879	228,763	16,603
Transfers	-	(150,000)	116	20,858	-	-	-	-	-	-
Gain on disposal of capital assets	17,982	-	-	-	-	-	-	-	-	-
Miscellaneous income	291,709	275,047	549,471	211,544	228,156	117,262	178,326	216,028	288,526	283,378
Total governmental activities	67,258,600	67,953,949	69,049,982	70,082,460	71,088,161	73,486,291	73,694,710	75,889,777	77,158,622	77,443,623
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	150,000	-	-	-	-	-	-	-	-
Total business-type activities	-	150,000	-	-	-	-	-	-	-	-
Total district-wide	\$ 67,258,600	\$ 68,103,949	\$ 69,049,982	\$ 70,082,460	\$ 71,088,161	\$ 73,486,291	\$ 73,694,710	\$ 75,889,777	\$ 77,158,622	\$ 77,443,623
Change in Net Position										
Governmental activities	\$ 4,494,518	\$ 3,091,056	\$ 2,004,349	\$ 1,034,242	\$ (12,821)	\$ (342,718)	\$ (436,775)	\$ 3,267,085	\$ 5,277,114	\$ 5,022,517
Business-type activities	(48,356)	78,889	(25,775)	(22,254)	18,306	30,736	32,716	122,360	122,750	(10,360)
Total district	\$ 4,446,162	\$ 3,169,945	\$ 1,978,574	\$ 1,011,988	\$ 5,485	\$ (311,982)	\$ (404,059)	\$ 3,389,445	\$ 5,399,864	\$ 5,012,157

Source: District records

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

	Fiscal year ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Reserved	\$ 7,896,091	\$ 8,599,304	\$ 7,242,923	\$ 6,123,377	\$ 5,117,680	\$ 5,105,507	\$ 5,210,074	\$ 7,041,912	\$ 10,200,394	\$ 13,174,593
Unreserved	217,629	293,642	346,530	364,431	247,902	242,073	63,177	(88,916)	(75,994)	(95,474)
Total general fund	<u>\$ 8,113,720</u>	<u>\$ 8,892,946</u>	<u>\$ 7,589,453</u>	<u>\$ 6,487,808</u>	<u>\$ 5,365,582</u>	<u>\$ 5,347,580</u>	<u>\$ 5,273,251</u>	<u>\$ 6,952,996</u>	<u>\$ 10,124,400</u>	<u>\$ 13,079,119</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ 22,089,092	\$ 18,613,673	\$ 798,529	\$ 53,915	\$ -	\$ -	\$ 347,934
Unreserved:										
Special revenue fund	-	-	-	-	-	-	-	-	(65,204)	(137,228)
Capital projects fund	-	-	175,206	5,106,702	1,184,718	4,896,847	246,473	36,986	-	-
Debt service fund	2	1	1	-	-	21,562	21,563	1	1	1
Total all other governmental funds	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 175,207</u>	<u>\$ 27,195,794</u>	<u>\$ 19,798,391</u>	<u>\$ 5,716,938</u>	<u>\$ 321,951</u>	<u>\$ 36,987</u>	<u>\$ (65,203)</u>	<u>\$ 210,707</u>

Source: District records

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

	Fiscal year ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax levy	\$ 58,817,908	\$ 59,826,670	\$ 60,557,414	\$ 61,669,419	\$ 62,467,898	\$ 64,927,606	\$ 64,926,944	\$ 67,059,382	\$ 68,313,317	\$ 69,435,116
Tuition charges	20,698	6,813	66,021	65,142	19,248	138,091	233,095	310,487	118,251	169,845
Transportation fee	-	-	-	-	15,938	35,804	41,499	102,755	130,427	55,709
Interest earnings	13,824	18,898	15,470	31,159	89,927	65,917	95,283	233,879	228,763	16,603
Miscellaneous	452,838	428,034	630,085	426,357	480,347	400,091	443,050	496,029	488,775	544,966
State sources	13,806,616	15,227,408	14,229,523	15,438,917	16,788,459	17,778,805	20,193,940	20,641,162	21,491,646	24,037,242
Federal sources	2,587,346	1,863,358	1,630,537	1,774,391	1,733,629	1,823,755	1,824,905	1,824,905	1,868,222	2,487,286
Total revenue	75,699,230	77,371,181	77,129,050	79,405,385	81,595,446	85,170,069	87,772,999	90,668,599	92,639,401	96,746,767
Expenditures										
Instruction:										
Regular instruction	21,843,058	21,787,047	22,544,366	22,675,022	22,811,686	22,700,708	22,999,240	22,495,108	22,223,282	23,537,863
Special education instruction	5,001,480	5,308,236	5,619,296	5,855,639	6,249,695	6,104,371	6,837,150	6,843,019	6,969,798	7,197,179
Other special instruction	1,071,086	1,187,303	1,380,015	1,321,236	1,359,701	1,422,138	1,231,576	1,191,662	1,360,980	1,360,951
Other instruction	1,218,492	1,251,072	1,296,007	1,335,311	1,418,439	1,356,764	1,350,530	1,344,459	1,353,019	1,290,174
Support Services:										
Instruction	3,265,613	4,702,295	4,020,710	4,211,098	4,319,884	4,420,757	3,480,737	4,052,082	4,668,511	5,078,332
Student & inst. related services	6,595,331	6,224,530	6,279,647	6,691,253	6,781,825	6,929,989	7,221,656	7,382,372	7,609,724	7,899,000
General & business administrative services	946,485	1,033,549	1,107,951	1,054,071	985,129	1,187,648	1,075,568	1,089,835	1,058,674	1,055,439
School administrative services	2,088,832	2,120,028	2,160,457	2,191,915	2,224,084	2,135,743	2,066,397	2,008,350	2,004,905	2,157,208
Central services	658,153	646,807	657,179	813,562	689,750	706,557	711,319	686,612	715,993	685,790
Administrative information technology	455,117	532,987	587,607	600,211	601,763	679,446	696,270	742,095	778,153	933,972
Plant operations and maintenance	5,835,371	5,663,134	5,949,808	6,050,497	6,542,703	6,290,964	6,426,803	6,354,390	5,967,578	6,566,961
Pupil transportation	3,151,643	3,236,620	3,184,955	3,210,016	3,309,559	3,326,902	3,582,846	3,780,708	3,365,342	3,204,476
Unallocated benefits	16,491,099	18,004,332	17,981,725	19,408,640	21,158,651	23,449,483	25,872,166	26,509,581	26,588,577	28,759,023
Administrative costs	-	-	-	-	-	-	-	-	-	386
Special Schools	156,620	159,880	188,278	207,251	227,710	223,586	239,036	273,088	271,731	212,830
Transfer to Charter Schools	21,473	43,184	47,307	15,745	25,462	-	43,098	147,800	285,494	142,235
Capital outlay	1,193,799	1,261,704	5,534,939	4,774,762	8,999,641	14,665,669	6,007,343	1,008,175	1,182,416	917,255
Debt service:										
Principal	2,610,000	2,645,000	2,690,000	2,745,000	1,265,000	2,599,000	2,400,000	2,440,000	2,470,000	2,515,000
Interest and other charges	726,908	634,248	554,442	469,214	1,169,218	1,069,949	1,008,188	939,923	877,164	813,897
Total expenditures	73,330,560	76,441,956	81,784,689	83,630,443	90,139,900	99,269,674	93,249,923	89,289,259	89,751,341	94,327,971
Excess (Deficiency) of revenues over (under) expenditures	2,368,670	929,225	(4,655,639)	(4,225,058)	(8,544,454)	(14,099,605)	(5,476,924)	1,379,340	2,888,060	2,418,796

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

	Fiscal year ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Other Financing sources (uses)										
Capital leases (non-budgeted)	\$ 139,314	\$ -	\$ 6,688	\$ 1,200,000	\$ -	\$ -	\$ -	\$ -	\$ 137,725	\$ -
Proceeds from bonds	-	-	3,433,934	28,944,000	-	2,650,000	-	-	-	-
Payments to refunding bond escrow	-	-	-	-	-	(2,650,000)	-	-	-	-
Premium on sale of bonds	-	-	-	-	-	-	-	-	-	-
Cost of issuance	-	-	-	-	-	-	-	-	-	-
FEMA Reimbursement	-	-	83,042	-	-	-	-	-	-	-
Sale of assets	17,982	-	3,688	-	24,825	150	7,608	15,441	43,429	-
Transfers in	-	-	116	20,859	-	40,738	10,478	1,800	282	-
Transfers out	-	(150,000)	(116)	(20,858)	-	(40,738)	(10,478)	(1,800)	(282)	-
Total other financing sources (uses)	157,296	(150,000)	3,527,352	30,144,001	24,825	150	7,608	15,441	181,154	-
Net change in fund balances	\$ 2,525,966	\$ 779,225	\$ (1,128,287)	\$ 25,918,943	\$ (8,519,629)	\$ (14,099,455)	\$ (5,469,316)	\$ 1,394,781	\$ 3,069,214	\$ 2,418,796
Debt service as a percentage of noncapital expenditures	4.63%	4.36%	4.26%	4.08%	3.00%	4.34%	3.91%	3.83%	3.78%	3.56%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

Description	Fiscal year ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Sale of energy and utility rebates	\$ 17,085	\$ 3,990	\$ 3,884	\$ 4,480	\$ -	\$ 6,898	\$ 2,410	\$ -	\$ -	\$ 28,448
FEMA Reimbursement	-	-	83,042	-	-	-	-	-	-	-
Grants and Donations	31,628	-	193,279	25,000	1,620	-	-	-	3,000	193,610
Facility charge	267,470	259,327	273,683	273,485	277,016	282,979	272,332	295,444	333,514	6,703
Prior-year insurance refunds	-	-	-	-	41,466	-	720	560	40,508	66,667
Prior-year miscellaneous refunds	66,826	85,174	74,840	31,424	95,136	6,681	12,934	33,146	30,958	10,962
Sponsorship	27,950	27,250	24,250	25,800	23,100	25,100	23,600	16,500	10,500	7,600
Sale of assets	17,982	-	3,688	-	-	-	7,608	925	523	-
Tuition	20,698	6,813	66,021	65,142	19,248	138,091	233,095	310,487	118,251	21,115
Transportation fees	-	25,223	21,055	17,718	15,938	35,804	41,499	102,755	114,127	55,709
Interest	13,824	17,625	15,354	10,301	13,907	25,179	84,805	232,079	228,481	16,603
Cancellation of prior year checks	-	-	-	-	-	22,996	-	15,085	-	28,745
OTEA/OT	-	-	-	-	-	-	-	17,851	-	-
Shared services	38,939	26,233	38,584	30,090	27,529	47,447	110,740	105,619	47,177	60,842
Spartan Football Club Stipend	-	-	-	-	-	-	-	-	12,500	-
Advertising- School Buses	-	-	-	-	-	-	-	6,300	2,100	-
Miscellaneous	2,940	2,110	510	18,360	14,480	7,990	12,706	4,599	5,545	25,782
Total other local revenue	\$ 505,342	\$ 453,745	\$ 798,190	\$ 501,800	\$ 529,440	\$ 599,165	\$ 802,449	\$ 1,141,350	\$ 947,184	\$ 522,786

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qualified Farm	Commercial	Industrial	Apartment	Total Assessed Value	Less : Tax Exempt Property	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
2012	88,166,100	3,427,805,400	864,200	3,000	613,228,750	-	157,266,300	4,287,333,750	-	4,391,570	4,291,725,320	4,803,080,497	1.331
2013	83,425,400	3,425,911,290	1,196,900	4,800	596,484,760	-	157,243,600	4,264,266,750	-	4,531,727	4,268,798,477	4,566,355,552	1.362
2014	84,477,500	3,378,704,730	1,196,900	4,800	580,553,450	-	152,764,100	4,197,701,480	-	3,778,433	4,201,479,913	4,473,944,524	1.408
2015	84,178,000	3,382,560,000	1,111,900	4,700	573,206,000	-	151,604,900	4,192,665,500	-	3,785,482	4,196,450,982	4,539,382,409	1.431
2016	71,704,300	3,397,753,500	1,074,900	3,800	583,675,400	-	163,311,500	4,217,523,400	-	3,628,655	4,221,152,055	4,673,821,521	1.458
2017	71,984,400	3,897,335,500	1,273,700	3,900	631,943,700	-	218,542,400	4,821,083,600	-	4,034,953	4,825,118,553	4,759,112,032	1.323
2018	75,981,300	4,082,025,000	1,294,200	4,100	584,516,000	-	236,536,800	4,980,357,400	-	4,022,460	4,984,379,860	4,888,118,749	1.324
2019	79,745,200	4,326,880,300	1,311,000	4,100	608,674,920	-	242,693,900	5,259,309,420	213,680	4,064,174	5,263,159,914	5,269,784,142	1.286
2020	75,553,700	4,549,307,800	6,357,900	4,100	626,777,020	-	251,064,000	5,509,064,520	213,680	4,113,022	5,512,963,862	5,431,068,013	1.249
2021	75,277,000	4,723,221,400	6,344,800	4,100	631,128,957	1,744,600	262,583,600	5,700,304,457	421,743	4,345,832	5,704,228,546	5,647,489,912	1.227

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

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by the County Board of Taxation.

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

b Tax rates are per \$100.

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

Township of Ocean

Fiscal Year Ended June 30,	Township of Ocean Board of Education Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct School Tax Rate	Township of Ocean	Monmouth County	
2012	1.261	0.070	1.331	0.456	0.324	2.111
2013	1.292	0.070	1.362	0.470	0.323	2.155
2014	1.339	0.069	1.408	0.492	0.321	2.221
2015	1.361	0.070	1.431	0.493	0.326	2.250
2016	1.396	0.062	1.458	0.493	0.328	2.279
2017	1.252	0.071	1.323	0.442	0.286	2.051
2018	1.280	0.044	1.324	0.428	0.287	2.039
2019	1.233	0.053	1.286	0.415	0.285	1.986
2020	1.199	0.050	1.249	0.415	0.276	1.940
2021	1.180	0.047	1.227	0.415	0.272	1.914

Source: Borough Tax Collector

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

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

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

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

	2021	
	Taxable Assessed Value	% of Total District Net Assessed Value
Woodshire Apartments	\$ 74,558,100	1.31%
Seaview Acquisition LLC	57,609,837	1.01%
Continental Land Developers, LLC	33,197,000	0.58%
Cold Indian Spring Corp	27,666,400	0.49%
Aline Gold Shlinger Trust, Etals	27,092,300	0.48%
Sunset Arcadia Center Inc	25,853,100	0.45%
Primrose Estates, LLC	24,428,000	0.43%
Westwood Oaks Associates	20,500,000	0.36%
Hollywood Golf Club	17,956,000	0.32%
Continental Enterprise Apart, LLC	15,807,200	0.28%
TOTAL	\$ 324,667,937	5.71%

	2012	
	Taxable Assessed Value	% of Total District Net Assessed Value
Seaview Square, LLC c/o Linque Management	\$ 60,000,000	1.40%
Woodshire Apartments	48,393,500	1.13%
Ocean Seniors, LLC	23,987,300	0.56%
Westwood Oaks Associates	23,107,100	0.54%
Sears Roebuck & Co.	22,517,600	0.52%
Cold Indian Springs Corp	20,046,600	0.47%
Gold Enterprises c/o Salem Management	19,222,700	0.45%
Continental Land Developers, LLC	16,453,000	0.38%
Hollywood Golf Club	15,398,300	0.36%
Sunset Arcadia Center, Inc.	11,970,000	0.28%
TOTAL	\$ 261,096,100	6.09%

Source: Municipal Tax Assessor

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

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

Collected within the Fiscal Year of the Levy ^a

Year Ended December 31,	Total Tax Levy for the Fiscal Year	Amount	Percentage of Levy	Collections in Subsequent Years
2011	92,386,823	91,065,596	98.57%	1,077,649
2012	93,607,386	91,733,414	98.00%	1,501,009
2013	95,024,840	93,307,020	98.19%	1,231,454
2014	96,470,544	94,881,600	98.35%	1,385,810
2015	97,944,119	96,627,193	98.66%	1,305,974
2016	99,422,014	98,081,445	98.65%	1,135,286
2017	102,122,810	100,910,589	98.81%	1,140,142
2018	105,415,006	104,054,548	98.71%	1,300,051
2019	108,054,225	106,800,774	98.84%	1,101,864
2020	110,773,110	109,620,921	98.96%	N/A

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

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

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

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

Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases			
2012	17,700,000	123,561	17,823,561	1.03%	650
2013	15,055,000	97,909	15,152,909	0.87%	554
2014	12,365,000	3,510,707	15,875,707	0.87%	582
2015	38,564,000	4,146,230	42,710,230	2.24%	1,566
2016	37,299,000	3,523,750	40,822,750	2.10%	1,498
2017	34,870,000	3,081,295	37,951,295	1.88%	1,425
2018	32,470,000	2,675,426	35,145,426	1.65%	1,311
2019	30,030,000	2,256,278	32,286,278	1.46%	1,209
2020	27,560,000	2,207,040	29,767,040	N/A	1,120
2021	25,045,000	1,992,444	27,037,444	N/A	1,008

Source: District records

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

a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

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

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

Township of Ocean

<u>Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value of Property ^a</u>	<u>Net Bonded Debt Per Capita ^b</u>
2012	17,047,401	-	17,047,401	0.40%	626.58
2013	14,513,020	-	14,513,020	0.34%	535.52
2014	11,959,428	-	11,959,428	0.28%	442.42
2015	37,297,867	-	37,297,867	0.89%	1,382.22
2016	36,068,208	-	36,068,208	0.85%	1,339.28
2017	33,794,526	-	33,794,526	0.70%	1,268.85
2018	32,470,000	-	32,470,000	0.65%	1,210.89
2019	30,030,000	-	30,030,000	0.57%	1,124.80
2020	27,560,000	-	27,560,000	0.50%	1,036.83
2021	25,045,000	-	25,045,000	0.44%	933.78

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

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

- a** See Exhibit J-6 for property tax data.
- b** Population data can be found in Exhibit J-14.

OCEAN TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
For the Year Ended December 31, 2020
Unaudited

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Ocean	\$ 33,071,841	100.00%	\$ 33,071,841
Monmouth County General Obligation Debt	481,238,393	4.329%	20,832,810
Other debt			<u>-</u>
Subtotal overlapping debt			53,904,651
Ocean Township School District Direct Debt			<u>27,040,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 80,944,651</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2020

Equalized valuation basis	
2020	\$ 5,647,489,912
2019	5,513,177,542
2018	5,263,373,594
	<u>\$ 16,424,041,048</u>
Average equalized valuation of taxable property	\$ 5,474,680,349
Debt limit (4% of average equalization value)	218,987,214 ^a
Total Net Debt Applicable to Limit	<u>25,045,000</u>
Legal debt margin	<u>\$ 193,942,214</u>

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 213,728,756	\$ 200,266,753	\$ 189,054,243	\$ 146,622,630	\$ 124,268,127	\$ 192,172,462	\$ 163,570,407	\$ 171,887,912	\$ 182,585,747	\$ 193,942,214
Total net debt applicable to limit	17,700,000	15,055,000	12,365,000	38,564,500	37,299,000	34,870,000	32,470,000	30,030,000	27,560,000	25,045,000
Legal debt margin	\$ 196,028,756	\$ 185,211,753	\$ 176,689,243	\$ 108,058,130	\$ 86,969,127	\$ 157,302,462	\$ 131,100,407	\$ 141,857,912	\$ 155,025,747	\$ 168,897,214

Total net debt applicable to the limit as a percentage of debt limit	8.28%	7.52%	6.54%	26.30%	30.01%	18.15%	19.85%	17.47%	15.09%	12.91%
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Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation as posted on the Monmouth County Board of Taxation Website.

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

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

Township of Ocean

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2012	27,207	\$ 1,717,033,770	\$ 63,110	8.70%
2013	27,101	1,731,293,183	63,883	7.00%
2014	27,032	1,821,740,544	67,392	5.60%
2015	26,984	1,907,175,152	70,678	4.30%
2016	26,931	1,967,875,101	73,071	3.90%
2017	26,634	2,021,946,744	75,916	3.50%
2018	26,815	2,131,014,865	79,471	3.20%
2019	26,698	2,203,946,598	82,551	8.90%
2020	26,581	N/A	N/A	N/A
2021	26,821	N/A	N/A	N/A

Sources:

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

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

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

TOWNSHIP OF OCEAN

Employer	2021		2012	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
N/A	N/A		N/A	

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

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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instruction:										
Regular	264.8	263.5	266.8	267.4	267.9	265.4	256.0	255.0	256.0	257.0
Special education	103.0	111.7	116.0	126.4	133.5	142.4	141.2	138.3	130.0	131.7
Other special education	35.5	31.0	31.0	20.5	25.0	25.0	21.0	18.5	25.0	25.0
Other instruction	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Support Services:										
Student and instruction related services	79.7	82.0	87.0	97.0	93.0	103.0	105.0	101.8	91.0	87.8
General administration	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
School administration services	25.0	25.0	25.0	25.0	25.0	24.0	23.0	23.0	23.0	27.0
Central services	8.0	8.0	8.0	8.0	8.0	8.0	8.0	7.0	7.0	7.0
Administrative information technology	8.0	9.0	11.0	11.0	11.0	11.0	13.0	13.0	13.0	13.0
Plant operations and maintenance	60.0	57.0	56.0	61.5	62.0	61.0	63.5	67.0	53.0	51.0
Pupil transportation	41.0	43.0	44.0	45.0	45.0	44.0	44.0	46.0	42.0	36.0
Total	635.0	640.2	654.8	671.8	680.4	693.8	684.7	679.6	650.0	645.5

Source: District records.

OCEAN TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Pupil/Teacher Ratio										Student Attendance Percentage	
	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c		% Change in Average Daily Enrollment
2012	3,931	68,799,853	17,502	N/A	358	11.3:1	10.2:1	11.6:1	3,935	3,777	N/A	95.98%
2013	3,852	71,901,004	18,666	6.65%	375	11.3:1	9.8:1	11.3:1	3,811	3,645	-3.15%	95.64%
2014	3,816	73,005,308	19,131	2.49%	371	10.3:1	9.4:1	11.4:1	3,781	3,618	-0.79%	95.69%
2015	3,750	76,176,388	20,314	6.18%	367	10.3:1	9.2:1	11.2:1	3,726	3,571	-1.45%	95.84%
2016	3,655	78,706,041	21,534	6.01%	370	9.9:1	8.6:1	11.3:1	3,629	3,485	-2.60%	96.03%
2017	3,584	80,935,056	22,582	4.87%	369	9.8:1	8.6:1	10.9:1	3,560	3,410	-1.90%	95.79%
2018	3,514	83,834,392	23,857	5.65%	364	9.8:1	8.6:1	10.7:1	3,485	3,335	-2.11%	95.70%
2019	3,426	84,901,161	24,781	3.87%	355	9.5:1	9.3:1	10.2:1	3,400	3,243	-2.44%	95.38%
2020	3,305	85,221,761	25,786	4.06%	411	7.5:1	8.4:1	8.4:1	3,253	3,148	-4.32%	96.77%
2021	3,274	90,081,819	27,514	6.70%	416	7.3:1	8.1:1	8.4:1	3,251	3,094	-0.06%	95.17%

Sources: District Records

Note: Enrollment based on annual October district count.

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

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

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

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

District Building	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Elementary										
Wanamassa Elementary School										
Square feet	59,580	59,580	59,580	59,580	59,580	59,580	80,529	80,529	80,529	80,529
Capacity (students)	477	477	477	477	477	477	477	477	477	477
Enrollment	371	342	325	318	295	315	309	316	305	325
Ocean Township Elementary School										
Square feet	76,160	76,160	76,160	76,160	76,160	76,160	77,797	77,797	77,797	77,797
Capacity (students)	609	609	609	609	609	609	609	609	609	609
Enrollment	459	440	460	419	411	386	426	396	366	380
Wayside Elementary School										
Square feet	147,375	147,375	147,375	147,375	147,375	147,375	96,987	96,987	96,987	96,987
Capacity (students)	713	713	713	713	713	713	713	713	713	713
Enrollment	581	602	630	677	660	652	606	585	566	570
Middle School										
Ocean Township Intermediate School										
Square feet	257,400	257,400	257,400	257,400	257,400	257,400	231,031	231,031	231,031	231,031
Capacity (students)	1,951	1,951	1,951	1,951	1,951	1,951	1,951	1,951	1,951	1,951
Enrollment	1,284	1,230	1,175	1,135	1,081	1,075	1,053	1,050	1,029	977
High School										
Ocean Township High School										
Square feet	200,215	200,215	200,215	200,215	200,215	200,215	224,295	224,295	224,295	224,295
Capacity (students)	1,326	1,326	1,326	1,326	1,326	1,326	1,326	1,326	1,326	1,326
Enrollment	1,236	1,238	1,226	1,201	1,208	1,156	1,120	1,079	1,039	1,022

Number of Schools at June 30, 2020

Elementary = 3
 Middle = 1
 High = 1

Source: District records

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

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

Undistributed Expenditures - Required Maintenance for School Facilities 11-000-261-XXX	Gross Square Footage	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
School facilities											
Ocean Township Elementary School	77,797	\$ 94,390	\$ 93,120	\$ 124,610	\$ 122,247	\$ 100,822	\$ 128,875	\$ 120,169	\$ 97,900	\$ 87,684	\$ 173,340
Ocean Township High School	224,295	391,314	305,615	308,456	423,187	319,849	270,142	323,544	298,983	287,527	456,594
Ocean Township Intermediate School	231,031	305,409	376,229	276,040	324,327	322,773	274,200	288,107	294,184	285,759	441,068
Wanamassa Elementary School	80,529	83,580	69,039	75,967	77,613	76,277	76,810	114,669	97,457	87,965	171,393
Wayside Elementary School	96,987	154,798	156,815	152,939	155,759	158,277	157,805	141,516	104,926	115,700	195,879
Total School Facilities		<u>1,029,491</u>	<u>1,000,818</u>	<u>938,012</u>	<u>1,103,133</u>	<u>977,998</u>	<u>907,832</u>	<u>988,005</u>	<u>893,450</u>	<u>864,635</u>	<u>1,438,274</u>
Grand Total		<u>\$ 1,029,491</u>	<u>\$ 1,000,818</u>	<u>\$ 938,012</u>	<u>\$ 1,103,133</u>	<u>\$ 977,998</u>	<u>\$ 907,832</u>	<u>\$ 988,005</u>	<u>\$ 893,450</u>	<u>\$ 864,635</u>	<u>\$ 1,438,274</u>

Source: District Records

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

OCEAN TOWNSHIP SCHOOL DISTRICT

Insurance Schedule

June 30, 2021

Unaudited

	Coverage	Deductible/ Self-Insured Retention
Through the New Jersey Schools Insurance Group:		
Property coverage- Real and personal		
Limit of Liability, per Occurrence	\$ 500,000,000	\$ 5,000
Electronic Data Processing Equipment		
Limit of Liability, per Occurrence	\$ 5,881,900	\$ 1,000
Equipment Breakdown		
Limit of Liability, per Loss	\$ 100,000,000	\$ 25,000
Crime		
Public Employee Dishonesty	\$ 1,000,000	\$ 1,000
Theft, Disappearance and Destruction- Money and Securities	\$ 25,000	\$ 500
Theft, Disappearance and Destruction- Money Orders and Counterfeit Paper Currency	\$ 100,000	\$ 500
Forgery or Alteration	\$ 250,000	\$ 1,000
Computer Fraud	\$ 1,000,000	\$ 1,000
Comprehensive General Liability		
Limit of Liability, per Occurrence	\$ 11,000,000	\$ -
Automobile		
Liability- any Auto		
Bodily Injury and Property Damage		
Limit of Liability, per Accident	\$ 11,000,000	\$ -
Terrorism, per Occurrence/Annual NJSIG Aggregate	\$ 1,000,000	\$ -
Physical Damage- Scheduled Vehicles only		
Comprehensive, Collision and Hired Car Physical Damage	\$ -	\$ 1,000
Workers' Compensation		
Workers' compensation		
Limit of Liability	Statutory	\$ -
Employers Liability/Occupational Disease		
Limit of Liability, per Occurrence	\$ 3,000,000	\$ -
School Leaders Errors and Omissions Liability		
Limit of Liability, Each Policy Period	\$ 10,000,000	\$ -
Each Claim	\$ -	\$ 20,000
Bonds:		
Treasurer	\$ 375,000	\$ 1,000
Through Federal Insurance Company:		
Supplemental Indemnity Program- Business Travel Accident		
Limit of Liability, per Accident	\$ 100,000	\$ -
Through Catlin Insurance Company Incorporated:		
Student Accident- Basic		
Total Benefit Maximum for all Accidental Medical		
School Coverage	\$ 25,000	\$ -
Sports Coverage	\$ 25,000	\$ -
Accidental Death and Dismemberment		
Accidental Death	\$ 10,000	\$ -
Accidental Single Dismemberment	\$ 25,000	\$ -
Accidental Double Dismemberment	\$ 50,000	\$ -

OCEAN TOWNSHIP SCHOOL DISTRICT

Insurance Schedule

June 30, 2021

Unaudited

	<u>Coverage</u>	<u>Deductible/ Self-Insured Retention</u>
Through United States Fire Insurance Company:		
Student Accident- Catastrophic		
Accident Death Benefit, per Occurrence Annually	\$ 50,000	\$ -
Benefit Period of Ten Years with a Maximum Benefit Amount	\$ 5,000,000	\$ 25,000
Through National Union Fire Insurance Company of Pittsburgh, PA:		
Crisis Management		
Expenses, Each Insured Event	\$ 1,000,000	\$ -
Judgements, Each Insured Event	\$ 1,000,000	\$ -
Death or Dismemberment, Each Insured Event	\$ 2,500,000	\$ -
Death or Dismemberment, Each Insured Person	\$ 250,000	\$ -
Disappearance, Each Insured Event	\$ 250,000	\$ -
Disappearance, Each Insured Person	\$ 250,000	\$ -
Threat, Each Insured Event	\$ 250,000	\$ -
Through Breazley Insurance Company, Inc.		
Cyber Liability		
Aggregate Sublimit of Liability	\$ 2,000,000	\$ -
Through Ironshore Specialty Insurance Company		
Environmental		
Policy Aggregate Limit	\$ 11,000,000	\$ 1,000,000
Through Aspen Specialty Insurance Company		
Demolition and Rebuild following an Active Assailant Incident		
Policy Aggregate Limit	\$ 10,000,000	\$ -
Through Lloyd's Insurance Company		
Terrorism		
Policy Aggregate Limit	\$ 100,000,000	\$ -

SINGLE AUDIT SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ocean Township School District, in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Ocean Township School District's basic financial statements, and have issued our report thereon dated March 14, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did identify a deficiency in internal control, described in the accompanying schedule of findings and recommendations that we consider to be material weaknesses, finding 2021-001.

Compliance and Other Matters

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

Management's Response to Finding

Management's response to the finding identified in our audit is described in the accompanying schedule of current findings and recommendations. Management's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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



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

Red Bank, New Jersey
March 14, 2022

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

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

Report on Compliance for Each Major Federal and State Program

We have audited the Ocean Township School District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Ocean Township School District's major federal and state programs for the year ended June 30, 2021. The Ocean Township School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Ocean Township School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

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

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

Opinion on Each Major Federal and State Program

In our opinion, the Ocean Township School District, in the County of Monmouth, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2021-002 that we consider to be a significant deficiency.

The Purpose of this Report

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

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



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

Red Bank, New Jersey
March 14, 2022

OCEAN TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Program Amount	Balance at June 30, 2020 Deferred Revenue (Accts. Rec.)	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2021 Accounts Receivable	Balance at June 30, 2021 Due to Grantor
					From	To							
U.S. Department of Education													
General Fund:													
Medical Assistance Program (SEMT)	93.778	2005NUSMAP	N/A	\$ 38,574	7/1/20	6/30/21		\$ -	\$ -	\$ 38,574	\$ (38,574)	\$ -	\$ -
Total General Fund										\$ 38,574	\$ (38,574)	\$ -	\$ -
U.S. Department of Education													
Passed-through State Department of Education:													
Special Revenue Fund:													
Elementary and Secondary Education Act:													
Title I, Part A, Improving Basic Skills	84.010	S010A200030	NCLB-21	510,085	7/1/20	6/30/21		-	17,973	320,882	(504,126)	(183,244)	-
Title I, Part A, Improving Basic Skills	84.010	S010A190030	NCLB-20	499,000	7/1/19	6/30/20		(226,789)	(17,973)	226,789	-	(183,244)	-
Total Title I								(226,789)	-	547,671	(504,126)	(183,244)	-
Title II, Part A, Improving Teacher Quality	84.367A	S367A200029	NCLB-21	112,918	7/1/20	6/30/21		-	12,927	63,992	(107,333)	(43,341)	-
Title II, Part A, Improving Teacher Quality	84.367A	S367A190029	NCLB-20	91,751	7/1/19	6/30/20		(42,327)	(12,927)	42,327	-	(43,341)	-
								(42,327)	-	106,319	(107,333)	(43,341)	-
Title IIIA, English Language Enhancement	84.365	S365A200030	NCLB-21	33,912	7/1/20	6/30/21		-	89	21,531	(33,912)	(12,381)	-
Title IIIA, English Language Enhancement	84.365	S365A190030	NCLB-20	35,979	7/1/19	6/30/20		(17,406)	(89)	17,406	-	-	-
Title IIIA, Immigrant	84.365A	S365A200030	NCLB-20	12,854	7/1/19	6/30/20		(4,526)	(1)	4,526	-	-	-
Title IIIA, Immigrant	84.365A	S365A190030	NCLB-21	12,077	7/1/20	6/30/21		(21,932)	-	43,463	(33,912)	(12,381)	-
								(21,932)	-	43,463	(33,912)	(12,381)	-
Total Elementary and Secondary Education Act								(291,048)	-	697,453	(645,371)	(238,966)	-
Education Stabilization Fund:													
COVID 19-CARES Emergency Relief Grant	84.425D	CARE5190020	N/A	461,623	3/13/20	9/30/22		(173,718)	-	446,803	(283,958)	(10,873)	-
Career and Technical Education- Perkins V	84.048	V048A200030	N/A	16,857	7/1/20	6/30/21		-	-	14,382	(16,857)	(2,475)	-
Career and Technical Education-Teacher Pathway	84.051D	V051D170008	N/A	100,000	3/1/20	6/30/21		-	-	70,975	(99,880)	(28,905)	-
Special Education Cluster (IDEA):													
IDEA, Part B, Basic Regular	84.027	H027A200100	FT-21	1,013,447	7/1/20	6/30/21		-	26,135	979,196	(1,013,447)	(34,251)	-
IDEA, Part B, Basic Regular	84.027	H027A190100	FT-20	966,863	7/1/19	6/30/20		(126,911)	(26,135)	126,911	-	-	-
IDEA, Preschool	84.173	H173A190114	PS-20	42,236	7/1/19	6/30/20		(7,545)	-	7,545	-	-	-
IDEA, Preschool	84.173	H173A200114	PS-21	41,938	7/1/20	6/30/21		(134,456)	-	1,113,652	(1,055,385)	(41,938)	-
Total Special Education Cluster								(134,456)	-	1,113,652	(1,055,385)	(76,189)	-
U. S. Department of Treasury:													
Coronavirus Relief Fund- Non-public Technology	21.019	N/A	N/A	33,975	3/1/20	12/31/20		-	-	33,790	(33,790)	-	-
Coronavirus Relief Fund	21.019	N/A	N/A	196,110	3/1/20	12/31/20		-	-	196,110	(196,110)	-	-
Total U.S. Department of Treasury								(599,222)	-	2,573,165	(2,331,351)	(357,408)	-
Total Special Revenue Fund								(599,222)	-	2,573,165	(2,331,351)	(357,408)	-
U.S. Department of Agriculture													
Passed-through State Department of Education:													
Enterprise Fund (Children Nutrition Cluster):													
Food Distribution Program	10.555	211NJ304N1099	N/A	73,327	7/1/20	6/30/21		-	-	69,050	(69,050)	-	-
School Breakfast Program	10.553	211NJ304N1099	N/A	563,511	7/1/20	6/30/21		-	-	473,814	(563,511)	(89,697)	-
School Breakfast Program	10.553	201NJ304N1099	N/A	120,628	7/1/19	6/30/20		(40,451)	-	40,451	-	-	-
National School Lunch Program	10.555	211NJ304N1099	N/A	1,243,063	7/1/20	6/30/21		(63,987)	-	959,740	(1,243,063)	(283,323)	-
National School Lunch Program	10.555	201NJ304N1099	N/A	368,175	7/1/19	6/30/20		(104,438)	-	63,987	(1,875,624)	(373,020)	-
Total Enterprise Fund (Child Nutrition Cluster)								(104,438)	-	1,607,042	(1,875,624)	(373,020)	-
Total Federal Awards								(703,660)	\$ -	4,218,781	(4,245,549)	\$ (730,428)	\$ -

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

Ocean Township School District
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
June 30, 2021

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U. S. *Code of Federal Regulation Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey Office of Management and Budget Circular 15-08, *Single Audit Policy for Recipients of Federal Grants and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(338,211) for the general fund and \$50,673 for the special revenue fund. See C-3 (Notes to the Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

**Ocean Township School District
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
June 30, 2021**

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (continued)

Awards and financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 38,574	\$21,541,111	\$21,579,685
Special Revenue Fund	2,448,712	1,883,669	4,332,381
Debt Service Fund	-	612,462	612,462
Food Service Fund	<u>1,875,624</u>	<u>55,956</u>	<u>1,931,580</u>
Total Awards and Financial Assistance	<u>\$ 4,362,910</u>	<u>\$24,093,198</u>	<u>\$28,456,108</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

The amount reported as TPAF Pension- Non-Contributory Insurance and Post-Retirement Medical Contributions and Normal Costs represents the amount paid by the State on behalf of the District for the year ended June 30, 2021. Reimbursed TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2021.

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

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

NOTE 7. INDIRECT COST RATE

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

**TOWNSHIP OF OCEAN BOARD OF EDUCATION
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- 1. Material weakness (es) identified? yes no
- 2. Significant deficiencies identified? yes none reported

Noncompliance material to basic financial statements noted? yes no

Federal Awards

Internal Control over major programs:

- 1. Material weakness (es) identified? yes no
- 2. Significant deficiencies identified? yes none reported

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

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

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>FAIN Number (s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	S010A200030	Title I Grants to Local Educational Agencies Child Nutrition Cluster
10.555	211NJ304N1099	National School Lunch Program
10.553	211NJ304N1099	School Breakfast Program

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

Auditee qualified as low-risk auditee? yes no

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021
(Continued)

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

State Awards

Internal Control over major programs:

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

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

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

Identification of Major Programs:

State Grant/Project Number(s)	Name of State Program
21-495-034-5120-084	State Aid Public Cluster
21-495-034-5120-085	Categorical Security Aid
21-495-034-5120-089	Adjustment Aid
21-495-034-5120-086	Categorical Special Education Aid
21-495-034-5094-003	Preschool Education Aid
21-495-034-5120-044	Reimbursed TPAF Social Security Contributions
20-495-034-5120-014	Extraordinary Special Education Costs Aid
	Transportation Aid

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

Auditee qualifies as low-risk auditee? yes no

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021
(Continued)

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting.

Finding 2021-001 Material Weakness

Criteria or Specific Requirement:

Management is responsible for making all financial records and related information available and for the accuracy and completeness of that information. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

Condition:

Several conditions were noted during the audit procedures indication a need to strengthen internal control as follows:

- Trial balances provided during the audit field work required adjustment in some cases,
- Schedules prepared by the client did not in all cases reconcile to the underlying data and general ledger,
- Certain journal entries provided by the client were a result of questions made during the audit.

Cause:

Significant turnover of staff responsible for maintaining the general ledger system.

Effect:

General ledger and trial balance information presented for current year audit needed significant, material adjustments to reflect current year activity.

Recommendation:

Management should ensure all required general ledger closing processes of the general ledger system are properly completed and that all current year journal entries and post-closing entries are posted accurately and timely to the general ledger. All general ledger accounts should be reviewed periodically throughout the year to ensure accuracy of balances.

Management's Response:

Management is in agreement with the finding. As a result of personnel turnover, the general ledger and trial balance information presented for the current year needed significant, material adjustments. Consistent with the recommendation, appropriate training and procedures have been implemented to ensure all post-closing and year end processes and entries are completed properly and timely. Also, general ledger accounts will be reviewed periodically throughout the year to ensure accuracy of balances.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021
(Continued)

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

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

Current Year - Federal Awards:

N/A

Current Year - State Awards:

Finding 2021-002

Program Information:

Reimbursed FICA Social Security #21-495-034-5095-051

Criteria or Specific Requirement:

Management is responsible for reporting accuracy in determining the reimbursement remittance to the State under the program.

Condition:

Clerical errors contained in the reimbursement report as originally filed resulted in revisions to the reports and amounts due to the State of New Jersey for TPAF/FICA reimbursement.

Cause:

Significant turnover of staff responsible for preparing the reimbursement remittance.

Effect:

The initial submission report and remittance was incorrect, and revisions were necessary.

Questioned Costs

None

Recommendation

Management should ensure the accuracy of reporting and calculating the FICA reimbursement.

Management's Response

Management will ensure that the FICA reimbursement reports reconcile with the amount of pensionable wages charged to Federal programs, as well as determining that the reimbursement calculation is mathematically accurate.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Summary Schedule of Prior-Year Audit Findings
For the Fiscal Year Ended June 30, 2020

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

No matters were reported.