

Ocean Township School District

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015**

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

For the Fiscal Year Ended June 30, 2015

**Prepared by
Ocean Township Board of Education
Business Department**

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INTRODUCTORY SECTION



TOWNSHIP OF OCEAN SCHOOL DISTRICT

Kenneth Jannarone

ISchool Business Administrator

December 10, 2015

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

Dear Board Members:

The comprehensive annual financial report (CAFR) of the Township of Ocean School District (District) for the fiscal year ended June 30, 2015, is hereby submitted. This CAFR includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards (GASB), Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes Management's Discussion and Analysis, the Basic Financial Statements and notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information, as well as the auditor's report hereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis, as the information was available to us. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996, as amended, and the U.S. Office of Management and Budget Circular Letter A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB Circulars 04-04 and 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 structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: 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 2014-2015 fiscal year with an enrollment of 3,750 students, which is 66 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
2014-2015	3750	<1.73>%
2013-2014	3816	<0.93>%
2012-2013	3852	<2.01>%
2011-2012	3931	<1.97>%
2010-2011	4010	<2.34>%

PROJECTED STUDENT ENROLLMENT

Fiscal Year	Student Enrollment	Percent Change
2015-2016	3,714	<0.96>%
2016-2017	3,649	<1.75>%
2017-2018	3,568	<2.22>%
2018-2019	3,530	< 1.06>%

2) ECONOMIC CONDITION AND OUTLOOK: Housing in Ocean Township has been affected by the economy and the conversion of former year round residences to summer living and winter rentals. The real estate market continues to be depressed but may be ready to rebound, as there are still many homes for sale in Ocean Township. Though the average price of homes has come down, there are fewer homes being sold. Additionally, there are an ever-increasing number of homes that are used for summer living only, resulting in a student enrollment decrease.

3) MAJOR INITIATIVES: The Township of Ocean Schools strives to meet the educational needs of all students. This school year will see the full implementation of the Common Core Standards as well as the implementation of the PAARC assessments. The District has increased the instructional technology available to students by providing all students in grades three 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 and science, 2) technology, 3) engineering and 4) math (STEM) education. Major facility upgrades are planned to address growth in these areas. 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	200,215
Twp. of Ocean Intermediate School	1200 West Park Ave	1974	257,400
Wayside Elementary School	733 Bowne Road	1969	147,375
Ocean Twp. Elementary School	555 Dow Avenue	1957	76,160
Wanamassa Elementary School	901 Bendermere Ave	1930	59,580
Administration Office Bldg.	163 Monmouth Road	1900	46,850

4) FACILITIES (Continued)

On December 9, 2014, the Township of Ocean and Village of Loch Arbour residents approved a 28.9 million dollar school construction referendum. Renovations and additions will occur at each of the district's five schools. Construction has begun in the summer of 2015 and will continue until the spring of 2017.

5) 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 and regulations.

6) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the 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, 2015.

7) 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.

8) 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.


9) 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.

10) 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 Single Audit Act of 1996, as amended, and the related OMB Circular A-133 and New Jersey OMB's Circulars 04-04 and 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.

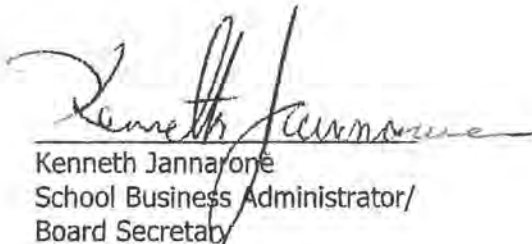
11) ACKNOWLEDGEMENTS:

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

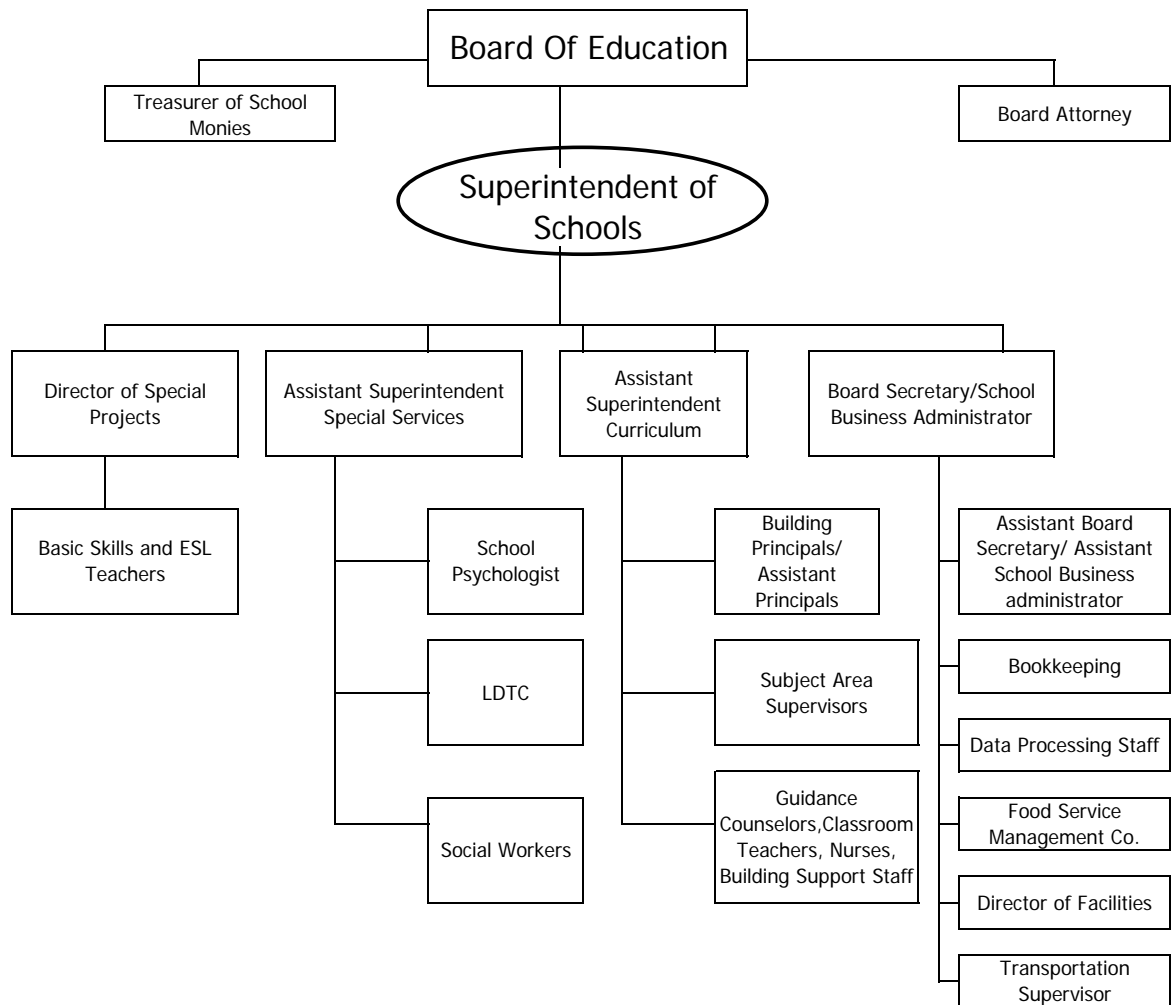
Respectfully submitted,



James Stefankiewicz
Superintendent of Schools



Kenneth Jannarone
School Business Administrator/
Board Secretary



OCEAN TOWNSHIP BOARD OF EDUCATION

BOARD MEMBERS 2015

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Denise Parlamas, President	2015
Joseph Haddon, Vice President	2017
Robert Angelini	2015
Cliff Brautigan	2015
Sylvia Sylvia- Cioffi	2016
Amy McGovern	2016
Sean Moore	2016
Marwin Meller	2015
Michael Palutis	2015
Abby Lewis - Student Representative	
Annabelle Madden - Student Representative	
Michael Nordstrom - Student Representative	

Other Officials

James Stefankiewicz, Superintendent

Kenneth Jannarone, Board Secretary/School Business Administrator

George Stone, Assistant School Business Administrator

Joseph Zanno, Treasurer

Michael J. Gross, Esq.

OCEAN TOWNSHIP SCHOOL DISTRICT
Consultants, Independent Auditor and Advisors
June 30, 2015

Board Attorney

Kenney, Gross, Kovats & Parton
130 Maple Avenue Building 8
Red Bank, NJ 07701

Board Auditor

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

Official Depository

Santander Bank
57 Monmouth Road
Oakhurst, NJ 07755

FINANCIAL SECTION

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Ocean Township 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 School District), in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 judgement, 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, 2015, 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. 68, *Accounting and Financial Reporting for Pension - an Amendment of GASB Statement No. 27*, effective July 1, 2014. Net position as of June 30, 2014 has been restated as a result. Our opinions are not modified with respect to this matter.

Also, as discussed in Note 1, Ocean Township School District adopted the provisions of GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, effective July 1, 2014. Net position as of June 30, 2014 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 and budgetary comparison 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, financial schedules, statistical section, schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and schedule of expenditures of state financial assistance as required by New Jersey OMB's Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2015 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ocean Township School District's internal control over financial reporting and compliance.

Smolin, Lupin & Co., P.A.
SMOLIN, LUPIN & CO., P.A.
Certified Public Accountants

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

Red Bank, New Jersey
December 10, 2015

REQUIRED SUPPLEMENTARY INFORMATION - PART I

**OCEAN TOWNSHIP SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
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, 2015. 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 2015 are as follows:

- In total, net position increased \$1,034,242, which represents a 3 percent increase from 2014.
- General revenues accounted for \$70,082,460 in revenue or 87 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 \$10,589,204 or 13 percent of total revenues of \$80,671,664.
- Total assets of governmental activities increased by \$29,782,903 as cash and cash equivalents increased by \$27,216,985, receivables increased by \$79,001, and net capital assets increased by \$2,486,917. The increase in net capital assets represents new major capital projects completed in the fiscal year including locker room renovations and energy savings. The large increase in cash and cash equivalents is proceeds from the Bond Referendum.
- The School District had \$85,798,215 in expenses; only \$16,749,997 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$70,082,460 were adequate to provide for these programs.
- Among major funds, the General Fund had \$73,972,313 in revenues and \$76,294,816 in expenditures. The General Fund's balance decreased \$1,101,645 from 2014.
- Fund Balance for the General Fund as of the fiscal year end was \$6,487,808. The undesignated portion of surplus was \$3,415,316. Based on our calculation of excess surplus, the maximum of undesignated fund balance (2%) is \$1,732,787. The excess \$1,682,529 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 general revenue on Schedule A-2.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

**OCEAN TOWNSHIP SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

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 2015?" 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.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 24. 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.

**OCEAN TOWNSHIP SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

Reporting the School District's Most Significant Funds (continued)

Proprietary Funds

Proprietary funds include enterprise funds and fiduciary funds. The enterprise fund uses the same basis of accounting as business-type activities. Our school district uses the enterprise fund to report the Board's cafeteria operations. Fiduciary funds are used to account for assets held by the district on behalf of others and include the Student Activities Fund, Payroll and Agency Funds, and the Unemployment Trust Fund.

Long-Term Debt

A separate section is used to account for all Long-Term Debt including detail of serial bonds payable and Obligations under Capital Leases.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 32 to 58 of this report.

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 2015 and 2014.

	Table 1			
	Net Position			
	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Assets				
Current and other assets	\$36,512,806	\$ 9,216,820	\$ 178,013	\$ 207,025
Capital assets	<u>44,561,935</u>	<u>42,075,018</u>	<u>47,283</u>	<u>55,812</u>
Total Assets	<u>\$81,074,741</u>	<u>\$51,291,838</u>	<u>\$ 225,296</u>	<u>\$ 262,837</u>
Deferred Outflows	<u>2,978,925</u>	<u>43,859</u>	<u>-</u>	<u>-</u>
Liabilities				
Long-term liabilities	62,734,077	15,158,254	-	-
Current portion of long-term debt	2,017,102	3,299,805	-	-
Other liabilities	<u>4,161,469</u>	<u>1,677,509</u>	<u>149,275</u>	<u>164,322</u>
Total Liabilities	<u>68,912,648</u>	<u>20,135,568</u>	<u>149,275</u>	<u>164,322</u>
Deferred Inflows	<u>1,676,333</u>	<u>511,738</u>	<u>3,596</u>	<u>3,836</u>
Net Position				
Invested in capital assets, net of debt	1,851,705	26,199,311	47,283	55,812
Restricted	33,319,170	7,421,919	-	-
Unrestricted	<u>(21,706,190)</u>	<u>(2,932,839)</u>	<u>25,142</u>	<u>38,867</u>
Total Net Position	<u>\$13,464,685</u>	<u>\$30,688,391</u>	<u>\$ 72,425</u>	<u>\$ 94,679</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

The School District as a Whole (continued)

The District's combined net position of \$13,537,110 on June 30, 2015 results in an decrease of 56 percent from the prior year due to the recording of the PERS pension liability.

Table 2 shows the changes in net position for fiscal year 2015 and 2014.

Table 2
Change in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>

Revenues

Program revenues:

Charge for services	\$ 338,627	\$ 339,704	\$ 600,395	\$ 645,088
Operating grants and contributions	16,411,370	7,932,435	607,213	531,929

General revenues:

Property taxes	61,669,419	60,557,414	-	-
Grants and entitlements	8,170,339	7,927,627	-	-
Other	242,702	564,941	-	-

Total revenues	79,464,056	77,322,121	1,207,608	1,177,017
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Program Expenses

Instruction	51,958,094	44,471,309	-	-
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Support services:

Pupils and instructional staff	15,208,680	13,164,872	-	-
General and school administration	6,167,017	6,039,492	-	-
Business operations and maintenance	7,662,856	6,952,515	-	-
Pupil transportation	3,904,511	3,908,356	-	-

Interest on debt	674,061	545,646	-	-
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Food service	-	-	1,229,862	1,202,792
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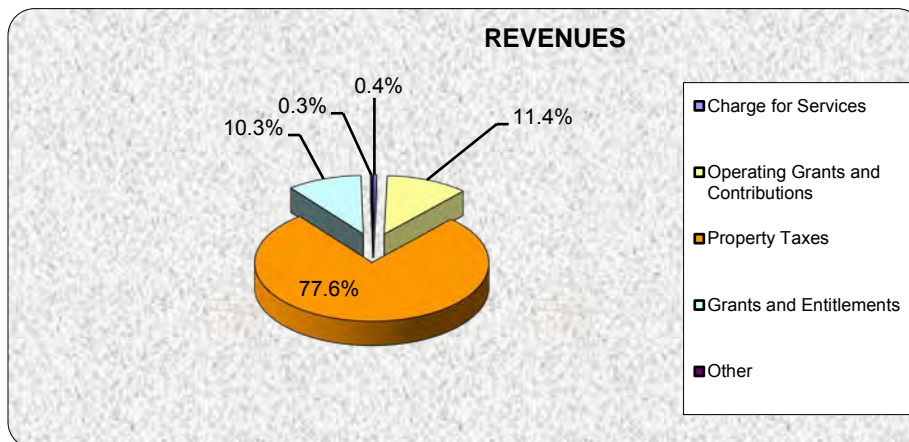
Other	222,996	235,582	-	-
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Total expenses	85,798,215	75,317,772	1,229,862	1,202,792
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Increase (decrease) in Net Position	1,034,242	2,004,349	(22,254)	(25,775)
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Net Position - beginning, as adjusted in 2015	12,430,443	28,684,042	94,679	120,454
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Net Position - ending	\$13,464,685	\$30,688,391	\$ 72,425	\$ 94,679
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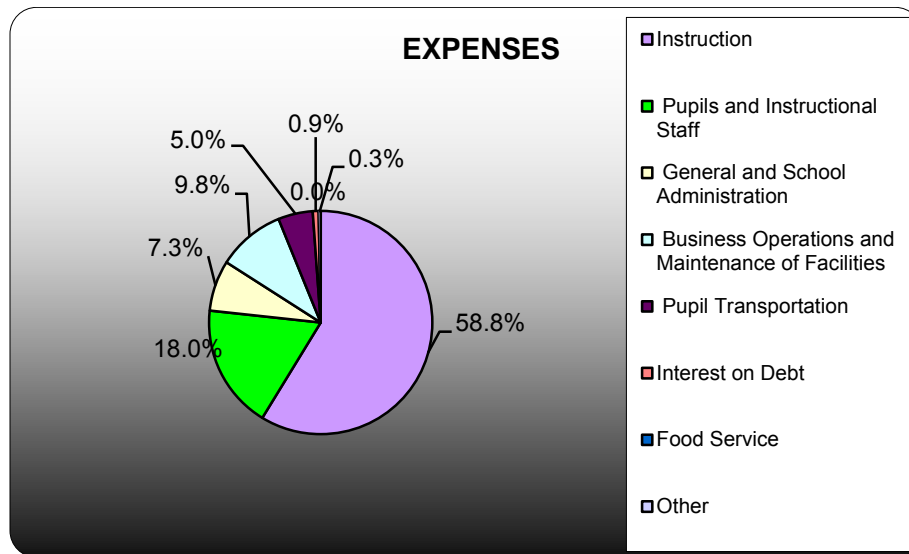


**OCEAN TOWNSHIP SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
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Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the School District operations. Property taxes made up 78 percent of revenues. For governmental activities for the Township of Ocean School District for fiscal year 2015 and 78 percent for fiscal year 2014. Property tax revenues increased by \$1,112,005, which is a 1.8 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 11 percent of revenues.

Total expenses for the fiscal year was \$85,798,215.



Program expenses includes instruction which comprises 59 percent of total expenses. Support services comprises 41 percent of total expenses.

Business-Type Activities are not shown above. Revenues for the Food Service Fund totaled \$1,207,608 which were comprised of charges for services in the amount of \$600,395 and federal and state reimbursements in the amount of \$607,213. Total operating expenses totaled \$1,229,862.

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

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

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 2015</u>	<u>Net Cost of Services 2015</u>	<u>Total Cost of Services 2014</u>	<u>Net Cost of Services 2014</u>
Instruction	\$51,958,094	\$40,171,500	\$44,471,309	\$39,003,573
Support services:				
Pupils and instructional staff	15,208,680	12,765,022	13,164,872	12,015,896
General and school administration and business services	6,167,017	4,991,396	6,039,492	5,416,123
Operations and maintenance of facilities	7,662,856	6,777,970	6,952,515	6,276,639
Pupil transportation	3,904,511	3,510,415	3,908,356	3,618,195
Interest and fiscal charges	674,061	674,061	545,646	545,646
Other	<u>222,996</u>	<u>157,854</u>	<u>235,582</u>	<u>169,561</u>
 Total expenses	 <u>\$85,798,215</u>	 <u>\$69,048,218</u>	 <u>\$75,317,772</u>	 <u>\$67,045,633</u>

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

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

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

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

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

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

Other includes special schools.

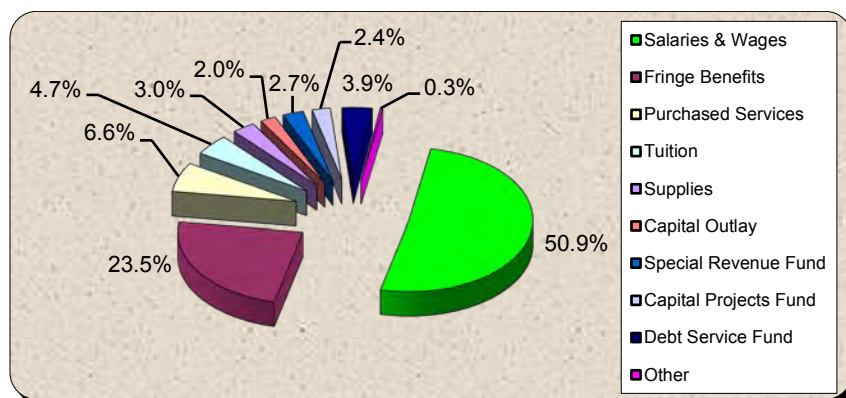
The dependence upon tax revenues is apparent. Over 99 percent of instruction activities are supported through taxes and other general revenues; for all activities, general revenue support is 99.9 percent. The community, as a whole, is the primary support for the Township of Ocean School District.

**OCEAN TOWNSHIP SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
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The School District's Funds

Information about the School District's governmental funds starts on page 24. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$79,405,385 and expenditures of \$83,630,443. The net change in fund balance for B-2 the year was most significant in the General Fund, a decrease of \$1,101,645. As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

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



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

	<u>2015</u>	<u>2014</u>	<u>% Change</u>
Salaries and wages	\$41,978,062	\$41,073,317	2.20%
Fringe benefits	19,408,640	17,981,725	7.94%
Purchased services	5,988,444	5,336,700	12.21%
Tuition	3,869,909	3,698,960	4.62%
Supplies	2,457,964	2,713,388	(9.41)%
Capital outlay	2,316,428	2,276,211	1.77%
Special Revenue fund	2,198,000	2,056,975	6.86%
Capital Projects fund	1,923,413	3,258,728	(40.97)%
Debt Service fund	3,214,214	3,244,442	(0.93)%
Other	<u>275,369</u>	<u>144,243</u>	<u>90.91%</u>
Total	<u>\$83,630,443</u>	<u>\$81,784,689</u>	<u>2.25%</u>

Expenditures are up \$1,845,754 or 2.25 percent from the prior year mostly due to increases in Tuition, Salaries, and Fringe Benefits.

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.

**OCEAN TOWNSHIP SCHOOL DISTRICT
OAKHURST, NJ
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FOR THE FISCAL YEAR ENDED JUNE 30, 2015
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General Fund Budgeting Highlights (continued)

During the course of the fiscal 2015 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 overexpenditures in specific expense accounts. Significant revisions are noted below:

- Salaries overall increased due to additional staff and wage increases that based on the negotiated contracts.
- There was Capital Projects (Fund 30) completed in this fiscal year which was an Energy Savings Project for over \$3 million.
- There was a new Construction Referendum Capital Projects (Fund 30) in this fiscal year that had just started in the amount of \$28,944,000.
- Fringe benefits increased due to premium increases for Health Insurance.
- New lease purchase payments were made for the Energy Savings Project and a new Equipment Lease.

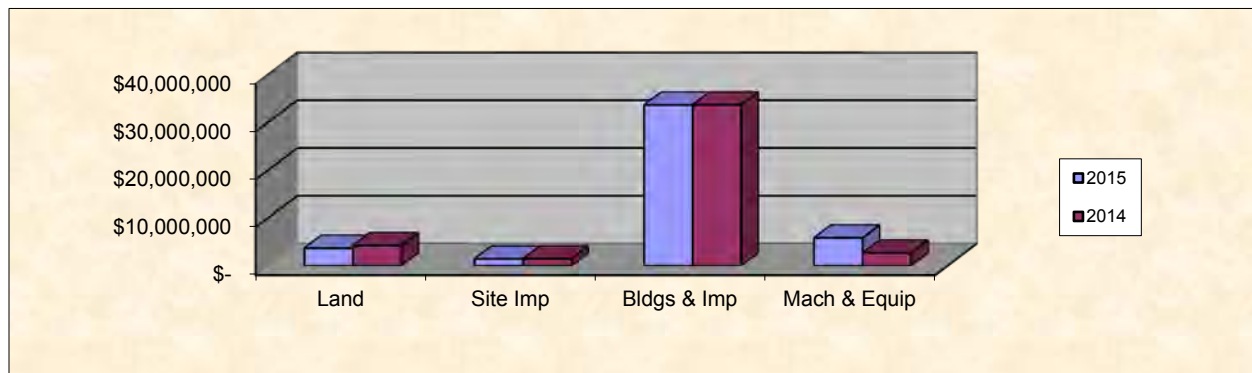
Capital Assets

At the end of the fiscal year 2015, the School District had \$44,561,934 invested in land, construction in progress, buildings, furniture and equipment, and vehicles. Table 5 shows fiscal 2015 balances compared to 2014.

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

	<u>2015</u>	<u>2014</u>
Land and construction in progress	\$ 3,676,082	\$ 4,243,696
Site improvements	1,414,685	1,469,047
Buildings and improvements	33,633,949	33,658,803
Machinery and equipment	<u>5,837,218</u>	<u>2,703,472</u>
	<u>\$44,561,934</u>	<u>\$42,075,018</u>

Capital assets increased \$2,486,916 from fiscal year 2014 to fiscal year 2015. The increase in capital assets is due to new capital projects, equipment leases and construction in progress. For more detailed information, please refer to the Notes to Financial Statements.



**OCEAN TOWNSHIP SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
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Debt Administration

At June 30, 2015, the School District had \$45,386,640 as outstanding debt. Of this amount \$2,676,410 is for compensated absences, \$4,146,230 is for capital leases payable, and the balance of \$38,564,000 is for bonds for school construction.

At June 30, 2015, the School District's overall legal debt margin was over \$130 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 2015-2016 was below the 2% cap on the tax Levy. Therefore there was no election or vote for the budget in April 2015 as the district optioned to move the election of the board to November.

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

The labor agreement for teachers, administrators, and several other employee groups has been negotiated through June 30, 2015. Each year of this contract will have an impact on the District's future operating budgets.

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

The District had completed two major capital improvement projects in 2015, and has started a new Construction Referendum project for all school buildings in the amount of \$28,944,000. It is one of the District's goals and a budget priority to continue to upgrade and maintain the school facilities.

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

Contacting the School District's Financial Management

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

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, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,951,990	\$ 71,961	\$ 6,023,951
Receivables, net	192,653	89,704	282,357
Inventory	-	16,348	16,348
Deferred expenditures	25,033	-	25,033
Restricted assets:			
Cash and cash equivalents	28,568,604	-	28,568,604
Capital reserve account - cash	1,360,531	-	1,360,531
Intergovernmental receivable	413,995	-	413,995
Capital assets, net	44,561,935	47,283	44,609,218
Total assets	81,074,741	225,296	81,300,037
Deferred outflows:			
Deferred outflows related to pensions	2,978,925	-	2,978,925
Total deferred outflows	2,978,925	-	2,978,925
LIABILITIES			
Accounts payable	3,402,094	145,947	3,548,041
Contracts payable	93,271	-	93,271
Accrued interest	430,196	-	430,196
Deposits payable	217,411	-	217,411
Payable to state government	18,497	-	18,497
Unearned revenue	-	3,328	3,328
Noncurrent liabilities:			
Due within one year	2,017,102	-	2,017,102
Due beyond one year	43,369,538	-	43,369,538
State pension liability	19,364,539	-	19,364,539
Total liabilities	68,912,648	149,275	69,061,923
Deferred inflows:			
Deferred commodities revenue	-	3,596	3,596
Deferred inflows related to pensions	1,267,125	-	1,267,125
Unamortized bond issuance premium	409,208	-	409,208
Total deferred inflows	1,676,333	3,596	1,679,929
NET POSITION			
Invested in capital assets, net of related debt	1,851,705	47,283	1,898,988
Restricted for:			
Other purposes	33,319,170	-	33,319,170
Unrestricted	(21,706,190)	25,142	(21,681,048)
Total net position	\$ 13,464,685	\$ 72,425	\$ 13,537,110

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, 2015

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities:			
Instruction:			
Regular	\$ 37,890,451	\$ -	\$ 8,634,108
Special education	10,042,126	-	2,375,653
Other special instruction	2,304,209	-	557,796
Other instruction	1,721,308	-	219,037
Support services:			
Instruction	4,211,098	-	
Student and instruction related services	10,997,582	-	2,443,658
School administrative services	3,494,178	-	738,979
General administrative services	739,030	-	141,544
Central services and administrative information technology	1,933,809	-	295,098
Plant operations and maintenance	7,662,856	273,485	611,401
Pupil transportation	3,904,511	-	394,096
Special schools	207,251	65,142	-
Charter school	15,745	-	-
Interest on long-term debt	674,061	-	-
Total governmental activities	<u>85,798,215</u>	<u>338,627</u>	<u>16,411,370</u>
Business-type activities:			
Food Service	1,229,862	600,395	607,213
Total business-type activities	<u>1,229,862</u>	<u>600,395</u>	<u>607,213</u>
Total primary government	<u>\$ 87,028,077</u>	<u>\$ 939,022</u>	<u>\$ 17,018,583</u>

General revenues:

- Property Taxes Levied for:
 - General purposes
 - Debt service
 - Federal and State aid not restricted
- Investment Earnings
- Miscellaneous Income
- Transfers in(out)
- Total general revenues, special items,
extraordinary items and transfers

Change in Net Position

Net Position-beginning

Net position adjustment (Note 19)

Net Position-ending

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

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (29,256,343)	\$ -	\$ (29,256,343)
(7,666,473)	-	(7,666,473)
(1,746,413)	-	(1,746,413)
(1,502,271)	-	(1,502,271)
(4,211,098)	-	(4,211,098)
(8,553,924)	-	(8,553,924)
(2,755,199)	-	(2,755,199)
(597,486)	-	(597,486)
(1,638,711)	-	(1,638,711)
(6,777,970)	-	(6,777,970)
(3,510,415)	-	(3,510,415)
(142,109)	-	(142,109)
(15,745)	-	(15,745)
(674,061)	-	(674,061)
-	-	-
<u>(69,048,218)</u>	<u>-</u>	<u>(69,048,218)</u>
-	(22,254)	(22,254)
-	(22,254)	(22,254)
<u>\$ (69,048,218)</u>	<u>\$ (22,254)</u>	<u>\$ (69,070,472)</u>
\$ 58,643,552	\$ -	\$ 58,643,552
3,025,867	-	3,025,867
8,170,339	-	8,170,339
10,300	-	10,300
211,544	-	211,544
20,858	-	20,858
<u>70,082,460</u>	<u>-</u>	<u>70,082,460</u>
1,034,242	(22,254)	1,011,988
30,688,391	94,679	30,783,070
<u>(18,257,948)</u>	<u>-</u>	<u>(18,257,948)</u>
<u>\$ 13,464,685</u>	<u>\$ 72,425</u>	<u>\$ 13,537,110</u>

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, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 5,334,993	\$ -	\$ -	\$ 1	\$ 5,334,994
Receivables, net	67,796	-	-	-	67,796
Due from other funds	278,328	-	-	-	278,328
Deferred expenditures	25,033	-	-	-	25,033
Receivables from other governments	124,857	413,995	-	-	538,852
Restricted cash and cash equivalents	1,577,994	-	28,351,140	-	29,929,134
Total assets	<u><u>\$ 7,409,001</u></u>	<u><u>\$ 413,995</u></u>	<u><u>\$ 28,351,140</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 36,174,137</u></u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 621,168	\$ 106,513	\$ 1,155,347	\$ -	\$ 1,883,028
Contracts payable	82,614	10,657	-	-	93,271
Deposits payable	217,411	-	-	-	217,411
Interfund payable	-	278,328	-	-	278,328
Payable to state government	-	18,497	-	-	18,497
Total liabilities	<u>921,193</u>	<u>413,995</u>	<u>1,155,347</u>	<u>-</u>	<u>2,490,535</u>
Fund balances:					
Restricted for:					
Excess surplus - current year	1,682,529	-	-	-	1,682,529
Excess surplus - prior year - designated for subsequent year's expenditures	2,139,672	-	-	-	2,139,672
Capital reserve	1,360,531	-	-	-	1,360,531
Debt service	-	-	-	-	-
Capital projects	-	-	22,089,091	-	22,089,091
Assigned to:					
Designated by the BOE for subsequent year's expenditures	940,645	-	-	1	940,646
Capital projects	-	-	5,106,702	-	5,106,702
Unassigned:					
General fund	364,431	-	-	-	364,431
Total fund balances	<u>6,487,808</u>	<u>-</u>	<u>27,195,793</u>	<u>1</u>	<u>33,683,602</u>
Total liabilities and fund balances	<u><u>\$ 7,409,001</u></u>	<u><u>\$ 413,995</u></u>	<u><u>\$ 28,351,140</u></u>	<u><u>\$ 1</u></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 \$846,348 and accumulated amortization is \$437,140.

(409,208)

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$77,430,527 and the accumulated depreciation is \$32,868,592.

44,561,935

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

809,731

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.

(45,816,836)

Net Pension Liability - PERS - June 30, 2015

(19,364,539)

\$ 13,464,685

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources:					
Local tax levy	\$ 58,643,552	\$ -	\$ -	\$ 3,025,867	\$ 61,669,419
Tuition charges	65,142	-	-	-	65,142
Rental fees	273,485	-	-	-	273,485
Interest earned on investments	10,301	-	20,858	-	31,159
Miscellaneous	152,872	-	-	-	152,872
Total - local sources	59,145,352	-	20,858	3,025,867	62,192,077
State sources	14,669,227	581,343	-	188,347	15,438,917
Federal sources	157,734	1,616,657	-	-	1,774,391
Total revenues	73,972,313	2,198,000	20,858	3,214,214	79,405,385
EXPENDITURES					
Current:					
Regular instruction	20,833,956	1,841,066	-	-	22,675,022
Special education instruction	5,855,639	-	-	-	5,855,639
Other special instruction	1,321,235	-	-	-	1,321,235
School sponsored activities	1,335,311	-	-	-	1,335,311
Support services and undistributed costs:					
Instruction	3,854,164	356,934	-	-	4,211,098
Student and instruction related services	6,691,253	-	-	-	6,691,253
General administrative services	1,054,071	-	-	-	1,054,071
School administrative services	2,191,915	-	-	-	2,191,915
Central services and Administrative Technology	1,413,774	-	-	-	1,413,774
Plant operations and maintenance	6,585,418	-	-	-	6,585,418
Pupil transportation	3,210,016	-	-	-	3,210,016
Employee benefits	19,408,640	-	-	-	19,408,640
Special schools	207,251	-	-	-	207,251
Transfer to charter school	15,745	-	-	-	15,745
Debt service:					
Principal	-	-	-	2,745,000	2,745,000
Interest and other charges	-	-	-	469,214	469,214
Capital outlay	2,316,428	-	1,923,413	-	4,239,841
Total expenditures	76,294,816	2,198,000	1,923,413	3,214,214	83,630,443
Excess (Deficiency) of revenues over expenditures	(2,322,503)	-	(1,902,555)	-	(4,225,058)
OTHER FINANCING SOURCES (USES)					
Transfers in	20,858	-	-	-	20,858
Transfers out	-	-	(20,858)	-	(20,858)
Proceeds from Sale of bonds	-	-	28,944,000	-	28,944,000
Capital leases (non-budgeted)	1,200,000	-	-	-	1,200,000
Total other financing sources (uses)	1,220,858	-	28,923,142	-	30,144,000
Net change in fund balances	(1,101,645)	-	27,020,587	-	25,918,942
Fund balance - beginning	7,589,453	-	175,206	1	7,764,660
Fund balance - ending	<u>\$ 6,487,808</u>	<u>\$ -</u>	<u>\$ 27,195,793</u>	<u>\$ 1</u>	<u>\$ 33,683,602</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, 2015

Total net change in fund balances - governmental funds (from B-2) \$ 25,918,942

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	\$ (1,752,925)	
Capital outlays	4,239,841	2,486,916

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.		3,309,477
---	--	-----------

Proceeds from the issuance of bonds and capital leased equipment.		(30,144,000)
---	--	--------------

Bond premium and discounts are amortized over the lives of the bonds in the statement of activities but are recorded as an addition from the proceeds from sales of bonds in the government funds.		58,672
--	--	--------

In the statement of activities, 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 increase in accrued interest is a subtraction in the reconciliation.		(204,847)
--	--	-----------

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		(1,149,505)
--	--	-------------

Employer pension contributions for PERS are expensed in the fund financial statements but treated as a reduction in the Net Pension Liability on the government-wide financial statements		852,645
---	--	---------

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.		(94,058)
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Change in net position of governmental activities		\$ 1,034,242
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OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Fund Net Position
Proprietary Funds
June 30, 2015

	Business-type Activities	Internal Service
	Enterprise Funds	Funds
	Food Service Fund	Self-Insurance Activities
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 71,961	\$ 616,997
Other receivables	89,704	-
Inventories	16,348	-
Total current assets	<u>178,013</u>	<u>616,997</u>
Capital assets:		
Furniture, machinery and equipment	497,070	-
Less: accumulated depreciation	<u>(449,787)</u>	<u>-</u>
Total capital assets	<u>47,283</u>	<u>-</u>
Total assets	<u><u>\$ 225,296</u></u>	<u><u>\$ 616,997</u></u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 145,947	\$ 616,997
Unearned revenue	<u>3,328</u>	<u>-</u>
Total current liabilities	<u>149,275</u>	<u>616,997</u>
Deferred inflows	<u>3,596</u>	<u>-</u>
NET POSITION		
Invested in capital assets	47,283	-
Unrestricted	<u>25,142</u>	<u>-</u>
Total net position	<u><u>\$ 72,425</u></u>	<u><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, 2015

	Business-type Activities	Internal Service
	Enterprise Funds	Funds
	Food Service Fund	Self-Insurance Activities
Operating Revenues		
Charges for services:		
Daily sales - reimbursable program	\$ 298,346	\$ -
Daily sales - non-reimbursable program	290,589	-
Special functions	11,460	-
Services provided to other funds	-	2,611,000
Total operating revenues	<u>600,395</u>	<u>2,611,000</u>
Operating Expenses		
Cost of sales	638,729	-
Salaries	381,980	-
Employee benefits	142,954	2,611,000
Management fee	45,450	-
Insurance	12,220	-
Depreciation	8,529	-
Total operating expenses	<u>1,229,862</u>	<u>2,611,000</u>
Operating Income (loss)	<u>(629,467)</u>	<u>-</u>
Non-operating Revenues		
State sources:		
School lunch program	10,518	-
Federal sources:		
National school lunch program	401,536	-
Breakfast program	75,364	-
Food distribution program	74,345	-
Sodexo:		
Food service guarantee	45,450	-
Total non-operating revenues	<u>607,213</u>	<u>-</u>
Change in Net Position before transfers	(22,254)	-
Transfer In-general fund	<u>-</u>	<u>-</u>
Change in Net Position	(22,254)	-
Total Net Position - Beginning	<u>94,679</u>	<u>-</u>
Total Net Position - Ending	<u>\$ 72,425</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, 2015

	Business-type Activities	Internal Service
	Enterprise Funds	Funds
	Food Service Fund	Self-Insurance Activities
Cash Flows from Operating Activities		
Receipts from customers and other funds	\$ 595,801	\$ 2,611,000
Payments to employees	(381,980)	-
Payments for employee benefits	(142,954)	(2,543,046)
Payments to suppliers	(623,885)	-
Net cash provided by (used for) operating activities	(553,018)	67,954
Cash Flows from Non-capital Financing Activities		
Local sources	45,000	-
State sources	10,600	-
Federal sources	468,330	-
Net cash provided by non-capital financing activities	523,930	-
Cash flows from Capital and Related Financing activities		
Purchase of Capital Assets	-	-
Net cash used for capital and related financing activities	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(29,088)	67,954
Balance - Beginning of Year	101,049	549,043
Balance - End of Year	\$ 71,961	\$ 616,997
Reconciliation of Operating Loss to Net Cash		
Used for Operating Activities:		
Operating loss	\$ (629,467)	\$ -
Adjustments to reconcile operating income (loss) to net cash used for operating activities		
Depreciation	8,529	-
Donated Commodities	74,345	-
(Increase) decrease in accounts receivable, net	819	-
(Increase) decrease in inventories	7,353	-
Increase (decrease) in accounts payable	(9,184)	67,954
Increase (decrease) in prepaid school lunches	(5,413)	-
Total adjustments	76,449	67,954
Net Cash Provided by (Used for) Operating Activities	\$ (553,018)	\$ 67,954

Noncash noncapital financing activities:

The Board of Education received \$74,345 of food commodities from the US Department of Agriculture for the year ended June 30, 2015.

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and cash equivalents	\$ 375,211	\$ 19,450	\$ 2,007,260
Total Assets	<u>375,211</u>	<u>19,450</u>	<u>\$ 2,007,260</u>
LIABILITIES			
Payroll deductions and withholdings	\$ 26,186	-	\$ 1,681,046
Due to student groups	<u>-</u>	<u>-</u>	<u>326,214</u>
Total Liabilities	<u>26,186</u>	<u>-</u>	<u>\$ 2,007,260</u>
NET POSITION			
Held in trust for unemployment claims and other purposes	<u>\$ 349,025</u>		
Reserved for scholarships		<u>\$ 19,450</u>	

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2015

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>
ADDITIONS		
Contributions:		
Plan member	\$ 118,660	\$ -
Scholarship donations	-	9,683
Total Contributions	<u>118,660</u>	<u>9,683</u>
Investment Earnings:		
Interest	54	-
Net Investment Earnings	<u>54</u>	<u>-</u>
Total Additions	<u>118,714</u>	<u>9,683</u>
DEDUCTIONS		
Quarterly contribution reports & assessment	51,368	-
Unemployment claims	39,273	-
Scholarships awarded	-	16,959
Total Deductions	<u>90,641</u>	<u>16,959</u>
Change in Net Position	28,073	(7,276)
Net Position - Beginning of Year	<u>320,952</u>	<u>26,726</u>
Net Position - End of Year	<u><u>\$ 349,025</u></u>	<u><u>\$ 19,450</u></u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of the Ocean Township School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The District's Proprietary Funds have elected not to apply the standards issued by FASB after November 30, 1989. The more significant of the Board's accounting policies are described below.

A. Reporting Entity

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. The operations of the District include the elementary schools, intermediate school and high school located in Ocean Township, New Jersey.

The financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The District, as the primary government for financial reporting entity purposes, has oversight responsibility and control over all activities related to the Township of Ocean Board of Education in Ocean Township, New Jersey. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding entities.

The District has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

B. District-Wide and Fund Financial Statements

The District-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. 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 activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, service, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. District-Wide and Fund Financial Statements (continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

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

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and capital leases, are recorded only when payment is due.

Property taxes, interest and state equalization monies associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year.

The District has reported the following major government funds:

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

Special Revenue Fund: The District maintains one special revenue fund, primarily consisting of government grants, for which the proceeds of specific revenue sources (other than fiduciary funds or major capital projects) are legally restricted to expenditures for specified purposes.

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

Debt Service Fund: The debt service fund accounts for the resources accumulated and payment made for principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary fund:

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

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Additionally, the District reports the following fiduciary fund types:

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

Trust Funds: The unemployment compensation and private purpose scholarship funds are accounted for in essentially the same manner as governmental funds. The unemployment compensation fund is used to account for contribution from employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims. The private purpose scholarship fund is an expendable trust whereby principal and interest may be spent.

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

As a general rule, the effect of interfund activity has been eliminated from the District-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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

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

The following statutory dates are applicable to property taxes collected by the respective municipalities:

Levy date	January 1
Lien Date	January 1
Due Dates:	August 1, November 1, February 1, and May 1

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets, except for the special revenue fund, are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of details as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23. The over-expenditure in the general fund is due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures. All budget amendments/transfers must be approved by School Board resolution. Budgetary transfers were made during the current year and were within allowable limits permitted by the State. The District did not deem them to be significant or unusual in nature. Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary-basis of accounting and GAAP with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

E. Cash and Cash Equivalents

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

F. Interfund Receivable/Payable

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

G. Inventories

Inventories that benefit future periods, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase.

Inventories in the enterprise fund are expensed using the consumption method. Enterprise fund inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. At June 30, 2015, the unused Food Donation Program commodities were \$3,596.

H. Capital Assets

Capital assets, which include land, property, plant and machinery, and equipment, are reported in the applicable governmental or business-type activities columns in the District-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date of donation.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant and equipment of the District is 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>
School building	50
Building improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and computer equipment	5 - 10
Instructional equipment	10
Grounds equipment	15

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

I. Compensated Absences

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

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

For the District-wide *Statement of Net Position*, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and, therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2015, no material liability existed for compensated absences in the food service fund.

J. Unearned Revenue

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

L. Unamortized Bond Premiums, Discounts and Bond Issuance Costs

Premiums on the revenue bonds are amortized using the interest method, over the maturity of the related issue. Per GASB 65, bond issuance costs should be expensed.

M. Fund Balance Reporting

The District has adopted GASB 54 as part of its fiscal year reporting. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the District's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the users of those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Non-spendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items and principal (corpus) of an endowment fund. The District does not have any prepaid item or nonspendable funds related to endowments.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints for the government from its highest level of decision making authority.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Fund Balance Reporting (continued)

The District has classified its fund balances with the following hierarchy:

Spendable: The District has classified the spendable fund balances as *Restricted, Committed, Assigned and Unassigned* and considered each to have been spent when expenditures are incurred.

- Restricted for Excess Surplus, Capital Reserve and Capital Projects:
New Jersey School Districts are required to reserve fund balance of the general fund if they did not appropriate a required minimum amount as budgeted fund balance. The capital reserve account is used to accumulate funds for use as capital outlay expenditures in subsequent fiscal years. The funds have been included in restricted category of fund balance. The restricted fund balances totaled \$27,271,823 and represented \$3,822,201 in excess surplus, \$1,360,531 in capital reserve and \$22,089,091 in capital projects.
- Assigned for District Operations and Capital Projects:
The District has set aside certain spendable fund balance for school operations and capital projects. At year end, the assigned fund balance is \$6,047,348, of which \$940,645 is for school operations, \$5,106,702 is for capital projects and \$1 is for debt service. The assigned fund balance for District operations includes \$370,645 for outstanding encumbrances. See Note 16.
- Unassigned:
The unassigned fund balance for the General Fund is \$364,431.

N. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for reserve fund balance - excess surplus is a required calculation pursuant to the New Jersey Comprehensive Education Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve fund balance of the general fund at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in the subsequent years' budget. The District has an excess fund balance generated during the 2015 fiscal year in the amount of \$1,682,529 which will be designated for tax relief in 2016-2017.

O. Net Position

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

P. Management Estimates

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. 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 in 2015, which relates to differences in experience, earnings and contributions of the net pension liability.

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

R. Public Employees Retirement System (PERS) and Teachers Pensions and Annuity Fund (TPAF)

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

S. Recent Accounting Pronouncements

During fiscal year 2015, the District adopted the following GASB statements:

GASB No.'s 68/71, *Accounting and Financial Reporting for Pensions* and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment of GASB No. 68*. The objectives of these Statements are to improve accounting and financial reporting by state and local governments for pensions. They also improve information provided by state and local government employers about financial support for pensions that is provided by other entities. The Statements replace the requirements of Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as related to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

GASB No 69, *Government Combinations and Disposals of Government Operations*. The objective of this Statement is to establish accounting and financial reporting standards for mergers, acquisitions, and transfers of operations (i.e., government combinations). The Statement also provides guidance on how to determine the gain or loss on a disposal of government operations. This Statement applies to all state and local governmental entities. There was no financial statement impact of adopting this guidance.

Other accounting standards that the District is currently reviewing for applicability and potential impact include:

GASB No. 72, *Fair Value measurement and application*, which will be effective for fiscal years beginning after June 30, 2015.

GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, effective for fiscal years beginning after June 15, 2015.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Recent Accounting Pronouncements (continued)

GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, effective for fiscal years beginning after June 15, 2016.

GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, effective for fiscal years beginning after June 15, 2017.

GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for reporting periods beginning after June 15, 2015.

GASB No. 77, *Tax Abatement Disclosures*, effective for reporting periods beginning after December 15, 2015.

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.

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

The details of this \$45,816,836 difference are as follows:

Bonds payable	\$38,564,000
Capital leases payable	4,146,230
Accrued interest payable	430,196
Compensated absences	<u>2,676,410</u>
Net adjustments to reduce fund balance - total governmental funds	
To arrive at net position - governmental activities	<u><u>\$45,816,836</u></u>

NOTE 3. DEPOSITS AND INVESTMENTS

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statue 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

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

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund (NJCMF), New Jersey Arbitrage Rebate Management Fund (NJARM) and M.B.I.A. Class.

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

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

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

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

Operating cash, in the form of Negotiable Order of Withdrawal ("NOW") accounts, is held in the District's name by two commercial banking institutions. At June 30, 2015, the carrying amount of the District's deposits was \$31,994,697 and the bank balance was \$33,233,130. The District also held \$1,400 in petty cash at June 30, 2015.

Based on levels of risk, \$751,897 of the District's cash deposits on June 30, 2015 were secured by federal depository insurance. The remaining bank balance of \$32,481,233 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, 2015, 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, 2015

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

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, 2015 was \$3,268,031.

Custodial Credit Risk: Pursuant to GASB No. 40, the NJARM, a pooled investment, is exempt from custodial credit risk disclosure. The District does not have a policy for custodial credit risk.

Credit Risk: The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The NJARM is rated AAAM1 by Standard and Poor's.

Interest Rate Risk: The District does not have a policy to limit interest rate risk. The weighted average maturity of the NJARM portfolio at December 31, 2014, was 50 days.

NOTE 4. RECEIVABLES

Receivables at June 30, 2015, 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</u> <u>Financial Statements</u>	<u>Governmental Wide</u> <u>Financial Statements</u>
State Aid	\$ 111,616	\$ 113,482
Federal Aid	395,498	483,066
Other	<u>377,862</u>	<u>99,804</u>
Gross Receivables	884,976	696,352
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>
Total Receivables, net	<u>\$ 884,976</u>	<u>\$ 696,352</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 5. CAPITAL ASSETS

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 984,968	\$ -	\$ -	\$ 984,968
Construction in process	<u>3,258,728</u>	<u>3,123,414</u>	<u>(3,691,027)</u>	<u>2,691,115</u>
Total capital assets not being depreciated	<u>4,243,696</u>	<u>3,123,414</u>	<u>(3,691,027)</u>	<u>3,676,083</u>
Capital assets being depreciated:				
Site improvements	2,739,067	34,805	-	2,773,872
Building and building improvements	52,611,869	863,463	-	53,475,332
Vehicles	4,382,487	63,899	-	4,446,386
Capital lease	146,002	3,691,027	-	3,837,029
Furniture and equipment	<u>9,067,564</u>	<u>154,261</u>	<u>-</u>	<u>9,221,825</u>
Totals at historical cost	<u>68,946,989</u>	<u>4,807,455</u>	<u>-</u>	<u>73,754,444</u>
Less accumulated depreciation for:				
Site improvements	1,270,020	89,167	-	1,359,187
Building and building improvements	18,953,066	888,317	-	19,841,383
Vehicles	3,670,437	198,974	-	3,869,411
Capital lease	70,326	92,718	-	163,044
Furniture and equipment	<u>7,151,818</u>	<u>483,749</u>	<u>-</u>	<u>7,635,567</u>
	<u>31,115,667</u>	<u>1,752,925</u>	<u>-</u>	<u>32,868,592</u>
Total capital assets being depreciated, Net of accumulated depreciation	<u>37,831,322</u>	<u>3,054,530</u>	<u>-</u>	<u>40,885,852</u>
Government Activity Capital Assets, Net	<u>\$42,075,018</u>	<u>\$ 6,177,944</u>	<u>\$(3,691,027)</u>	<u>\$44,561,935</u>

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

Instruction	\$ 965,440
Student and instruction related services	230,625
General and Business Administrative Services	160,606
Plant Operations and Maintenance	162,601
Pupil Transportation	187,628
Support Services - Students and Staff	<u>46,025</u>
Total	<u>\$ 1,752,925</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 5. CAPITAL ASSETS

The following is a summary of the business-type capital assets for the year ended June 30, 2015:

	<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>441,258</u>	<u>8,529</u>	<u>-</u>	<u>449,787</u>
Enterprise fund capital assets, net	<u>\$ 55,812</u>	<u>\$ (8,529)</u>	<u>\$ -</u>	<u>\$ 47,823</u>

NOTE 6. LONG-TERM LIABILITIES - EXCLUDING PENSIONS

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>
2016	\$ 1,265,000	\$ 1,169,218	\$ 2,434,218
2017	2,539,000	1,151,509	3,690,509
2018	2,355,000	1,074,286	3,429,286
2019	2,400,000	1,000,417	3,400,417
2020	2,445,000	925,423	3,370,423
2021 - 2036	<u>27,560,000</u>	<u>7,131,283</u>	<u>34,691,283</u>
	<u>\$38,564,000</u>	<u>\$12,452,136</u>	<u>\$51,016,136</u>

Bonds Authorized But Not Issued

As of June 30, 2015, the District had no authorized but not issued bonds.

Capital Lease Payable

The District is leasing equipment totaling \$4,778,564 under capital leases. The capital leases are for terms of no more than five years except for the lease related to the Energy Savings Improvement Program which cannot exceed fifteen years.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 6. LONG-TERM LIABILITIES (continued)

Capital Lease Payable (continued)

The following is a schedule of minimum lease payments under the capital leases and the present value of the net minimum lease payments at June 30, 2015.

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2016	\$ 717,224
2017	524,287
2018	479,320
2019	484,827
2020	236,172
Thereafter	<u>2,350,660</u>
Total	4,792,490
Less: Amount representing interest	<u>(646,260)</u>
Present value of minimum lease payments	<u>\$ 4,146,230</u>

Unamortized Bond Premium

Unamortized bond premium as of June 30, 2015 and 2014, is \$409,208 and \$467,879, respectively.

Changes in Long-Term Liabilities

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Within</u> <u>One Year</u>
Compensated absences payable	\$ 2,582,352	\$ 305,253	\$ 211,195	\$ 2,676,410	\$ 129,622
Capital leases payable	3,510,707	1,200,000	564,477	4,146,230	622,480
Serial bonds payable with Interest rates of 2.0% to 4.25%	<u>12,365,000</u>	<u>28,944,000</u>	<u>2,745,000</u>	<u>38,564,000</u>	<u>1,265,000</u>
Subtotal	<u>\$18,458,059</u>	<u>\$30,449,253</u>	<u>\$ 3,520,672</u>	<u>\$45,386,640</u>	<u>\$ 2,017,102</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.

NOTE 7. PENSION PLANS

Plan Descriptions

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

For additional information about these plans, please refer to the separately issued State of New Jersey Division's Division of Pensions and Benefits financial report, which can be found at www.state.nj.us/treasury/pensions/financial-rprts-home.shtml. According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 7. PENSION PLANS (continued)

Teachers' Pension and Annuity Fund (TPAF)

Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage, including post-retirement health care, to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

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

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 (District inclusive) 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.

The employer and nonemployer allocation percentages presented in the schedules of employer and nonemployer allocations and applied to amounts presented in the schedules of employer and nonemployer are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the years ended June 30, 2014 and 2013.

For the year ended June 30, 2015, for TPAF, the District recognized pension expense of \$8,645,359 and revenue of \$8,645,359 for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ -	\$ 65,592
Changes of assumptions	6,886,745	-
Net difference between projected and actual earnings on pension plan investments	-	5,198,703
Changes in proportion and differences between District contributions and proportionate share of contributions	-	250,514
District contributions subsequent to the measurement date	-	-
Total	<u>\$ 6,886,745</u>	<u>\$ 5,514,809</u>

The components of the net pension liability of the State as of June 30, 2014 are as follows:

	<u>2014</u>
Total pension liability	\$81,095,320,000
Plan fiduciary net position	<u>27,282,252,461</u>
Net pension liability	<u>\$53,813,067,539</u>

Plan fiduciary net position as a percentage of the total pension liability	33.64%
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State's proportionate share of the net pension liability associated with the employer (District)	\$ <u>160,666,363</u>
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State's proportionate share of the net pension liability associated with the employer (District) as a percentage of the collective net pension liability	<u>.30061019125%</u>
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OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 7. PENSION PLANS (continued)

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

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014 for TPAF. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

Long-term expected rate of return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries.

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 7. PENSION PLANS (continued)

Long-term expected rate of return (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014 for TPAF. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% as of June 30, 2014, 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 following presents the net pension liability of the State as of June 30, 2014, calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate for TPAF.

	<u>2014</u>		
	<u>At 1% Decrease (3.68%)</u>	<u>At Current Discount Rate (4.68%)</u>	<u>At 1% Increase (5.68%)</u>
State	\$64,722,984,539	\$53,813,067,539	\$44,738,870,539

Public Employees' Retirement System (PERS)

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

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

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 7. PENSION PLANS (continued)

Public Employees' Retirement System (PERS) (continued)

years ended June 30, 2014 and 2013. The District's employer allocation percentage (proportion) has been rounded for presentation purposes at .049844580% at June 30, 2014 in PERS.

For the year ended June 30, 2015, the District recognized pension expense of \$ 1,149,505 for PERS. At June 30, 2015, 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	\$ -	\$ -
Changes of assumptions	608,925	-
Net difference between projected and actual earnings on pension plan investments	-	1,154,021
Changes in proportion and differences between District contributions and proportionate share of contributions	615,286	-
District contributions subsequent to the measurement date	<u>1,754,714</u>	<u>-</u>
Total	<u>\$ 2,978,925</u>	<u>\$ 1,154,021</u>

Amounts reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability measured as of June 30, 2015.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2015	\$ (392,863)
2016	(392,863)
2017	(392,863)
2018	(392,863)
2019	915,721
Thereafter	<u>2,289,302</u>
Total	<u>\$ 1,633,571</u>

Additional Information

Collective balances at December 31, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Collective deferred outflows of resources	\$ 1,032,618,058	\$ -
Collective deferred inflows of resources	\$ 1,726,631,532	\$ -
Collective net pension liability	\$38,849,838,953	\$38,410,610,030
District's proportion	.04984458%	.04956637%

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 7. PENSION PLANS (continued)

Public Employees' Retirement System (PERS) (continued)

The components of the net pension liability of the participating employers for PERS as of June 30, 2014, are as follows:

	2014		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total pension liability	\$28,777,950,141	\$ 39,071,470,586	\$67,849,420,727
Plan fiduciary net position	<u>8,650,846,191</u>	<u>20,348,735,583</u>	<u>28,999,581,774</u>
Net pension liability	<u>\$20,127,103,950</u>	<u>\$ 18,722,735,003</u>	<u>\$38,849,838,953</u>
District's net pension liability (as reported on June 30, 2015)			<u>\$ 19,364,539</u>

The totals of pension liability for the PERS June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014 for PERS. This actuarial valuation used the following key actuarial assumptions:

Investment rate of return	7.90%
Inflation rate	3.01%
Salary increases:	
2012-2021	2.15 - 4.40%
Thereafter	Based on age 3.15 - 5.40% Based on age

Mortality rates were based on the RP-2000 Combined Health Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board trustees and the actuaries.

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 7. PENSION PLANS (continued)

Public Employees' Retirement System (PERS) (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

The discount rate used to measure the total pension liability for PERS was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% as of June 30, 2014, 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 following presents the State of New Jersey collective net pension liability for PERS on the participating employers as of June 30, 2014 and 2013, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	<u>2014</u>		
	<u>At 1% Decrease (4.39%)</u>	<u>At Current Discount Rate (5.39%)</u>	<u>At 1% Increase (6.39%)</u>
State	\$23,772,450,916	\$20,127,103,950	\$17,069,920,644
Local	<u>23,553,838,159</u>	<u>18,722,735,003</u>	<u>14,665,837,859</u>
Total	<u>\$46,736,289,075</u>	<u>\$38,849,838,953</u>	<u>\$31,735,758,503</u>

TPAF and PERS Vesting and Benefit Provisions

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 services, except for medical benefits, which vest after 25 years of service or upon the disability provisions of PERS.

For TPAF, members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available for those under age 55 participating in TPAF with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

For PERS, service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age of 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 7. PENSION PLANS (continued)

TPAF and PERS Vesting and Benefit Provisions (continued)

Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

The TPAF and PERS provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the system.

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

Contributions - PERS and TPAF

The contribution policy is set by New Jersey State statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5% percent of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute, the Board is a non-contributing employer of the TPAF. The current TPAF rate is 6.5% and the PERS rate is 6.5% of covered payroll.

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

For fiscal year 2014, the State's pension contribution was less than the actuarial determined amount.

	<u>2014</u>		
	<u>State</u>	<u>Local</u>	<u>Total</u>
State of New Jersey Total PERS			
Contributions per schedule of Employer allocations	\$ 171,563,930	\$ 824,385,577	\$ 995,949,507
Reconciling items:			
Adjustment of 2013 billings	-	(85,192,611)	(85,192,611)
Employer specific contributions/expenses	-	6,389,469	6,389,469
Reclassification of administrative loan revenue	256,069	308,283	564,352
Timing differences for 2014 billings	-	(20,717)	(20,717)
Total contributions per PERS audited financial statements	<u>\$ 171,819,999</u>	<u>\$ 745,869,001</u>	<u>\$ 917,690,000</u>
District's contribution for 2015			<u>\$ 852,645</u>

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 7. PENSION PLANS (continued)

Contributions - PERS and TPAF (continued)

The unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

The Board's actuarially determined contributions to PERS for the years ended June 30, 2015, 2014 and 2013, were \$852,645, \$791,412 and \$803,336, respectively, equal to the required contributions for each year. During the year ended June 30, 2015, the State of New Jersey contributed \$ 4,256,825 to the TPAF for post-retirement medical benefits and normal costs of pension on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,242,063 during the fiscal year ended June 30, 2015 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenue and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

Defined Contribution Retirement Program (DCRP)

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 Board employees who are eligible for pension coverage.

Established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 as a cost-sharing multiple employer defined contribution pension fund. The DCRP provides eligible members and their beneficiaries with a tax sheltered defined contribution retirement benefit, along with life insurance and disability coverage.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT), which is available to active members of the State-administered retirement systems 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

Chapter 384 of Public Laws of 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Laws 2007 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits and the State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in fiscal year 2014.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 9. RISK MANAGEMENT AND HEALTH INSURANCE

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

Property and Liability Insurance

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

New Jersey Unemployment Compensation Insurance

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

The table below is a summary of the district contributions, employee contributions, reimbursements to the state for benefits paid and the ending balance of the district's trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Interest</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014-2015	\$ 54	\$ -	\$ 118,660	\$ (90,641)	\$ 349,025
2013-2014	54	-	115,350	(95,132)	320,952
2012-2013	76	-	111,682	(91,604)	300,680

Health Insurance

Beginning in the fiscal year 2009, the District began to self-insure for employee prescription plans. Costs associated with these risks are reported in the internal service fund.

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

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

<u>Fiscal Year</u>	<u>Beginning of Fiscal year liability</u>	<u>Current year claims Changes in estimates</u>	<u>Claims Payments</u>	<u>Balance at fiscal Year end</u>
2014-2015	\$ 549,043	\$ 2,611,000	\$ (2,543,046)	\$ 616,997
2013-2014	535,264	2,415,000	(2,401,221)	549,043
2012-2013	702,668	1,830,000	(1,997,404)	535,264

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

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, ING- USA, Metropolitan Life, Ameriprise, VALIC (Variable Annuity Life Insurance Co.), Aspire, VOYA, and Lincoln Investments.

NOTE 11. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2015, the interfund receivables and payables that resulted from regularly recurring operational transfers are detailed below:

Due to the General Fund from the Special Revenue Fund to cover Cash overdraft	<u>\$278,328</u>
---	------------------

The interfund between the capital projects fund and debt service fund represent interest earned on investments in the capital projects fund that must be transferred to the general fund. The interfund between the general fund and the capital projects and special revenue funds represents loans between the funds. All interfunds are expected to be paid within one year.

Interfund transfers during the year were as follows:

	<u>Transfers from</u> <u>Other funds</u>	<u>Transfers to</u> <u>Other funds</u>
General fund	\$ 20,858	\$ -
Capital projects	<u>-</u>	<u>20,858</u>
	<u>\$ 20,858</u>	<u>\$ 20,858</u>

NOTE 12. ECONOMIC DEPENDENCY

The District is dependent on the State of New Jersey for a substantial portion of its operating funds. Due to additional funding uncertainties at the State level, funding for school districts was reduced. The ultimate effect of possible reductions in funding on the District's future operations is not yet determinable.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 13. CONTINGENT LIABILITIES

Litigation

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

Grant Programs

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

NOTE 14. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$400,000 during 2000-2001 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning balance, July 1, 2014	\$ 1,260,328
Interest earnings	203
Deposits per board resolution	100,000
Withdrawals per board resolution	
Board resolution (per approved budget)	<u> -</u>
	<u>\$ 1,360,531</u>

The June 30, 2015 LRFP balance of local support costs of uncompleted capital projects is \$4,236,976.

NOTE 15. DEFICIT FUND BALANCES

As reflected on Exhibit A-1, Statement of Net Position, a deficit in unrestricted net position of **\$21,706,190** existed as of June 30, 2015 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.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 15. DEFICIT FUND BALANCES (continued)

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. Therefore, this deficit in unrestricted net position for governmental activities does not indicate that the District is facing financial difficulties.

NOTE 16. FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1)

Of the \$6,487,808 General Fund balance in the fund financial statements at June 30, 2015, \$370,645 is reserved for encumbrances; \$1,682,529 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$2,139,672 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2016; \$1,360,531 has been reserved in the Capital Reserve Account, \$570,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2016 and \$364,431 is unreserved and undesignated.

Debt Service Fund

Of the Debt Service Fund balance at June 30, 2015, \$1 is reserved in accordance with *N.J.S.A. 7F-41c(2)*.

NOTE 17. RELATED ORGANIZATIONS

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

NOTE 18. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2015 through December 10, 2015, the date that the financial statements were issued, for possible disclosure and recognition in the financial statements.

Contract negotiations

The Board of Education and the Township of Ocean Education Association negotiated a memorandum of agreement (MOA), subject to ratification by both parties for a successor agreement to the contract which expired on June 30, 2015.

The MOA is for a three year period beginning July 1, 2015 and expiring June 30, 2018. It calls for average salary increases of 2.25% per year for the next three years as well as new salary guides to be developed by both parties.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2015

NOTE 18. SUBSEQUENT EVENTS (continued)

Environmental liability

Wanamassa School

The District engaged Management & Environmental Consulting Services Inc. (MECS) to install a monitoring well to sample for the existence of volatile and semi-volatile organic compounds related to a suspected release from one 1,000-gallon heating oil underground storage tank which was removed from the Wanamassa School site in 1997. The release was reported to the New Jersey Department of Environmental Protection (DEP) on April 8, 1997. According to documents provided by Ocean Township, approximately 135 tons of contaminated soil was excavated and disposed of offsite when the tank was removed. The documents did not indicate whether soil samples were collected prior to or following the contaminated soil excavation. According to the 2009 Site Remediation Recovery Act, the Wanamassa School site was out of compliance and an environmental investigation was required. Test results reflect that there was no contamination detected above acceptable DEP criteria. Based on the compliance averaging performed for the soils, the remedial action is considered to have met the objective and no further action is necessary. Remedial investigation and action reports were filed with the DEP on or around December 9, 2014.

Ocean Township Intermediate School

In a letter dated July 28, 2015 the State of NJ Office of Environmental protection contacted the Board regarding a 15000 gallon underground storage tank listed as "removed" from the property in 1995. The DEP believes that there was a lack of acquiring either a no further action or a remedial action outcome that notes that all environmental issues at the site have been remediated. The Board is in the process of investigating whether or not the required filings were obtained and will contract with MECS to determine what action is required to satisfy the requirements of the DEP.

NOTE 19. RESTATEMENT - ADJUSTMENT

Net position has been restated due to the implementation of GASB Statement No. 68 and GASB Statement No. 71. The restatement is necessary to record the prior year net pension liability as well as deferred outflows of resources related to employer contributions after the measurement date. As a result, the beginning net position decreased by \$18,257,948.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

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OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers
REVENUES:		
Local sources:		
Local tax levy	\$ 58,643,552	\$ -
Tuition	37,550	-
Interest on investments	15,000	-
Capital reserve interest	1,000	-
Miscellaneous	81,300	-
Rental fee	219,600	-
Total - local sources	58,998,002	-
State sources:		
Categorical special education aid	2,305,733	-
Categorical security aid	410,359	-
Adjustment aid	3,426,175	-
Categorical transportation aid	1,326,538	-
Additional Adjustment Aid	224,169	-
Extraordinary aid	251,543	-
Aid in lieu adjustment	-	-
On-behalf post retirement medical (non-budgeted)	-	-
On-behalf TPAF pension contributions (non-budgeted)	-	-
Reimbursed TPAF social security contributions (non-budgeted)	-	-
Total - state sources	7,944,517	-
Federal sources:		
Medical assistance program	51,927	-
Total - federal sources	51,927	-
Total revenues	66,994,446	-
EXPENDITURES:		
CURRENT EXPENSE:		
Regular programs - instruction:		
Salaries of teachers:		
Preschool/kindergarten	968,060	(5,000)
Grades 1-5	6,845,839	5,000
Grades 6-8	5,125,838	-
Grades 9-12	6,497,046	(10,303)
Regular programs - home instruction:		
Salaries of teachers	44,000	-
Purchased professional-educational services	35,000	-
Regular programs - undistributed instruction:		
Other salaries for instruction	265,845	8,353
Purchased professional-educational services	7,000	-
Purchased technical services	212,071	(28,176)
Other purchased services (400 - 500 series)	55,059	(1,946)
General supplies	954,976	(5,438)
Textbooks	153,003	(1,807)
Other objects	21,967	1,050
Total regular programs	21,185,704	(38,267)

Final Budget	Actual	Variance Final to Actual
\$ 58,643,552	\$ 58,643,552	\$ -
37,550	65,142	27,592
15,000	10,301	(4,699)
1,000	-	(1,000)
81,300	152,872	71,572
219,600	273,485	53,885
58,998,002	59,145,352	147,350
2,305,733	2,305,733	-
410,359	410,359	-
3,426,175	3,426,175	-
1,326,538	1,326,538	-
224,169	224,169	-
251,543	581,927	330,384
-	30,484	30,484
-	2,611,676	2,611,676
-	1,645,149	1,645,149
-	2,242,063	2,242,063
7,944,517	14,804,273	6,859,756
51,927	157,733	105,806
51,927	157,733	105,806
66,994,446	74,107,358	7,112,912
963,060	952,152	10,908
6,850,839	6,846,585	4,254
5,125,838	5,087,535	38,303
6,486,743	6,397,315	89,428
-	-	-
44,000	39,696	4,304
35,000	20,586	14,414
274,198	268,266	5,932
7,000	4,186	2,814
183,895	174,345	9,550
53,113	41,419	11,694
949,538	854,741	94,797
151,196	131,551	19,645
23,017	15,579	7,438
21,147,437	20,833,956	313,481

(Continued)

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>
Special education - instruction:		
Learning and/or language disabilities:		
Salaries of teachers	\$ 808,510	\$ (52,621)
Other salaries for instruction	298,953	(54,000)
General supplies	27,038	(14,500)
Textbooks	<u>1,300</u>	<u>-</u>
Total learning and/or language disabilities	<u>1,135,801</u>	<u>(121,121)</u>
Behavioral disabilities:		
Salaries of teachers	118,025	-
Other salaries for instruction	99,691	(34,420)
General supplies	1,909	-
Textbooks	<u>1,530</u>	<u>(1,230)</u>
Total behavioral disabilities	<u>221,155</u>	<u>(35,650)</u>
Multiple disabilities:		
Salaries of teachers	342,158	(30,000)
Other salaries for instruction	250,797	(134,156)
Other Purchased Services (400-500 series)	800	(600)
General supplies	17,682	5,570
Textbooks	<u>3,000</u>	<u>(2,700)</u>
Total multiple disabilities	<u>614,437</u>	<u>(161,886)</u>
Resource room:		
Salaries of teachers	3,500,485	(35,928)
Other Salaries for Instruction	68,390	89,614
General supplies	116,244	(23,290)
Textbooks	<u>4,141</u>	<u>2,500</u>
Total resource room	<u>3,689,260</u>	<u>32,896</u>
Preschool disabilities - part-time:		
Salaries of teachers	439,490	-
Other salaries for instruction	158,760	(28,700)
General supplies	<u>6,348</u>	<u>(2,500)</u>
Total preschool disabilities - part-time	<u>604,598</u>	<u>(31,200)</u>
Total special education - instruction	<u>6,265,251</u>	<u>(316,961)</u>
Basic skills/remedial - instruction:		
Salaries of teachers	805,208	(310,229)
Other salaries for instruction	14,837	195
Other purchased services (400 - 500 series)	200	(115)
General supplies	<u>20,381</u>	<u>3,065</u>
Total basic skills/remedial - instruction	<u>840,626</u>	<u>(307,084)</u>

Final Budget	Actual	Variance Final to Actual
\$ 755,889	\$ 749,279	\$ 6,610
244,953	234,584	10,369
12,538	11,809	729
1,300	1,240	60
<u>1,014,680</u>	<u>996,912</u>	<u>17,768</u>
118,025	118,025	-
65,271	65,270	1
1,909	1,416	493
300	279	21
<u>185,505</u>	<u>184,990</u>	<u>515</u>
312,158	309,120	3,038
116,641	115,559	1,082
200	-	200
23,252	21,888	1,364
300	200	100
<u>452,551</u>	<u>446,767</u>	<u>5,784</u>
3,464,557	3,448,270	16,287
158,004	151,234	6,770
92,954	90,115	2,839
6,641	4,784	1,857
<u>3,722,156</u>	<u>3,694,403</u>	<u>27,753</u>
439,490	435,445	4,045
130,060	94,193	35,867
3,848	2,929	919
<u>573,398</u>	<u>532,567</u>	<u>40,831</u>
<u>5,948,290</u>	<u>5,855,639</u>	<u>92,651</u>
494,979	486,949	8,030
15,032	15,032	-
85	85	-
23,446	23,394	52
<u>533,542</u>	<u>525,460</u>	<u>8,082</u>

(Continued)

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>
Bilingual education - instruction:		
Salaries of teachers	\$ 762,011	\$ 7
Purchased professional educational services	-	1,269
General supplies	<u>33,942</u>	<u>(1,269)</u>
Total bilingual education - instruction	<u>795,953</u>	<u>7</u>
School sponsored cocurricular activities - instruction:		
Salaries	307,227	(1,000)
Purchased services (300 - 500 series)	37,300	4,480
Supplies and materials	8,610	-
Other objects	1,733	-
Transfers to cover deficit	<u>3,000</u>	<u>-</u>
Total school sponsored cocurricular activities - instruction	<u>357,870</u>	<u>3,480</u>
School sponsored athletics - instruction:		
Salaries	708,798	1,950
Purchased services (300 - 500 series)	174,900	(3,680)
Supplies and materials	68,280	(700)
Other objects	9,780	-
Transfers to cover deficit	<u>85,000</u>	<u>-</u>
Total school sponsored athletics - instruction	<u>1,046,758</u>	<u>(2,430)</u>
Total - instruction	<u>30,492,162</u>	<u>(661,255)</u>
Undistributed expenditures:		
Instruction:		
Tuition to other LEAs within state - regular	15,000	51,090
Tuition to other LEAs within state - special	477,917	50,000
Tuition to county vocational school districts - regular	593,700	(26,070)
Tuition to county vocational school districts - special	145,600	(25,020)
Tuition to CSSD and regional day schools	60,050	1,200
Tuition to private schools for disabled within state	<u>2,840,749</u>	<u>(51,200)</u>
Total undistributed expenditures - instruction	<u>4,133,016</u>	<u>-</u>
Attendance and social work services:		
Salaries	84,198	-
Other purchased services	<u>200</u>	<u>-</u>
Total attendance and social work services	<u>84,398</u>	<u>-</u>
Health services:		
Salaries	473,079	-
Purchased professional and technical services	34,000	2,000
Supplies and materials	<u>19,202</u>	<u>-</u>
Total health services	<u>526,281</u>	<u>2,000</u>

Final Budget	Actual	Variance Final to Actual
\$ 762,018	\$ 762,011	\$ 7
1,269	1,092	177
32,673	32,673	-
795,960	795,776	184
306,227	293,318	12,909
41,780	36,820	4,960
8,610	2,403	6,207
1,733	540	1,193
3,000	-	3,000
361,350	333,081	28,269
710,748	695,600	15,148
171,220	164,269	6,951
67,580	65,880	1,700
9,780	7,051	2,729
85,000	69,430	15,570
1,044,328	1,002,230	42,098
29,830,907	29,346,142	484,765
66,090	66,022	68
527,917	502,165	25,752
567,630	491,238	76,392
120,580	83,720	36,860
61,250	61,250	-
2,789,549	2,649,769	139,780
4,133,016	3,854,164	278,852
84,198	84,196	2
200	62	138
84,398	84,258	140
473,079	473,079	-
36,000	34,238	1,762
19,202	16,743	2,459
528,281	524,060	4,221

(Continued)

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>
Speech, occupational therapy, physical therapy, related services:		
Salaries	\$ 885,118	\$ (57,895)
Purchased professional-educational services	138,400	73,715
Supplies and materials	6,842	(70)
Other objects	<u>500</u>	<u>600</u>
Total speech, occupational therapy, physical therapy, related services	<u>1,030,860</u>	<u>16,350</u>
Other support services - students - extra services:		
Salaries	<u>504,678</u>	<u>68,470</u>
Total other support services - students - extra services	<u>504,678</u>	<u>68,470</u>
Other support services - guidance:		
Salaries of other professional staff	1,036,100	-
Salaries of secretarial and clerical assistants	125,987	-
Other purchased services (400 - 500 series)	6,820	-
Supplies and materials	73,145	-
Other objects	<u>8,480</u>	<u>-</u>
Total other support services - guidance	<u>1,250,532</u>	<u>-</u>
Other support services - child study team:		
Salaries of other professional staff	1,459,837	18,200
Salaries of secretarial and clerical assistants	137,695	(69,427)
Purchased professional-educational services	20,500	33,800
Other purchased professional and technical services	22,455	7,690
Other purchased services (400 - 500 series)	19,015	3,100
Supplies and materials	51,683	(850)
Other objects	<u>5,100</u>	<u>-</u>
Total other support services - child study team	<u>1,716,285</u>	<u>(7,487)</u>
Improvement of instructional services:		
Salaries of supervisors of instruction	781,329	-
Salaries of other professional staff	100,062	2,644
Salaries of secretarial and clerical assistants	127,809	-
Other purchased services (400 - 500 series)	10,500	-
Supplies and materials	9,359	-
Other objects	<u>3,600</u>	<u>-</u>
Total improvement of instructional services	<u>1,032,659</u>	<u>2,644</u>
Educational media services/school library:		
Salaries	441,988	-
Purchased professional and technical services	3,750	-
Supplies and materials	79,991	-
Other objects	<u>592</u>	<u>-</u>
Total educational media services/school library	<u>526,321</u>	<u>-</u>

Final Budget	Actual	Variance Final to Actual
\$ 827,223	\$ 812,915	\$ 14,308
212,115	200,452	11,663
6,772	5,500	1,272
1,100	280	820
<u>1,047,210</u>	<u>1,019,147</u>	<u>28,063</u>
 573,148	 557,469	 15,679
<u>573,148</u>	<u>557,469</u>	<u>15,679</u>
 1,036,100	 1,034,786	 1,314
125,987	118,954	7,033
6,820	2,724	4,096
73,145	49,817	23,328
8,480	7,606	874
<u>1,250,532</u>	<u>1,213,887</u>	<u>36,645</u>
 1,478,037	 1,475,752	 2,285
68,268	67,908	360
54,300	51,765	2,535
30,145	28,819	1,326
22,115	20,457	1,658
50,833	50,273	560
5,100	4,348	752
<u>1,708,798</u>	<u>1,699,322</u>	<u>9,476</u>
 781,329	 781,328	 1
102,706	92,188	10,518
127,809	127,808	1
10,500	6,717	3,783
9,359	3,450	5,909
3,600	3,074	526
<u>1,035,303</u>	<u>1,014,565</u>	<u>20,738</u>
 441,988	 410,981	 31,007
3,750	3,750	-
79,991	70,759	9,232
592	150	442
<u>526,321</u>	<u>485,640</u>	<u>40,681</u>

(Continued)

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>
Instructional staff training services:		
Salaries of other professional staff	\$ 57,575	\$ 1,762
Salaries of secretarial and clerical assistants	7,748	-
Purchased professional-educational services	4,700	-
Other purchased services (400 - 500 series)	<u>28,350</u>	<u>(1,000)</u>
Total instructional staff training services	<u>98,373</u>	<u>762</u>
Support services - general administration:		
Salaries	466,502	-
Legal services	150,000	-
Audit fees	34,000	2,165
Architectural/Engineering services	61,125	42,835
Other purchased professional services	118,750	6,000
Purchased technical services	21,000	4,925
Communications/telephone	267,500	(9,325)
BOE other purchased professional services	1,900	-
Other purchased services (400 - 500 series)	17,400	28,000
General supplies	16,000	(600)
BOE in-house training/meeting supplies	3,000	-
Miscellaneous expenditures	48,000	(2,000)
BOE membership dues and fees	<u>800</u>	<u>-</u>
Total support services - general administration	<u>1,205,977</u>	<u>72,000</u>
Support services - school administration:		
Salaries of principals/assistant principals	1,171,372	-
Salaries of other professional staff	224,396	-
Salaries of secretarial and clerical assistants	602,181	-
Other purchased services (400 - 500 series)	145,226	-
Supplies and materials	52,575	3,285
Other objects	<u>28,000</u>	<u>-</u>
Total support services - school administration	<u>2,223,750</u>	<u>3,285</u>
Central services:		
Salaries	533,592	1,000
Purchased professional services	70,300	30,000
Purchased technical services	71,000	(4,152)
Other purchased services (400 - 500 series)	20,015	(2,000)
Supplies and materials	15,030	(950)
Interest on Lease Purchase Agreements	108,080	29,101
Miscellaneous expenditures	<u>8,390</u>	<u>-</u>
Total central services	<u>826,407</u>	<u>52,999</u>
Administrative information technology:		
Salaries	582,018	-
Other purchased services (400 - 500 series)	<u>22,860</u>	<u>3,193</u>
Total administrative information technology	<u>604,878</u>	<u>3,193</u>

Final Budget	Actual	Variance Final to Actual
\$ 59,337	\$ 59,181	\$ 156
7,748	7,748	-
4,700	1,549	3,151
27,350	24,427	2,923
99,135	92,905	6,230
466,502	459,668	6,834
150,000	84,649	65,351
36,165	36,165	-
103,960	91,716	12,244
124,750	112,766	11,984
25,925	25,484	441
258,175	160,766	97,409
1,900	914	986
45,400	36,445	8,955
15,400	7,223	8,177
3,000	2,608	392
46,000	35,292	10,708
800	375	425
1,277,977	1,054,071	223,906
1,171,372	1,171,371	1
224,396	224,396	-
602,181	592,409	9,772
145,226	137,238	7,988
55,860	46,464	9,396
28,000	20,037	7,963
2,227,035	2,191,915	35,120
534,592	534,291	301
100,300	64,435	35,865
66,848	45,675	21,173
18,015	13,218	4,797
14,080	12,108	1,972
137,181	137,180	1
8,390	6,655	1,735
879,406	813,562	65,844
582,018	574,159	7,859
26,053	26,052	1
608,071	600,211	7,860

(Continued)

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>
Required allowable maintenance for school facilities:		
Salaries	\$ 541,695	\$ -
Cleaning, repair and maintenance services	374,892	-
General supplies	393,448	(14,927)
	<u>1,310,035</u>	<u>(14,927)</u>
Total required allowable maintenance for school facilities		
	<u>1,310,035</u>	<u>(14,927)</u>
Custodial services:		
Salaries	2,095,650	(71,236)
Salaries of non-instructional aids	80,000	-
Purchased professional and technical services	72,102	-
Cleaning, repair and maintenance services	208,906	(4,732)
Rental of land and buildings other than lease purchase agreements	17,500	(8,000)
Lease purchase agreements	346,265	188,656
Other purchased property services	248,600	-
Insurance	403,116	(15,000)
Miscellaneous Purchased Services	1,000	-
General supplies	381,500	-
Energy (natural gas)	483,650	58,000
Energy (electricity)	689,300	12,000
Other objects	34,000	(5,000)
	<u>5,061,589</u>	<u>154,688</u>
Total custodial services		
	<u>5,061,589</u>	<u>154,688</u>
Care and upkeep of grounds:		
Salaries	168,765	-
Cleaning, repair and maintenance services	35,486	-
General supplies	93,000	-
	<u>297,251</u>	<u>-</u>
Total care and upkeep of grounds		
	<u>297,251</u>	<u>-</u>
Security:		
Salaries	189,569	10,500
	<u>189,569</u>	<u>10,500</u>
Total security		
	<u>189,569</u>	<u>10,500</u>
Student transportation services:		
Salaries of non-instructional aids	119,372	(23,118)
between home and school - regular	1,295,307	(24,000)
between home and school - special education	264,730	(32,000)
other than between home and school	65,000	(5,000)
Other purchased professional and technical services	44,500	23,118
Cleaning, repair and maintenance services	480,000	-
Contracted services (between home and school) - vendors	461,000	(18,000)
Contracted services (between home and school) - joint ventures	-	2,000
Contracted services (special education) - vendors	95,000	147,000
Contracted services (special education) - joint agreements	1,500	9,500
Contracted services - aid in lieu payments	125,000	3,000
Miscellaneous purchased services - transportation	144,090	(35,585)
General supplies	6,000	-
Transportation supplies	240,000	(14,500)
Other Objects	20,000	-
	<u>3,361,499</u>	<u>32,415</u>
Total student transportation services		
	<u>3,361,499</u>	<u>32,415</u>

Final Budget	Actual	Variance Final to Actual
\$ 541,695	\$ 509,302	\$ 32,393
374,892	290,254	84,638
378,521	303,576	74,945
1,295,108	1,103,132	191,976
2,024,414	1,998,056	26,358
80,000	79,605	395
72,102	55,526	16,576
204,174	162,765	41,409
9,500	5,196	4,304
534,921	534,920	1
248,600	237,373	11,227
388,116	385,470	2,646
1,000	476	524
381,500	372,254	9,246
541,650	534,284	7,366
701,300	649,851	51,449
29,000	25,051	3,949
5,216,277	5,040,827	175,450
168,765	153,874	14,891
35,486	145	35,341
93,000	87,899	5,101
297,251	241,918	55,333
200,069	199,541	528
200,069	199,541	528
96,254	94,774	1,480
1,271,307	1,270,543	764
232,730	230,550	2,180
60,000	33,254	26,746
67,618	50,978	16,640
480,000	437,807	42,193
443,000	442,818	182
2,000	1,006	994
242,000	219,225	22,775
11,000	10,862	138
128,000	126,573	1,427
108,505	99,767	8,738
6,000	3,894	2,106
225,500	175,813	49,687
20,000	12,152	7,848
3,393,914	3,210,016	183,898

(Continued)

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>
Personal services - employee benefits:		
Unallocated benefits:		
Group insurance	\$ 13,500	\$ -
Social security contributions	816,000	85,000
Other retirement contribution - PERS	862,200	(9,555)
Other retirement contribution - ERIP	36,000	-
Other retirement contribution - regular	35,000	19,460
Workmen's compensation	583,800	(145,861)
Health benefits	10,520,000	(196,094)
Tuition reimbursement	80,000	10,950
Other employee benefits	106,700	124,050
	<u>13,053,200</u>	<u>(112,050)</u>
Total unallocated benefits		
	<u>13,053,200</u>	<u>(112,050)</u>
On-behalf contributions:		
Post retirement medical(non-budgeted)	-	-
TPAF pension contributions (non-budgeted)	-	-
Reimbursed TPAF social security contributions (non-budgeted)	-	-
	<u>-</u>	<u>-</u>
Total on-behalf contributions	<u>-</u>	<u>-</u>
Total personal services - employee benefits	<u>13,053,200</u>	<u>(112,050)</u>
Food services:		
Transfers to cover deficit (enterprise)	25,000	-
	<u>25,000</u>	<u>-</u>
Total food services	<u>25,000</u>	<u>-</u>
Total undistributed expenditures	<u>39,062,558</u>	<u>284,842</u>
Total general current expense	<u>69,554,720</u>	<u>(376,413)</u>
CAPITAL OUTLAY:		
Undistributed expenditures:		
School-spons. & other instruction program	15,539	132
General administration	-	6,495
School administration	82,460	31,081
Required maintenance school facilities	57,830	(23,599)
Custodial services	22,350	-
Care and upkeep of grounds	-	12,455
School Buses Regular	63,899	193,509
	<u>63,899</u>	<u>193,509</u>
Total equipment	<u>242,078</u>	<u>220,073</u>
Facilities acquisition and construction services:		
Construction services	732,397	126,460
	<u>732,397</u>	<u>126,460</u>
Other objects	60,092	-
Transfer to capital projects	-	-
	<u>-</u>	<u>-</u>
Total facilities acquisition and construction services	<u>792,489</u>	<u>126,460</u>

<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
\$ 13,500	\$ 12,192	\$ 1,308
901,000	900,385	615
852,645	852,645	-
36,000	34,499	1,501
54,460	54,453	7
437,939	435,206	2,733
10,323,906	10,299,174	24,732
90,950	90,929	21
230,750	230,269	481
12,941,150	12,909,752	31,398
-	2,611,676	(2,611,676)
-	1,645,149	(1,645,149)
-	2,242,063	(2,242,063)
-	6,498,888	(6,498,888)
12,941,150	19,408,640	(6,467,490)
25,000	-	25,000
25,000	-	25,000
39,347,400	44,409,250	(5,061,850)
69,178,307	73,755,392	(4,577,085)
15,671	-	15,671
6,495	6,495	-
113,541	113,535	6
34,231	34,231	-
22,350	22,350	-
12,455	12,455	-
257,408	63,899	193,509
462,151	252,965	209,186
858,857	803,371	55,486
-	-	-
60,092	60,092	-
-	-	-
918,949	863,463	55,486

(Continued)

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>
Assets acquired under capital leases (non-budgeted)		
School Administration	\$ -	\$ -
	-	-
Total capital outlay	<u>1,034,567</u>	<u>- 346,533</u>
SPECIAL SCHOOLS:		
Summer school - instruction:		
Salaries of teachers	\$ 82,932	\$ 18,603
Other salaries for instruction	76,533	8,197
Purchased professional and technical services	26,250	-
General supplies	<u>1,500</u>	<u>3,080</u>
Total summer school - instruction	<u>187,215</u>	<u>29,880</u>
Total special schools	<u>187,215</u>	<u>29,880</u>
Transfer of funds to Charter School	<u>59,866</u>	<u>-</u>
Total expenditures	<u>70,836,368</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,841,922)</u>	<u>-</u>
Other financing sources (uses):		
Operating transfers in:		
Transfer from capital projects	-	-
Capital lease proceeds	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	<u>(3,841,922)</u>	<u>-</u>
Fund balance, July 1	<u>8,822,763</u>	<u>-</u>
Fund balance, June 30	<u><u>\$ 4,980,841</u></u>	<u><u>\$ -</u></u>
Recapitulation		
Restricted fund balance:		
Capital reserve		
Excess surplus - designated for subsequent year's expenditures		
Excess surplus - current year		
Assigned fund balances:		
Designated for subsequent year's expenditures		
Unassigned fund balances		
Reconciliation to governmental funds statements (GAAP)		
Last state aid payment not recognized on GAAP basis		
Fund Balance per governmental funds (GAAP)		

<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
\$ -	\$ 1,200,000	\$ (1,200,000)
-	1,200,000	(1,200,000)
1,381,100	2,316,428	(935,328)
\$ 101,535	\$ 99,003	\$ 2,532
84,730	83,535	1,195
26,250	20,433	5,817
4,580	4,280	300
-	-	-
217,095	207,251	9,844
-	-	-
217,095	207,251	9,844
-	-	-
59,866	15,745	44,121
-	-	-
70,836,368	76,294,816	(5,458,448)
-	-	-
(3,841,922)	(2,187,458)	1,654,464
-	20,859	20,859
-	1,200,000	1,200,000
-	1,220,859	1,220,859
(3,841,922)	(966,599)	2,875,323
8,822,763	8,822,763	-
\$ 4,980,841	\$ 7,856,164	\$ 2,875,323
	\$ 1,360,531	
	2,139,672	
	1,682,529	
	940,645	
	1,732,787	
	7,856,164	
	(1,368,356)	
	\$ 6,487,808	

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>
REVENUES:		
State sources	\$ 463,772	\$ 136,068
Federal sources	<u>1,241,428</u>	<u>384,374</u>
Total Revenues	<u>1,705,200</u>	<u>520,442</u>
EXPENDITURES:		
Instruction		
Salaries of teachers	131,566	299,166
Other salaries for instruction	819,598	(175,895)
Purchased professional and technical services	60,306	41,846
General supplies	290,264	(262,450)
Textbooks	31,243	12,726
Other purchased services	<u>372,223</u>	<u>240,884</u>
Total Instruction	<u>1,705,200</u>	<u>156,277</u>
Support Services		
Salaries of secretaries and clerical assistants	-	117,427
Personal services - employee benefits	-	108,844
Purchased professional services	-	136,909
General supplies	-	880
Travel	<u>-</u>	<u>105</u>
Total Support Services	<u>-</u>	<u>364,165</u>
Total Expenditures	<u>1,705,200</u>	<u>520,442</u>
Total Outflows	<u>1,705,200</u>	<u>520,442</u>
Excess (Deficiency) of Revenues Over (Under)		
Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>

Final Budget	Actual	Variance Final to Actual
\$ 599,840	\$ 581,343	\$ (18,497)
<u>1,625,802</u>	<u>1,616,657</u>	<u>(9,145)</u>
<u>2,225,642</u>	<u>2,198,000</u>	<u>(27,642)</u>
430,732	430,732	-
643,703	643,703	-
102,152	97,416	4,736
27,814	26,755	1,059
43,969	43,716	253
<u>613,107</u>	<u>598,744</u>	<u>14,363</u>
<u>1,861,477</u>	<u>1,841,066</u>	<u>20,411</u>
117,427	117,427	-
108,844	108,843	1
136,909	129,679	7,230
880	880	-
<u>105</u>	<u>105</u>	<u>-</u>
<u>364,165</u>	<u>356,934</u>	<u>7,231</u>
<u>2,225,642</u>	<u>2,198,000</u>	<u>27,642</u>
<u>2,225,642</u>	<u>2,198,000</u>	<u>27,642</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**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, 2015

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 74,107,358	\$ 2,198,000
Difference - budget to GAAP:		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until subsequent year.	(1,368,356)	-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	<u>1,233,311</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u><u>\$ 73,972,313</u></u>	<u><u>\$ 2,198,000</u></u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 76,294,816	\$ 2,198,000
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u><u>\$ 76,294,816</u></u>	<u><u>\$ 2,198,000</u></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
June 30, 2015

	<u>June 30, 2015 *</u>
District's proportion of the Net Pension Liability	0.04984458%
Employer's proportionate share of the Net Pension Liability	\$ 19,364,539
District's covered - employee payroll	\$ 7,306,958
District's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	37.73%
Plan Fiduciary Net Position as a percentage of the total	
Pension liability (local)	52.08%

*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(s) for which information is available.

OCEAN TOWNSHIP SCHOOL DISTRICT
Schedule of District Contributions
Public Employees Retirement System
Required Supplementary Information
June 30, 2015

	<u>2014</u>	<u>2013</u>
Contractually- required contribution	\$ 852,645	\$ 750,592
Contributions in relation to the contractually required contribution	<u>(852,645)</u>	<u>(750,952)</u>
Contribution deficiency (excess)	-	-
District's covered employee payroll	\$ 7,306,958	\$ 6,924,348
Contributions as a percentage of covered- employee payroll	11.67%	10.85%

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity System
Required Supplementary Information
June 30, 2015
(Unaudited)

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
District's proportion of the Net Pension Liability**	\$ -	\$ -
District's proportionate share of the Net Pension Liability	\$ -	\$ -
State's proportionate share of the Net Pension Liability associated with the employer*	\$ 160,666,363	\$ 154,418,423
District's covered-employee payroll	\$ 30,953,607	\$ 29,765,972
District's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	N/A	N/A
Plan Fiduciary Net Position as a percentage of the total pension liability (local)	33.64%	33.76%

** Note: TPAF is a special funding situation defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the District (employer) does not contribute directly to the plan, there is no net pension liability to report in the financial statements of the District.

Note - Until a full ten year period trend is completed, information will be presented for those 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
Pension Schedules
For the Fiscal Year Ended June 30, 2015

Teachers' Pension and Annuity Fund (TPAF)

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

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

Public Employees' Retirement System PERS

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

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

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.

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OCEAN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2015

	I.D.E.A Part B	
	Regular	Preschool
	2014-2015	2014-2015
REVENUES:		
State sources	\$ -	\$ -
Federal sources	982,862	40,313
Total revenues	\$ 982,862	\$ 40,313
EXPENDITURES:		
Instruction:		
Salaries of teachers	\$ -	\$ -
Other salaries for instruction	593,256	39,789
Purchased professional and technical services	-	-
General supplies	-	-
Textbooks	-	-
Others purchased services	150,000	524
Total instruction	743,256	40,313
Support services:		
Salaries of secretarial and clerical assistants	117,427	-
Personal services - employee benefits	-	-
Purchased professional and technical services	122,179	-
General supplies	-	-
Travel	-	-
Total support services	239,606	-
Total expenditures	\$ 982,862	\$ 40,313

Title I Basic 2014-2015	Race to the Top 2014-2015	Total Other Special Projects (Ex. E-1a)	Total Nonpublic Programs (Ex. E-1b)	Totals 2015
\$ -	\$ -	\$ -	\$ 581,343	\$ 581,343
<u>417,768</u>	<u>7,500</u>	<u>168,214</u>	<u>-</u>	<u>1,616,657</u>
<u>\$ 417,768</u>	<u>\$ 7,500</u>	<u>\$ 168,214</u>	<u>\$ 581,343</u>	<u>\$ 2,198,000</u>
\$ 331,561	\$ -	\$ 99,171	\$ -	\$ 430,732
-	-	10,658	-	643,703
-	-	-	97,416	97,416
-	-	26,755	-	26,755
-	-	-	43,716	43,716
<u>-</u>	<u>-</u>	<u>8,009</u>	<u>440,211</u>	<u>598,744</u>
<u>331,561</u>	<u>-</u>	<u>144,593</u>	<u>581,343</u>	<u>1,841,066</u>
-	-	-	-	117,427
86,207	-	22,636	-	108,843
-	7,500	-	-	129,679
-	-	880	-	880
<u>-</u>	<u>-</u>	<u>105</u>	<u>-</u>	<u>105</u>
<u>86,207</u>	<u>7,500</u>	<u>23,621</u>	<u>-</u>	<u>356,934</u>
<u>\$ 417,768</u>	<u>\$ 7,500</u>	<u>\$ 168,214</u>	<u>\$ 581,343</u>	<u>\$ 2,198,000</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis (Continued)
For the Fiscal Year Ended June 30, 2015

	Title II, Part A Teacher and Principal Training & Recruiting 2014-2015	Title III Part A 2014-2015	Title III Immigrant 2014-2015	Carry forward to E-1 Total Other Special Projects
REVENUES:				
Federal sources	\$ 91,144	\$ 48,842	\$ 28,228	\$ 168,214
Total revenues	<u>\$ 91,144</u>	<u>\$ 48,842</u>	<u>\$ 28,228</u>	<u>\$ 168,214</u>
EXPENDITURES:				
Instruction:				
Salaries of teachers	\$ 58,650	\$ 38,337	\$ 2,184	\$ 99,171
Other salaries for instruction	10,658	-	-	10,658
Purchased professional and technical services	-	-	-	-
General supplies	279	432	26,044	26,755
Other purchased services	8,009	-	-	8,009
Total instruction	<u>77,596</u>	<u>38,769</u>	<u>28,228</u>	<u>144,593</u>
Support services:				
Personal services - employee benefits	12,668	9,968	-	22,636
Purchased professional and technical services	-	-	-	-
General supplies	880	-	-	880
Travel	-	105	-	105
Total support services	<u>13,548</u>	<u>10,073</u>	<u>-</u>	<u>23,621</u>
Total expenditures	<u>\$ 91,144</u>	<u>\$ 48,842</u>	<u>\$ 28,228</u>	<u>\$ 168,214</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis (Continued)
For the Fiscal Year Ended June 30, 2015

	<u>N.J. Nonpublic Handicapped Services Ch. 193</u>			<u>N.J. Nonpublic Auxiliary Services Ch. 192 Compensatory</u>
	<u>Examination and Classification</u>	<u>Corrective Speech</u>	<u>Supplemental Instruction</u>	
REVENUES:				
State sources	\$ 113,688	\$ 38,874	\$ 87,886	\$ 199,763
Total revenues	<u>\$ 113,688</u>	<u>\$ 38,874</u>	<u>\$ 87,886</u>	<u>\$ 199,763</u>
EXPENDITURES:				
Instruction:				
Purchased professional and technical services	\$ -	\$ -	\$ -	\$ -
Textbooks	-	-	-	-
Other purchased services	113,688	38,874	87,886	199,763
Total instruction	<u>113,688</u>	<u>38,874</u>	<u>87,886</u>	<u>199,763</u>
Total expenditures	<u>\$ 113,688</u>	<u>\$ 38,874</u>	<u>\$ 87,886</u>	<u>\$ 199,763</u>

Nonpublic Nursing	Nonpublic Textbooks	Nonpublic Technology	Carry forward to E-1 Total Nonpublic Programs
<u>\$ 73,942</u>	<u>\$ 43,716</u>	<u>\$ 23,474</u>	<u>\$ 581,343</u>
<u><u>\$ 73,942</u></u>	<u><u>\$ 43,716</u></u>	<u><u>\$ 23,474</u></u>	<u><u>\$ 581,343</u></u>
\$ 73,942	\$ -	\$ 23,474	\$ 97,416
-	43,716	-	43,716
<u>-</u>	<u>-</u>	<u>-</u>	<u>440,211</u>
<u>73,942</u>	<u>43,716</u>	<u>23,474</u>	<u>581,343</u>
<u><u>\$ 73,942</u></u>	<u><u>\$ 43,716</u></u>	<u><u>\$ 23,474</u></u>	<u><u>\$ 581,343</u></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.

OCEAN TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2015

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>GAAP Expenditures to Date</u>		<u>Unexpended Appropriations June 30, 2015</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Energy Savings Improvement Plan	5/21/2013	\$ 3,433,934	\$ 3,258,728	\$ 175,206	\$ 3,258,728
2015 Referendum	3/12/2015	28,944,000	-	1,748,207	27,195,793
Totals		<u>\$ 32,377,934</u>	<u>\$ 3,258,728</u>	<u>\$ 1,923,413</u>	<u>\$ 30,454,521</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, 2015

Revenues and Other Financing Sources

State sources	\$ -
Bond proceeds	28,944,000
Total revenues	<u>28,944,000</u>

Expenditures and Other Financing Uses

Purchased professional and technical services	484,394
Construction services	1,439,019
Other objects	-
Total expenditures	<u>1,923,413</u>

Excess (deficiency) of revenues over (under) expenditures 27,020,587

Fund balance - beginning 175,206

Fund balance - ending \$ 27,195,793

OCEAN TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Energy Savings Improvement Plan
For the Fiscal Year Ended June 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Capital lease proceeds and transfers	\$ -	\$ 3,433,934	\$ 3,433,934	\$ 3,433,934
Total revenues	-	3,433,934	3,433,934	3,433,934
Expenditures and Other Financing Uses				
Purchased professional and technical services	-	26,934	26,934	66,139
Construction services	-	3,182,680	3,182,680	3,227,795
Other objects	-	49,114	49,114	140,000
Total expenditures	-	3,258,728	3,258,728	3,433,934
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 175,206</u>	<u>\$ 175,206</u>	<u>\$ -</u>
Additional project information				
Lease Number	40102702			
Escrow Number	76-8183-01-4			
Agreement Date	8/1/2013			
Original authorized cost	\$ 3,433,934			
Revised authorized cost	\$ 3,433,934			
Percentage increase over original authorized cost	0%			
Percentage completion	100%			
Original target completion date	September 2014			
Revised target completion date	June 2015			

OCEAN TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
2015 Bond Referendum
For the Fiscal Year Ended June 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond proceeds and transfers	\$ -	\$ 28,944,000	\$ 28,944,000	\$ 28,944,000
Total revenues	-	28,944,000	28,944,000	28,944,000
Expenditures and Other Financing Uses				
Purchased professional and technical services	-	484,394	484,394	1,534,623
Construction services	-	1,263,813	1,263,813	27,409,377
Other objects	-	-	-	-
Total expenditures	-	1,748,207	1,748,207	28,944,000
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 27,195,793</u>	<u>\$ 27,195,793</u>	<u>\$ -</u>
Additional project information				
Bond Issue Date	3/12/2015			
Original authorized cost	\$ 28,944,000			
Revised authorized cost	\$ 28,944,000			
Percentage increase over original authorized cost	0%			
Percentage completion	2%			
Original target completion date	September 2017			
Revised target completion date	September 2017			

PROPRIETARY FUNDS DETAIL STATEMENTS

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

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

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

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose:

Private Purpose Scholarship Funds - These are funds used to account for assets held by the district for scholarships or awards to students.

Unemployment Compensation Insurance Trust Fund - This fund is used to pay employees unemployment compensation claims.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds:

Student Activity Fund - This agency fund is used to account for student funds held at the schools.

Payroll and Payroll Agency Funds - These agency funds are used to account for the payroll transactions of the school district.

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OCEAN TOWNSHIP SCHOOL DISTRICT
Combining Statement of Fiduciary Net Position
Trust and Agency Funds
June 30, 2015

		Trust	
	Unemployment Compensation	Private Purpose	Total Trust Fund
ASSETS:			
Cash and cash equivalents	\$ 375,211	\$ 19,450	\$ 394,661
Total assets	375,211	19,450	394,661
LIABILITIES:			
Payroll deductions and withholdings	26,186	-	26,186
Due to student groups	-	-	-
Total liabilities	26,186	-	26,186
NET POSITION:			
Reserved	349,025	19,450	368,475
Total net position	\$ 349,025	\$ 19,450	\$ 368,475

<u>Student Activity</u>	<u>Agency</u>	
	<u>Payroll</u>	<u>Total Agency Fund</u>
\$ 326,214	\$ 1,681,046	\$ 2,007,260
<u>\$ 326,214</u>	<u>\$ 1,681,046</u>	<u>\$ 2,007,260</u>
\$ -	\$ 1,681,046	\$ 1,681,046
326,214	-	326,214
<u>\$ 326,214</u>	<u>\$ 1,681,046</u>	<u>\$ 2,007,260</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2015

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Total Trusts</u>
ADDITIONS:			
Contributions			
Plan member	\$ 118,660	\$ -	\$ 118,660
Other	-	9,683	9,683
	<u>118,660</u>	<u>9,683</u>	<u>128,343</u>
Investment earnings			
Interest	54	-	54
	<u>54</u>	<u>-</u>	<u>54</u>
Net investment earnings	<u>54</u>	<u>-</u>	<u>54</u>
Total Additions	<u>118,714</u>	<u>9,683</u>	<u>128,397</u>
DEDUCTIONS:			
Quarterly contribution reports	51,368	-	51,368
Unemployment claims	39,273	-	39,273
Scholarships awarded	-	16,959	16,959
	<u>90,641</u>	<u>16,959</u>	<u>107,600</u>
Total Deductions	<u>90,641</u>	<u>16,959</u>	<u>107,600</u>
Change in Net Position	28,073	(7,276)	20,797
Net Position - Beginning of Year	<u>320,952</u>	<u>26,726</u>	<u>347,678</u>
Net Position - End of Year	<u>\$ 349,025</u>	<u>\$ 19,450</u>	<u>\$ 368,475</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2015**

	<u>Balance July 1, 2014</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2015</u>
ELEMENTARY SCHOOLS:				
Ocean Township Elementary	\$ 2,696	\$ 8,758	\$ 9,976	\$ 1,478
Wayside Elementary	10,576	7,580	7,033	11,123
Wanamassa Elementary	5,559	626	1,225	4,960
Total elementary schools	<u>18,831</u>	<u>16,964</u>	<u>18,234</u>	<u>17,561</u>
INTERMEDIATE SCHOOL	<u>72,774</u>	<u>68,801</u>	<u>73,875</u>	<u>67,700</u>
HIGH SCHOOL	<u>265,153</u>	<u>436,766</u>	<u>460,966</u>	<u>240,953</u>
Total all schools	<u><u>\$ 356,758</u></u>	<u><u>\$ 522,531</u></u>	<u><u>\$ 553,075</u></u>	<u><u>\$ 326,214</u></u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2015

	<u>Balance July 1, 2014</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2015</u>
ASSETS:				
Cash and cash equivalents	<u>\$ 1,509,271</u>	<u>\$ 23,159,789</u>	<u>\$ 22,988,014</u>	<u>\$ 1,681,046</u>
Total assets	<u><u>\$ 1,509,271</u></u>	<u><u>\$ 23,159,789</u></u>	<u><u>\$ 22,988,014</u></u>	<u><u>\$ 1,681,046</u></u>
LIABILITIES:				
Payroll deductions and withholdings	<u>\$ 1,509,271</u>	<u>\$ 23,159,789</u>	<u>\$ 22,988,014</u>	<u>\$ 1,681,046</u>
Total liabilities	<u><u>\$ 1,509,271</u></u>	<u><u>\$ 23,159,789</u></u>	<u><u>\$ 22,988,014</u></u>	<u><u>\$ 1,681,046</u></u>

LONG-TERM DEBT SCHEDULES

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

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OCEAN TOWNSHIP SCHOOL DISTRICT
Long Term Debt
Schedule of Serial Bonds
As of June 30, 2015

Issue	Date of Issue	Amount of Issue	Annual Maturities	
			Date	Amount
School renovations and additions (Refunding issue 1999)	5/1/1999	\$ 8,275,000		
School renovations and additions (Refunding issue 2010)	10/20/2010	8,585,000	3/1/2016	860,000
			3/1/2017	850,000
			3/1/2018	845,000
			3/1/2019	835,000
			3/1/2020	830,000
			3/1/2021	825,000
			3/1/2022	820,000
School bonds - Energy project	9/1/2007	6,113,000	9/1/2015	405,000
			9/1/2016	425,000
			9/1/2017	445,000
			9/1/2018	465,000
			9/1/2019	485,000
			9/1/2020	505,000
			9/1/2021	510,000
			9/1/2022	515,000
School bonds - 2015 Referendum	2/15/2015	28,944,000	3/15/2017	1,264,000
			3/15/2018	1,065,000
			3/15/2019	1,100,000
			3/15/2020	1,130,000
			3/15/2021	1,170,000
			3/15/2022	1,205,000
			3/15/2023	1,245,000
			3/15/2024	1,290,000
			3/15/2025	1,335,000
			3/15/2026	1,380,000
			3/15/2027	1,430,000
			3/15/2028	1,480,000
			3/15/2029	1,530,000
			3/15/2030	1,585,000
			3/15/2031	1,640,000
			3/15/2032	1,695,000
			3/15/2033	1,755,000
			3/15/2034	1,820,000
			3/15/2035	1,880,000
			3/15/2036	1,945,000

<u>Interest Rate</u>	<u>Balance July 1, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2015</u>
	\$ 1,490,000	\$ -	\$ 1,490,000	\$ -
4.000%	6,730,000	-	865,000	5,865,000
4.000%				
4.000%				
4.000%				
4.000%				
4.000%				
4.000%				
4.125%	4,145,000	-	390,000	3,755,000
4.125%				
4.125%				
4.125%				
4.125%				
4.125%				
4.200%				
4.250%				
2.000%	-	28,944,000	-	28,944,000
2.000%				
2.000%				
2.000%				
2.000%				
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%				
	<u>\$ 12,365,000</u>	<u>\$ 28,944,000</u>	<u>\$ 2,745,000</u>	<u>\$ 38,564,000</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Long Term Debt
Schedule of Obligations under Capital Lease
As of June 30, 2015

<u>Description</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2014</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2015</u>
Savin Copiers	\$ 137,942	\$ 70,952	\$ -	\$ 28,330	\$ 42,622
Savin Copiers	\$ 6,688	5,820	-	1,226	4,594
Energy Saving Improvement Project	\$ 3,433,934	3,433,934	-	304,920	3,129,014
Technology Equipment lease	\$ 1,200,000	-	1,200,000	230,000	970,000
		<u>\$ 3,510,706</u>	<u>\$ 1,200,000</u>	<u>\$ 564,476</u>	<u>\$ 4,146,230</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 3,025,867	\$ -	\$ 3,025,867	\$ 3,025,867	\$ -
State sources:					
Debt service aid - Type II	<u>188,347</u>	<u>-</u>	<u>188,347</u>	<u>188,347</u>	<u>-</u>
Total revenues	<u>3,214,214</u>	<u>-</u>	<u>3,214,214</u>	<u>3,214,214</u>	<u>-</u>
EXPENDITURES:					
Regular debt service:					
Interest	469,214	-	469,214	469,214	-
Redemption of principal	<u>2,475,000</u>	<u>-</u>	<u>2,745,000</u>	<u>2,745,000</u>	<u>-</u>
Total expenditures	<u>2,944,214</u>	<u>-</u>	<u>3,214,214</u>	<u>3,214,214</u>	<u>-</u>
Fund balances, July 1	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund balances, June 30	<u>\$ 270,001</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>
<u>Recapitulation of Excess (Deficiency)</u>					
<u>of Revenues Over (Under) Expenditures</u>					
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	87 - 93
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	
Revenue Capacity	94 - 99
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
Debt Capacity	100 - 103
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.	
Demographic and Economic Information	104 - 105
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Information	106 - 112
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.	

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

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 1,851,705	\$ 26,199,311	\$ 23,103,432	\$ 20,862,685
Restricted	33,319,170	7,421,919	8,599,305	7,896,093
Unrestricted	(21,706,190)	(2,932,839)	(3,018,695)	(3,165,792)
Total governmental activities net position	<u><u>\$ 13,464,685</u></u>	<u><u>\$ 30,688,391</u></u>	<u><u>\$ 28,684,042</u></u>	<u><u>\$ 25,592,986</u></u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 47,283	\$ 55,812	\$ 64,921	\$ 76,535
Restricted	-	-	-	-
Unrestricted	25,142	38,867	55,533	(34,970)
Total business-type activities net position	<u><u>\$ 72,425</u></u>	<u><u>\$ 94,679</u></u>	<u><u>\$ 120,454</u></u>	<u><u>\$ 41,565</u></u>
District-wide				
Invested in capital assets, net of related debt	\$ 1,898,988	\$ 26,255,123	\$ 23,168,353	\$ 20,939,220
Restricted	33,319,170	7,421,919	8,599,305	7,896,093
Unrestricted	(21,681,048)	(2,893,972)	(2,963,162)	(3,200,762)
Total district-wide net position	<u><u>\$ 13,537,110</u></u>	<u><u>\$ 30,783,070</u></u>	<u><u>\$ 28,804,496</u></u>	<u><u>\$ 25,634,551</u></u>

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"

<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>
\$ 18,865,230	\$ 17,705,236	\$ 15,953,571	\$ 12,398,864	\$ 13,212,935	\$ 12,141,494
5,283,098	3,534,807	5,976,604	8,712,095	3,296,371	3,298,375
(3,049,861)	(2,549,999)	(3,078,273)	(2,223,231)	766,275	(890,211)
<u>\$ 21,098,467</u>	<u>\$ 18,690,044</u>	<u>\$ 18,851,902</u>	<u>\$ 18,887,728</u>	<u>\$ 17,275,581</u>	<u>\$ 14,549,658</u>
\$ 64,236	\$ 77,390	\$ 92,319	\$ 109,160	\$ 126,232	\$ 139,309
-	-	-	-	-	-
25,685	(7,461)	17,751	(62,448)	(31,374)	(20,121)
<u>\$ 89,921</u>	<u>\$ 69,929</u>	<u>\$ 110,070</u>	<u>\$ 46,712</u>	<u>\$ 94,858</u>	<u>\$ 119,188</u>
\$ 18,929,466	\$ 17,782,626	\$ 16,045,890	\$ 12,508,024	\$ 13,339,167	\$ 12,280,803
5,283,098	3,534,807	5,976,604	8,712,095	3,296,371	3,298,375
(3,024,176)	(2,557,460)	(3,060,522)	(2,285,679)	734,901	(910,332)
<u>\$ 21,188,388</u>	<u>\$ 18,759,973</u>	<u>\$ 18,961,972</u>	<u>\$ 18,934,440</u>	<u>\$ 17,370,439</u>	<u>\$ 14,668,846</u>

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

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Expenses			
Governmental activities			
Instruction			
Regular	\$ 37,890,451	\$ 32,519,106	\$ 31,710,830
Special education	10,042,126	8,250,188	7,949,249
Other special education	2,304,209	2,057,503	1,779,028
Other instruction	1,721,308	1,644,512	1,568,092
Support Services			
Instruction	4,211,098	4,020,710	4,702,295
Student & instruction related services	10,997,582	9,144,162	9,073,914
School administrative services	3,494,178	3,071,142	3,022,176
General administrative services	739,030	1,300,236	1,217,809
Central services and administrative information technology	1,933,809	1,668,114	1,555,888
Plant operations and maintenance	7,662,856	6,952,515	6,580,843
Pupil transportation	3,904,511	3,908,356	4,245,998
Special Schools	207,251	188,275	159,880
Charter schools	15,745	47,307	43,184
Interest on long-term debt	674,061	545,646	627,280
Total governmental activities expenses	<u>85,798,215</u>	<u>75,317,772</u>	<u>74,236,466</u>
Business-type activities:			
Food service	<u>1,229,862</u>	<u>1,202,792</u>	<u>1,173,646</u>
Total business-type activities expense	<u>1,229,862</u>	<u>1,202,792</u>	<u>1,173,646</u>
Total district expenses	<u><u>\$ 87,028,077</u></u>	<u><u>\$ 76,520,564</u></u>	<u><u>\$ 75,410,112</u></u>
Program Revenues			
Governmental activities:			
Charges for services:			
Instruction (tuition)	\$ -	\$ -	\$ -
Support services	273,485	273,683	259,327
Special schools	65,142	66,021	6,813
Operating grants and contributions	16,411,370	7,932,435	9,107,433
Total governmental activities program revenues	<u>16,749,997</u>	<u>8,272,139</u>	<u>9,373,573</u>
Business-type activities			
Charges for services:			
Food service	600,395	645,088	634,851
Operating grants and contributions	607,213	531,929	467,684
Total business-type activities program revenues	<u>1,207,608</u>	<u>1,177,017</u>	<u>1,102,535</u>
Total district program revenues	<u><u>\$ 17,957,605</u></u>	<u><u>\$ 9,449,156</u></u>	<u><u>\$ 10,476,108</u></u>
Net (Expense) Revenue			
Governmental activities	\$ (69,048,218)	\$ (67,045,633)	\$ (64,862,893)
Business-type activities	(22,254)	(25,775)	(71,111)
Total district-wide net expense	<u><u>\$ (69,070,472)</u></u>	<u><u>\$ (67,071,408)</u></u>	<u><u>\$ (64,934,004)</u></u>

<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>
\$ 31,201,908	\$ 30,672,356	\$ 30,869,776	\$ 29,853,090	\$ 31,403,830	\$ 30,493,052	\$ 28,727,656
7,304,546	6,672,604	6,760,065	6,685,215	6,787,935	6,641,597	5,702,888
1,601,960	1,345,531	1,988,821	2,017,043	2,062,716	1,688,817	1,608,853
1,545,146	1,457,112	1,455,524	1,397,145	1,536,734	1,506,792	1,459,389
3,265,613	3,992,315	3,434,045	3,292,240	2,971,655	2,396,367	2,482,940
9,260,790	8,252,664	8,335,122	7,943,866	6,745,992	6,807,909	6,356,887
2,943,430	2,820,723	3,370,056	3,372,965	3,086,920	3,023,913	2,336,634
1,130,936	1,164,642	1,146,016	1,161,748	1,086,689	1,173,956	1,919,276
1,475,749	1,432,837	1,557,977	1,218,126	848,343	606,651	725,358
6,786,929	7,004,447	6,924,274	7,338,569	7,668,599	7,001,421	7,027,307
3,917,781	3,908,346	3,918,662	3,913,472	3,745,741	3,672,414	3,559,049
156,620	164,599	187,863	190,883	179,677	194,374	83,692
21,473	30,545	57,636	15,348	2,793	-	-
716,154	1,460,077	1,007,071	1,308,884	1,245,843	1,107,017	1,172,100
<u>71,329,035</u>	<u>70,378,798</u>	<u>71,012,908</u>	<u>69,708,594</u>	<u>69,373,467</u>	<u>66,314,280</u>	<u>63,162,029</u>
1,237,158	1,192,783	1,141,723	1,132,607	1,105,399	1,077,716	1,105,246
<u>1,237,158</u>	<u>1,192,783</u>	<u>1,141,723</u>	<u>1,132,607</u>	<u>1,105,399</u>	<u>1,077,716</u>	<u>1,105,246</u>
<u>\$ 72,566,193</u>	<u>\$ 71,571,581</u>	<u>\$ 72,154,631</u>	<u>\$ 70,841,201</u>	<u>\$ 70,478,866</u>	<u>\$ 67,391,996</u>	<u>\$ 64,267,275</u>
\$ -	\$ -	\$ 24,968	\$ 53,793	\$ -	\$ 36,343	\$ 33,833
267,470	263,729	227,401	194,755	174,100	-	-
20,698	19,600	-	15,175	23,075	-	-
8,276,785	7,569,905	7,219,481	6,961,117	8,861,298	-	-
<u>8,564,953</u>	<u>7,853,234</u>	<u>7,471,850</u>	<u>7,224,840</u>	<u>9,058,473</u>	<u>36,343</u>	<u>33,833</u>
710,173	689,179	710,072	739,032	782,304	796,280	834,191
478,629	423,596	391,510	356,933	274,949	257,106	245,127
<u>1,188,802</u>	<u>1,112,775</u>	<u>1,101,582</u>	<u>1,095,965</u>	<u>1,057,253</u>	<u>1,053,386</u>	<u>1,079,318</u>
<u>\$ 9,753,755</u>	<u>\$ 8,966,009</u>	<u>\$ 8,573,432</u>	<u>\$ 8,320,805</u>	<u>\$ 10,115,726</u>	<u>\$ 1,089,729</u>	<u>\$ 1,113,151</u>
\$ (62,764,082)	\$ (62,525,564)	\$ (63,541,058)	\$ (62,483,754)	\$ (60,314,994)	\$ (66,277,937)	\$ (63,128,196)
(48,356)	(80,008)	(40,141)	(36,642)	(48,146)	(24,330)	(25,928)
<u>\$ (62,812,438)</u>	<u>\$ (62,605,572)</u>	<u>\$ (63,581,199)</u>	<u>\$ (62,520,396)</u>	<u>\$ (60,363,140)</u>	<u>\$ (66,302,267)</u>	<u>\$ (63,154,124)</u>

(Continued)

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

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
General Revenues and Other Changes in Net Position			
Governmental activities			
Property taxes levied for general purposes, net	\$ 58,643,552	\$ 57,501,584	\$ 56,734,353
Taxes levied for debt service	3,025,867	3,055,830	3,092,317
Federal and state aid not restricted	8,170,339	7,927,627	7,983,334
Investment earnings	10,300	15,354	18,898
Transfers	20,858	116	(150,000)
Gain on disposal of capital assets	-	-	-
Miscellaneous income	211,544	549,471	275,047
Total governmental activities	<u>70,082,460</u>	<u>69,049,982</u>	<u>67,953,949</u>
Business-type activities:			
Investment earnings	-	-	-
Transfers	-	-	150,000
Total business-type activities	<u>-</u>	<u>-</u>	<u>150,000</u>
Total district-wide	<u><u>\$ 70,082,460</u></u>	<u><u>\$ 69,049,982</u></u>	<u><u>\$ 68,103,949</u></u>
Change in Net Position			
Governmental activities	\$ 1,034,242	\$ 2,004,349	\$ 3,091,056
Business-type activities	(22,254)	(25,775)	78,889
Total district	<u><u>\$ 1,011,988</u></u>	<u><u>\$ 1,978,574</u></u>	<u><u>\$ 3,169,945</u></u>

Source: District records

Note: Central Services account classification was added beginning with the year ended June 30, 2005.
Central Services was combined in School Administration Services.

<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>
\$ 55,724,474	\$ 54,408,683	\$ 52,051,910	\$ 50,344,384	\$ 49,485,090	\$ 47,642,573	\$ 44,143,259
3,093,434	3,118,052	3,111,333	2,583,653	2,213,751	2,844,064	2,767,546
8,117,177	7,204,310	8,105,252	9,334,996	9,481,032	17,700,801	15,879,559
13,824	16,408	25,053	216,587	683,044	550,626	279,564
-	(100,000)	-	(100,000)	-	-	-
17,982	18,093	-	-	-	-	-
291,709	268,441	85,652	68,308	64,222	265,796	191,836
<u>67,258,600</u>	<u>64,933,987</u>	<u>63,379,200</u>	<u>62,447,928</u>	<u>61,927,139</u>	<u>69,003,860</u>	<u>63,261,764</u>
-	-	-	-	-	-	-
-	100,000	-	100,000	-	-	-
-	100,000	-	100,000	-	-	-
<u>\$ 67,258,600</u>	<u>\$ 65,033,987</u>	<u>\$ 63,379,200</u>	<u>\$ 62,547,928</u>	<u>\$ 61,927,139</u>	<u>\$ 69,003,860</u>	<u>\$ 63,261,764</u>
\$ 4,494,518	\$ 2,408,423	\$ (161,858)	\$ (35,826)	\$ 1,612,145	\$ 2,725,923	\$ 133,568
(48,356)	19,992	(40,141)	63,358	(48,146)	(24,330)	(25,928)
<u>\$ 4,446,162</u>	<u>\$ 2,428,415</u>	<u>\$ (201,999)</u>	<u>\$ 27,532</u>	<u>\$ 1,563,999</u>	<u>\$ 2,701,593</u>	<u>\$ 107,640</u>

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

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
General Fund				
Reserved	\$ 6,123,377	\$ 7,242,923	\$ 8,599,304	\$ 7,896,091
Unreserved	364,431	346,530	293,642	217,629
Total general fund	<u>\$ 6,487,808</u>	<u>\$ 7,589,453</u>	<u>\$ 8,892,946</u>	<u>\$ 8,113,720</u>
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved				
Special revenue fund	-	-	-	-
Capital projects fund	27,195,793	175,206	-	-
Debt service fund	-	1	1	2
Permanent fund	-	-	-	-
Total all other governmental funds	<u>\$ 27,195,793</u>	<u>\$ 175,207</u>	<u>\$ 1</u>	<u>\$ 2</u>

Source: District records

<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>
\$ 5,226,328	\$ 3,143,340	\$ 5,181,541	\$ 5,524,096	\$ 3,981,396	\$ 2,635,632
304,658	366,564	657,209	944,332	839,919	743,859
<u>\$ 5,530,986</u>	<u>\$ 3,509,904</u>	<u>\$ 5,838,750</u>	<u>\$ 6,468,428</u>	<u>\$ 4,821,315</u>	<u>\$ 3,379,491</u>
\$ -	\$ 86,685	\$ -	\$ 1,840,890	\$ 21,038	\$ 28,637
-	-	-	(5,522)	(8,628)	(7,419)
-	-	295,061	1,097,108	1,758,053	1,812,461
56,770	94,781	2	1	1	1
-	-	-	-	-	-
<u>\$ 56,770</u>	<u>\$ 181,466</u>	<u>\$ 295,063</u>	<u>\$ 2,932,477</u>	<u>\$ 1,770,464</u>	<u>\$ 1,833,680</u>

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

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Revenues				
Tax levy	\$ 61,669,419	\$ 60,557,414	\$ 59,826,670	\$ 58,817,908
Tuition charges	65,142	66,021	6,813	20,698
Transportation fee	-	-	-	-
Interest earnings	31,159	15,470	18,898	13,824
Miscellaneous	426,357	630,085	428,034	452,838
State sources	15,438,917	14,229,523	15,227,408	13,806,616
Federal sources	1,774,391	1,630,537	1,863,358	2,587,346
Total revenue	<u>79,405,385</u>	<u>77,129,050</u>	<u>77,371,181</u>	<u>75,699,230</u>
Expenditures				
Instruction:				
Regular Instruction	22,675,022	22,544,366	21,787,047	21,843,058
Special education instruction	5,855,639	5,619,296	5,308,236	5,001,480
Other special instruction	1,321,236	1,380,015	1,187,303	1,071,086
Other instruction	1,335,311	1,296,007	1,251,072	1,218,492
Support Services:				
Instruction	4,211,098	4,020,710	4,702,295	3,265,613
Student & inst. related services	6,691,253	6,279,647	6,224,530	6,595,331
General & business administrative services	1,054,071	1,107,951	1,033,549	946,485
School administrative services	2,191,915	2,160,457	2,120,028	2,088,832
Central services	813,562	657,179	646,807	658,153
Administrative information technology	600,211	587,607	532,987	455,117
Plant operations and maintenance	6,050,497	5,949,808	5,663,134	5,835,371
Pupil transportation	3,210,016	3,184,955	3,236,620	3,151,643
Unallocated benefits	19,408,640	17,981,725	18,004,332	16,491,099
Special Schools	207,251	188,278	159,880	156,620
Transfer to Charter Schools	15,745	47,307	43,184	21,473
Capital outlay	4,774,762	5,534,939	1,261,704	1,193,799
Debt service:				
Principal	2,745,000	2,690,000	2,645,000	2,610,000
Interest and other charges	469,214	554,442	634,248	726,908
Total expenditures	<u>83,630,443</u>	<u>81,784,689</u>	<u>76,441,956</u>	<u>73,330,560</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>(4,225,058)</u>	<u>(4,655,639)</u>	<u>929,225</u>	<u>2,368,670</u>

<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>
\$ 57,526,735	\$ 55,163,243	\$ 52,928,037	\$ 51,698,841	\$ 50,486,637	\$ 46,910,805
19,600	24,968	68,967	23,075	36,343	33,833
8,840	-	-	-	-	-
16,408	25,053	216,587	683,044	550,626	279,564
402,607	267,337	532,621	238,322	265,796	191,836
12,275,813	13,113,096	14,640,564	16,885,039	16,371,322	14,368,278
2,498,402	2,211,637	1,655,549	1,457,291	1,329,479	1,511,281
<u>72,748,405</u>	<u>70,805,334</u>	<u>70,042,325</u>	<u>70,985,612</u>	<u>69,040,203</u>	<u>63,295,597</u>
21,897,306	22,670,152	21,799,901	21,006,552	20,402,035	20,075,584
4,582,938	4,781,510	4,707,955	4,306,544	4,210,778	3,809,545
919,375	1,393,079	1,404,080	1,310,956	1,071,315	1,075,322
1,150,970	1,180,325	1,125,096	1,049,647	1,023,338	1,034,728
3,992,315	3,434,045	3,292,240	2,971,655	2,396,367	2,482,940
5,816,263	6,019,791	5,718,458	5,200,921	5,370,346	5,027,233
992,083	998,428	1,014,555	960,522	884,872	1,583,275
2,036,891	2,472,397	2,475,110	2,389,780	2,350,113	1,646,778
649,609	749,994	742,919	673,691	606,651	725,358
437,484	476,244	228,003	-	-	-
6,134,451	6,078,561	6,453,715	6,725,919	6,154,093	6,300,025
3,115,311	3,134,340	3,113,502	2,979,135	2,900,206	2,743,880
15,192,995	15,146,095	14,278,209	16,608,192	16,350,526	13,981,833
164,599	187,863	190,882	179,677	194,374	83,692
30,545	57,636	15,348	2,793	-	-
344,535	1,024,887	2,700,609	5,009,751	902,517	1,306,501
2,530,000	2,420,000	2,343,000	1,865,000	1,725,000	1,585,000
812,332	1,022,430	1,421,769	1,048,751	1,119,064	1,182,546
<u>70,800,002</u>	<u>73,247,777</u>	<u>73,025,351</u>	<u>74,289,486</u>	<u>67,661,595</u>	<u>64,644,240</u>
<u>1,948,403</u>	<u>(2,442,443)</u>	<u>(2,983,026)</u>	<u>(3,303,874)</u>	<u>1,378,608</u>	<u>(1,348,643)</u>

(Continued)

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

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Other Financing sources (uses)				
Capital leases (non-budgeted)	\$ 1,200,000	\$ 6,688	\$ -	\$ 139,314
Proceeds from bonds	28,944,000	3,433,934	-	-
Payments to refunding bond escrow	-	-	-	-
Premium on sale of bonds	-	-	-	-
Cost of issuance	-	-	-	-
FEMA Reimbursement	-	83,042	-	-
Sale of assets	-	3,688	-	17,982
Transfers in	20,859	116	-	-
Transfers out	(20,858)	(116)	(150,000)	-
Total other financing sources (uses)	<u>30,144,001</u>	<u>3,527,352</u>	<u>(150,000)</u>	<u>157,296</u>
Net change in fund balances	<u>\$ 25,918,943</u>	<u>\$ (1,128,287)</u>	<u>\$ 779,225</u>	<u>\$ 2,525,966</u>
Debt service as a percentage of noncapital expenditures	<u>4.08%</u>	<u>4.26%</u>	<u>4.36%</u>	<u>4.63%</u>

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.
Central Service account classification was added beginning with year end June 30, 2005. Prior to June 30, 2005,
Central Service was combined in school administrative services.

<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 163,000
8,585,000	-	8,275,000	6,113,000	-	-
(9,199,528)	-	(8,459,066)	-	-	-
692,118	-	-	-	-	-
(47,700)	-	-	-	-	-
-	-	-	-	-	-
18,093	-	-	-	-	-
29,892	497,332	888,505	899,804	84,531	324,286
(129,892)	(497,332)	(988,505)	(899,804)	(84,531)	(324,286)
<u>(52,017)</u>	<u>-</u>	<u>(284,066)</u>	<u>6,113,000</u>	<u>-</u>	<u>163,000</u>
<u>\$ 1,896,386</u>	<u>\$ (2,442,443)</u>	<u>\$ (3,267,092)</u>	<u>\$ 2,809,126</u>	<u>\$ 1,378,608</u>	<u>\$ (1,185,643)</u>
<u>4.74%</u>	<u>4.77%</u>	<u>5.35%</u>	<u>4.21%</u>	<u>4.26%</u>	<u>4.37%</u>

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

Description	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Sale of energy	\$ 4,480	\$ 3,884	\$ 3,990	\$ 17,085
FEMA Reimbursement	-	83,042	-	-
Grants and Donations	25,000	193,279	-	31,628
Facility charge	273,485	273,683	259,327	267,470
Prior year insurance refunds	-	-	-	-
Prior year miscellaneous refunds	31,424	74,840	85,174	66,826
Sponsorship	25,800	24,250	27,250	27,950
Sale of assets	-	3,688	-	17,982
Tuition	65,142	66,021	6,813	20,698
Transportation fees	17,718	21,055	25,223	-
Interest	10,301	15,354	17,625	13,824
Cancellation of prior year checks	-	-	-	-
Shared services	30,090	38,584	26,233	38,939
Miscellaneous	18,360	510	2,110	2,940
Total other local revenue	\$ 501,800	\$ 798,190	\$ 453,745	\$ 505,342

Source: District Records

<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>
\$ 18,360	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
44,149	-	-	-	-	-
254,889	227,401	194,755	174,099	241,444	147,550
-	-	-	10,071	-	-
39,582	8,026	31,991	26,232	6,455	7,310
30,950	23,950	22,000	23,650	3,000	22,100
18,093	-	-	-	-	-
19,600	24,968	68,967	23,075	36,343	33,833
8,840	-	-	-	1,947	9,792
16,406	24,997	195,946	483,240	466,095	263,278
-	-	-	-	7,271	-
11,141	-	-	-	-	-
3,535	7,960	5,769	4,270	5,679	5,084
<u>\$ 465,545</u>	<u>\$ 317,302</u>	<u>\$ 519,428</u>	<u>\$ 744,637</u>	<u>\$ 768,234</u>	<u>\$ 488,947</u>

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,	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qualified Farm</u>	<u>Commercial</u>	<u>Industrial</u>
2006	\$ 137,653,400	\$ 3,557,304,600	\$ 1,008,800	\$ 3,200	\$ 646,551,200	\$ 7,047,700
2007	115,614,800	3,647,007,700	1,008,800	3,200	657,156,600	-
2008	108,809,100	3,701,801,300	1,008,800	3,200	650,095,600	-
2009	99,774,500	3,731,125,700	1,008,800	3,200	653,898,600	-
2010	94,206,500	3,405,982,600	864,200	3,000	646,389,100	-
2011	93,051,700	3,418,789,500	864,200	3,000	626,100,600	-
2012	88,166,100	3,427,805,400	864,200	3,000	613,228,750	-
2013	83,425,400	3,425,911,290	1,196,900	4,800	596,484,760	-
2014	84,477,500	3,378,704,730	1,196,900	4,800	580,553,450	-
2015	84,178,000	3,382,560,000	1,111,900	4,700	573,206,000	-

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.

Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment

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

b Tax rates are per \$100

<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Less : Tax Exempt Property</u>	<u>Public Utilities ^a</u>	<u>Net Valuation Taxable</u>	<u>Estimated Actual (County Equalized) Value</u>	<u>Total Direct School Tax Rate ^b</u>
\$ 192,513,400	\$ 4,542,082,300	\$ -	\$ 3,737,125	\$ 4,545,819,425	\$ 4,751,591,624	1.065
174,312,600	4,595,103,700	-	3,370,995	4,598,474,695	5,440,101,338	1.105
174,312,600	4,636,030,600	-	3,335,276	4,639,365,876	5,821,430,884	1.105
174,312,600	4,660,123,400	-	4,425,876	4,664,549,276	5,622,766,306	1.121
167,082,500	4,314,527,900	-	5,730,952	4,320,258,852	5,535,729,615	1.263
157,266,300	4,296,075,300	-	4,068,768	4,300,144,068	5,118,942,495	1.305
157,266,300	4,287,333,750	-	4,391,570	4,291,725,320	4,803,080,497	1.331
157,243,600	4,264,266,750	-	4,531,727	4,268,798,477	4,566,355,552	1.362
152,764,100	4,197,701,480	-	3,778,433	4,201,479,913	4,473,944,524	1.408
151,604,900	4,192,665,500	-	3,785,482	4,196,450,982	4,539,382,409	1.431

OCEAN TOWNSHIP SCHOOL DISTRICT
Assessed Value and Estimated Actual Value of Taxable Property - Village of Loch Arbour
Last Ten Years
Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qualified Farm	Commercial	Industrial
2006	\$ 1,233,400	\$ 67,834,400	\$ -	\$ -	\$ 3,576,000	\$ -
2007	1,233,400	68,026,900	-	-	3,598,900	-
2008	3,823,600	191,110,900	-	-	9,058,600	-
2009	3,523,600	191,079,900	-	-	9,058,600	-
2010	3,083,600	190,882,000	-	-	8,278,600	-
2011	2,366,900	147,663,700	-	-	6,483,900	-
2012	2,366,900	147,928,700	-	-	6,483,900	-
2013	6,686,800	142,559,600	-	-	4,571,400	-
2014	6,686,800	139,605,300	-	-	4,521,400	-
2015	4,700,600	140,745,200	-	-	3,590,500	-

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 each county board of taxation.
Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment
a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
b Tax rates are per \$100

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
\$ 263,400	\$ 72,907,200	\$ -	\$ 31,547	\$ 72,938,747	137,889,910	0.412
263,400	73,122,600	-	24,272	73,146,872	179,473,339	0.410
803,200	204,796,300	-	68,604	204,864,904	187,038,594	0.410
803,200	204,465,300	-	72,171	204,537,471	172,470,574	0.146
753,200	202,997,400	-	91,363	203,088,763	194,726,874	0.871
587,300	157,101,800	-	77,150	157,178,950	195,940,278	1.320
587,300	157,366,800	-	63,558	157,430,358	181,236,975	1.390
587,300	154,405,100	-	86,745	154,491,845	154,450,686	1.331
587,300	151,400,800	-	63,364	151,464,164	151,880,984	1.303
600,800	149,637,100	-	65,555	149,702,655	154,901,572	1.355

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	
2006	1.002	0.063	1.065	0.296	0.313	1.674
2007	1.043	0.062	1.105	0.308	0.320	1.733
2008	1.058	0.047	1.105	0.308	0.320	1.733
2009	1.064	0.057	1.121	0.355	0.323	1.799
2010	1.200	0.063	1.263	0.428	0.350	2.041
2011	1.238	0.067	1.305	0.446	0.331	2.082
2012	1.261	0.070	1.331	0.456	0.324	2.111
2013	1.292	0.070	1.362	0.470	0.323	2.155
2014	1.339	0.069	1.408	0.492	0.321	2.221
2015	1.361	0.070	1.431	0.493	0.326	2.250

Village of Loch Arbour						
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	Village of Loch Arbour	Monmouth County	
2006	0.388	0.024	0.412	0.595	0.569	1.576
2007	0.392	0.018	0.410	0.665	0.614	1.689
2008	0.392	0.018	0.410	0.614	0.665	1.689
2009	0.138	0.008	0.146	0.242	0.234	0.622
2010	0.827	0.044	0.871	0.280	0.260	1.411
2011	1.251	0.069	1.320	0.407	0.350	2.077
2012	1.318	0.072	1.390	0.404	0.335	2.129
2013	1.262	0.069	1.331	0.403	0.298	2.032
2014	1.239	0.064	1.303	0.411	0.299	2.013
2015	1.288	0.067	1.355	0.397	0.311	2.063

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 adjustments.

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 - Township of Ocean
Current Year and Nine Years Ago
Unaudited

	2015	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Seaview Square LLC c/o Linque Management	\$ 54,500,000	1.30%
Woodshire Apartments	48,393,500	1.15%
Westwood Oaks Associates	22,902,300	0.55%
Ocean Seniors, LLC	21,481,800	0.51%
Cold Indian Springs Corp	20,046,600	0.48%
Gold Enterprises c/o Salem Management	18,000,000	0.43%
Continental Land Developers, LLC	16,453,000	0.39%
Sunset Arcadia Center, Inc.	16,067,800	0.38%
Hollywood Golf Club	15,421,900	0.37%
Sears, Roebuck & Co.	15,328,700	0.37%
TOTAL	<u><u>\$ 248,595,600</u></u>	<u><u>5.93%</u></u>

	2006	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Seaview Square, LLC	\$ 100,000,000	2.20%
Woodshire Apartments	58,681,000	1.29%
Continental Land Development	30,778,600	0.68%
Ocean Seniors, LLC	23,987,300	0.53%
Sears, Roebuck & Co.	22,517,600	0.50%
Cold Indian Spring Corp.	20,897,500	0.46%
Gold Enterprises	18,487,500	0.41%
Westwook Oaks Associates	17,792,500	0.39%
Sunset Arcadia center, Inc.	16,842,300	0.37%
Hollywood Golf Club	15,561,200	0.34%
TOTAL	<u><u>\$ 325,545,500</u></u>	<u><u>7.17%</u></u>

Source: Municipal Tax Assessor

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Principal Property Taxpayers - Village of Loch Arbour
Current Year and Nine Years Ago
Unaudited

	2015	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>

N/A

TOTAL

\$	-

	2006	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Individual Taxpayer #1	\$ 1,574,100	2.16%
Individual Taxpayer #2	1,295,900	1.78%
Individual Taxpayer #3	1,185,600	1.63%
Individual Taxpayer #4	1,120,700	1.54%
Individual Taxpayer #5	1,047,200	1.44%
Individual Taxpayer #6	1,035,800	1.42%
Individual Taxpayer #7	1,019,200	1.40%
Individual Taxpayer #8	919,000	1.26%
601 Main Street LLC	899,400	1.23%
Individual Taxpayer #9	840,200	1.15%
TOTAL	\$ 10,937,100	15.01%

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

Township of Ocean

<u>Year Ended December 31,</u>	<u>Total Tax Levy for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy ^a</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2005	\$ 73,725,327	\$ 73,122,126	99.18%	\$ 583,553
2006	79,255,476	78,085,541	98.52%	1,157,835
2007	82,714,716	81,708,783	98.78%	992,470
2008	86,385,299	85,283,363	98.72%	1,066,022
2009	88,023,874	86,814,442	98.63%	1,044,535
2010	90,987,168	89,327,065	98.18%	1,386,583
2011	92,386,823	91,065,596	98.57%	1,316,960
2012	93,607,386	91,733,414	98.00%	1,868,353
2013	95,024,840	92,408,816	97.25%	N/A
2014	96,384,879	95,096,572	98.66%	1,010,279

Village of Loch Arbour

<u>Year Ended December 31,</u>	<u>Total Tax Levy for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy ^a</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2005	\$ 1,053,140	\$ 1,053,140	100.00%	N/A
2006	1,151,600	1,151,600	100.00%	N/A
2007	1,279,521	1,230,648	96.18%	N/A
2008	1,284,839	1,254,533	97.64%	N/A
2009	2,287,687	1,968,996	86.07%	N/A
2010	3,289,763	2,718,793	82.64%	18,597
2011	3,393,546	3,306,248	97.43%	18,587
2012	3,366,983	3,245,610	96.40%	13,860
2013	2,917,902	2,917,902	100.00%	N/A
2014	N/A	N/A	N/A	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		Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	Capital Leases				
2006	\$ 25,222,000	\$ 148,721	\$ -	\$ 25,370,721	1.79%	905	
2007	23,497,000	120,784	-	23,617,784	1.53%	842	
2008	27,745,000	90,151	-	27,835,151	1.67%	977	
2009	25,217,000	56,561	-	25,273,561	1.50%	888	
2010	22,797,000	19,729	-	22,816,729	1.36%	801	
2011	20,310,000	-	-	20,310,000	1.29%	741	
2012	17,700,000	123,561	-	17,823,561	1.08%	648	
2013	15,055,000	97,909	-	15,152,909	0.89%	552	
2014	12,365,000	3,510,707	-	15,875,707	0.92%	580	
2015	38,564,000	4,778,564	-	43,342,564	N/A	N/A	

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

- a** See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Data amounts are combined for the Township of Ocean and Village of Loch Arbour.

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

Township of Ocean

Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property ^a	Net Bonded Debt Per Capita ^b
2006	\$ 24,510,740	\$ -	\$ 24,510,740	0.54%	883.40
2007	22,746,506	-	22,746,506	0.49%	818.54
2008	26,912,650	-	26,912,650	0.58%	953.71
2009	24,420,143	-	24,420,143	0.52%	865.90
2010	22,076,615	-	22,076,615	0.51%	782.75
2011	19,630,574	-	19,630,574	0.46%	719.15
2012	17,047,401	-	17,047,401	0.40%	625.57
2013	14,513,020	-	14,513,020	0.34%	531.98
2014	11,959,428	-	11,959,428	0.28%	438.89
2015	37,295,244	-	37,295,244	0.89%	1,371.15

Village of Loch Arbour

Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property ^a	Net Bonded Debt Per Capita ^b
2006	\$ 711,260	\$ -	\$ 711,260	0.98%	2,540.21
2007	750,494	-	750,494	1.03%	2,709.36
2008	832,350	-	832,350	0.41%	3,026.73
2009	796,857	-	796,857	0.39%	2,908.24
2010	720,385	-	720,385	0.35%	2,638.77
2011	679,426	-	679,426	0.43%	3,520.34
2012	652,599	-	652,599	0.41%	3,398.95
2013	541,980	-	541,980	0.35%	2,808.19
2014	405,572	-	405,572	0.27%	2,101.41
2015	1,266,056	-	1,266,056	0.85%	6,663.45

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

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

a See Exhibit J-6 for property tax data

b Population data can be found in Exhibit J-14

OCEAN TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Government Activities Debt
For the Year Ended December 31, 2014
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	\$ 33,584,236	100.000%	\$ 33,584,236
Village of Loch Arbour	N/A		
Monmouth County General Obligation Debt	425,759,490	4.055%	17,264,547
Other debt			-
Subtotal overlapping debt			50,848,783
Ocean Township School District Direct Debt			11,975,000
Total Direct and Overlapping Debt			<u>\$ 62,823,783</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 2015

	Equalized valuation basis	
	2015	\$ 4,694,283,981
	2014	4,473,944,524
	2013	4,720,806,238
		<u>\$ 13,889,034,743</u>
Average equalized valuation of taxable property		\$ 4,629,678,248
Debt limit (4% of average equalization value)		185,187,130 ^a
Total Net Debt Applicable to Limit		<u>38,564,500</u>
Legal debt margin		<u>\$ 146,622,630</u>

	Fiscal Year			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Debt limit	\$ 146,622,630	\$ 189,054,243	\$ 200,266,753	\$ 213,728,756
Total net debt applicable to limit	<u>38,564,500</u>	<u>12,365,000</u>	<u>15,055,000</u>	<u>17,700,000</u>
Legal debt margin	<u>\$ 108,058,130</u>	<u>\$ 176,689,243</u>	<u>\$ 185,211,753</u>	<u>\$ 196,028,756</u>
Total net debt applicable to the limit as a percentage of debt limit	26.30%	6.54%	7.52%	8.28%

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

Note: Debt amounts combined for Township of Ocean and Village of Loch Arbour

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

Fiscal Year					
2011	2010	2009	2008	2007	2006
\$ 204,231,014	\$ 233,788,839	\$ 232,310,414	\$ 220,233,676	\$ 190,838,595	\$ 159,420,312
20,310,000	22,979,000	25,217,000	27,745,000	23,497,000	25,222,000
<u>\$ 183,921,014</u>	<u>\$ 210,809,839</u>	<u>\$ 207,093,414</u>	<u>\$ 192,488,676</u>	<u>\$ 167,341,595</u>	<u>\$ 134,198,312</u>
9.94%	9.83%	10.85%	12.60%	12.31%	15.82%

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
2006	27,746	\$ 1,404,502,520	\$ 50,620	3.50%
2007	27,789	1,523,476,347	54,823	3.40%
2008	28,219	1,650,896,157	58,503	4.50%
2009	28,202	1,669,981,430	59,215	8.30%
2010	28,204	1,663,048,860	58,965	8.40%
2011	27,297	1,566,492,939	57,387	8.80%
2012	27,251	1,631,653,625	59,875	8.70%
2013	27,218	1,687,434,346	61,997	7.00%
2014	27,249	1,713,989,349	62,901	5.60%
2015	27,200	N/A	N/A	N/A

Village of Loch Arbour

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2006	280	14,173,600	\$ 50,620	6.30%
2007	277	15,185,971	54,823	5.70%
2008	275	16,088,325	58,503	7.40%
2009	274	16,224,910	59,215	11.90%
2010	273	16,097,445	58,965	12.00%
2011	193	11,075,691	57,387	12.10%
2012	192	11,496,000	59,875	12.60%
2013	193	11,965,421	61,997	3.00%
2014	193	12,139,893	62,901	2.70%
2015	190	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

	2015		2006	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
Employer				

At the time of completion of the CAFR, this information was not available.

VILLAGE OF LOCH ARBOUR

	2014		2006	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
Employer				

At the time of completion of the CAFR, this information was not available.

Sources:

Township of Ocean information provided by local tax assessor, based on information from ReferenceUSA and Municipal Survey.

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Function/Program</u>				
Instruction:				
Regular	267.4	266.8	263.5	264.8
Special education	126.4	116.0	111.7	103.0
Other special education	20.5	31.0	31.0	35.5
Other instruction	3.0	3.0	3.0	3.0
Support Services:				
Student and instruction related services	97.0	87.0	82.0	79.7
General Administration	7.0	7.0	7.0	7.0
School administration services	25.0	25.0	25.0	25.0
Central services	8.0	8.0	8.0	8.0
Administrative information technology	11.0	11.0	9.0	8.0
Plant operations and maintenance	61.5	56.0	57.0	60.0
Pupil transportation	45.0	44.0	43.0	41.0
Total	<u><u>671.8</u></u>	<u><u>654.8</u></u>	<u><u>640.2</u></u>	<u><u>635.0</u></u>

Source: District records

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
263.7	285.1	284.0	281.8	290.6	283.0
105.5	95.5	95.5	90.5	92.5	86.5
27.6	51.6	54.5	55.0	49.1	49.6
3.0	3.0	3.0	3.0	3.0	3.0
76.6	76.1	76.4	80.6	65.6	72.6
7.0	8.0	8.0	8.0	8.0	8.0
25.0	33.0	37.0	36.0	37.0	42.0
8.0	9.5	9.5	9.5	10.5	11.0
8.0	9.0	3.0	-	-	-
57.0	59.5	66.5	65.5	68.5	65.5
49.0	51.0	54.0	53.0	59.0	60.0
<u>630.4</u>	<u>681.3</u>	<u>691.4</u>	<u>682.9</u>	<u>683.8</u>	<u>681.2</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures ^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff ^b</u>
2006	4,386	\$ 60,570,193	13,810	9.10%	361
2007	4,339	63,915,014	14,730	6.66%	358
2008	4,233	66,365,984	15,678	6.44%	364
2009	4,170	66,559,974	15,962	1.81%	369
2010	4,106	68,780,460	16,751	4.94%	370
2011	4,010	67,113,135	16,736	-0.09%	358
2012	3,931	68,799,853	17,502	4.58%	358
2013	3,852	71,901,004	18,666	6.65%	375
2014	3,816	73,005,308	19,131	2.49%	371
2015	3,750	75,641,467	20,171	5.44%	367

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 attendant are obtained from the School Register Summary (SRS)

Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
Elementary	Middle School	Senior High School				
12.3:1	11.6:1	12.4:1	4,372	4,179	-1.89%	95.59%
12.7:1	11.3:1	12.4:1	4,312	4,119	-1.37%	95.52%
12.3:1	10.6:1	12.0:1	4,232	4,051	-1.86%	95.72%
11.7:1	10.5:1	11.7:1	4,158	3,980	-1.75%	95.72%
11.3:1	10.6:1	11.5:1	4,076	3,905	-1.97%	95.80%
11.6:1	10.4:1	11.7:1	3,942	3,821	-3.29%	96.93%
11.3:1	10.2:1	11.6:1	3,935	3,777	-0.18%	95.98%
11.3:1	9.8:1	11.3:1	3,811	3,645	-3.15%	95.64%
10.3:1	9.4:1	11.4:1	3,781	3,618	-0.79%	95.69%
10.3:1	9.2:1	11.2:1	3,726	3,571	-1.45%	95.84%

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

<u>District Building</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Elementary				
Wanamassa Elementary School				
Square feet	59,580	59,580	59,580	59,580
Capacity (students)	477	477	477	477
Enrollment	318	325	342	371
Ocean Township Elementary School				
Square feet	76,160	76,160	76,160	76,160
Capacity (students)	609	609	609	609
Enrollment	419	460	440	459
Wayside Elementary School				
Square feet	147,375	147,375	147,375	147,375
Capacity (students)	713	713	713	713
Enrollment	677	630	602	581
Middle School				
Ocean Township Intermediate School				
Square feet	257,400	257,400	257,400	257,400
Capacity (students)	1,951	1,951	1,951	1,951
Enrollment	1,135	1,175	1,230	1,284
High School				
Ocean Township High School				
Square feet	200,215	200,215	200,215	200,215
Capacity (students)	1,326	1,326	1,326	1,326
Enrollment	1,201	1,226	1,238	1,236

Number of Schools at June 30, 2015

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.

2011	2010	2009	2008	2007	2006
59,580	59,580	59,580	59,580	59,580	59,580
477	477	477	477	477	477
383	410	371	372	369	369
76,160	76,160	76,160	76,160	76,160	76,160
609	609	609	609	609	609
473	446	461	469	477	466
147,375	147,375	147,375	147,375	147,375	147,375
713	713	713	713	713	713
591	608	658	677	680	702
257,400	257,400	257,400	257,400	257,400	257,400
1,951	1,951	1,951	1,951	1,951	1,951
1,284	1,323	1,314	1,292	1,363	1,412
200,215	200,215	200,215	200,215	200,215	200,215
1,326	1,326	1,326	1,326	1,326	1,326
1,279	1,319	1,366	1,423	1,450	1,410

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	2015	2014	2013
School facilities				
Ocean Township Elementary School	76,160	\$ 122,247	\$ 124,610	\$ 93,120
Ocean Township High School	200,215	423,187	308,456	305,615
Ocean Township Intermediate School	257,400	324,327	276,040	376,229
Wanamassa Elementary School	59,580	77,613	75,967	69,039
Wayside Elementary School	147,375	155,759	152,939	156,815
Total School Facilities		<u>1,103,133</u>	<u>938,012</u>	<u>1,000,818</u>
Grand Total		<u><u>\$ 1,103,133</u></u>	<u><u>\$ 938,012</u></u>	<u><u>\$ 1,000,818</u></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.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 94,390	\$ 93,678	\$ 81,679	\$ 92,484	\$ 95,160	\$ 108,159	\$ 122,998
391,314	319,582	307,507	294,898	257,241	238,305	324,152
305,409	291,724	259,333	331,928	300,467	272,087	320,662
83,580	80,522	74,366	114,077	133,480	71,059	74,600
154,798	136,485	152,552	159,307	168,952	149,424	182,212
<u>1,029,491</u>	<u>921,991</u>	<u>875,437</u>	<u>992,694</u>	<u>955,300</u>	<u>839,034</u>	<u>1,024,624</u>
<u><u>\$ 1,029,491</u></u>	<u><u>\$ 921,991</u></u>	<u><u>\$ 875,437</u></u>	<u><u>\$ 992,694</u></u>	<u><u>\$ 955,300</u></u>	<u><u>\$ 839,034</u></u>	<u><u>\$ 1,024,624</u></u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2015
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Commercial Property - Monmouth Ocean Counties Shared Services Insurance Fund		
Property		
Blanket real and personal property, per occurrence NJSBAIG Limit	\$ 350,000,000	\$ 5,000
Extra Expense, per occurrence NJSBAIG Limit	50,000,000	5,000
Valuable papers and records, per occurrence NJSBAIG Limit	10,000,000	5,000
Demolition and increased cost of construction, per occurrence NJSBAIG Limit	10,000,000	
Fire department service charge, per occurrence	10,000	
Arson rewards, per occurrence	10,000	
Pollutant cleanup and removal, per occurrence	250,000	
Sublimits: Special Flood Hazard Area Flood Zones, per occurrence/NJSBAIG annual aggregate	15,000,000	
Deductible per building/building contents		500,000
Accounts receivable, per occurrence	250,000	
All Flood Zones, per occurrence/NJSBAIG annual aggregate	75,000,000	
Deductible per member/occurrence		10,000
Earthquake, per occurrence/NJSBAIG annual aggregate	50,000,000	
Terrorism, per occurrence/NJSBAIG annual aggregate	1,000,000	
Deductibles:		
Electronic Data Processing		
Blanket hardware/software, per occurrence	2,500,000	1,000
Coverage extensions:		
Transit	25,000	
Loss of income	10,000	
Special flood hazard area flood deductible, per building contents		500,000
All other flood zones deductible, per member/per occurrence		10,000
Equipment Breakdown		
Combined single limit per accident for property damage and business income	100,000,000	5,000
Sublimits:		
Off premises property damage	100,000	
Extra expense	10,000,000	
Service interruption	10,000,000	
Perishable goods	500,000	
Data restoration	100,000	
Contingent business income	100,000	
Demolition	1,000,000	
Ordinance or law	1,000,000	
Expediting expenses	500,000	
Hazardous substances	500,000	
Newly acquired locations - 120 days notice	250,000	
Crime		
Public employee dishonesty with faithful performance	1,000,000	1,000
Theft, Disappearance and destruction - loss of money & security on or off premises	25,000	500
Theft, disappearance and destruction - money orders & counterfeit paper currency	100,000	500
Forgery & alteration	250,000	1,000
Computer fraud	1,000,000	1,000
Public officials bond - Board Treasurer	350,000	1,000
Comprehensive General Liability		
Bodily injury and property damage, per occurrence	11,000,000	
Bodily injury from products and completed operations, annual aggregate	11,000,000	
Sexual abuse		
Per occurrence	11,000,000	
Annual NJSBAIG aggregate	17,000,000	
Personal injury and advertising injury, per occurrence/annual aggregate	11,000,000	
Employee benefits liability, per occurrence/annual aggregate	11,000,000	1,000
Premises medical payments		
Per accident	10,000	
Limit per person	5,000	
Terrorism, per occurrence/NJSBAIG annual aggregate	1,000,000	

OCEAN TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2015
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
		(continued)
<u>Commercial Property - Monmouth Ocean Counties Shared Services Insurance Fund (continued)</u>		
Automobile, Liability		
Any auto, bodily injury and property damage, per accident	\$ 11,000,000	
Uninsured/underinsured motorists		
Symbol 6, Private passenger auto, per accident	1,000,000	
Symbol 6, All other vehicles		
Bodily injury per person	15,000	
Bodily injury per accident	30,000	
Property damage per accident	5,000	
Symbol 5, Personal injury protection (including pedestrians)	250,000	
Medical payments, private passenger vehicles	10,000	
All other vehicles	5,000	
Terrorism, per occurrence/NJSBAIG annual aggregate	1,000,000	
Automobile, Physical Damage, Scheduled Vehicles Only		
Symbol 7, Comprehensive		\$ 1,000
Symbol 7, Collision		1,000
Symbol 7, Hired car physical damage, \$110,000 limit		1,000
<u>Environmental Impairment Liability - Steadfast Insurance Company (NJSBAIG)</u>		
Limits of Liability		
Per event	1,000,000	
Aggregate	11,000,000	
Crisis management expense aggregate limit	50,000	
Green remediation aggregate limit	50,000	
Green standards aggregate limit	50,000	
Each pollution event		25,000
<u>Workers Compensation - Monmouth Ocean Counties Shared Services Insurance Fund</u>		
Coverage A - Statutory		
Limits of liability:		
Bodily injury by accident, each accident	2,000,000	
Bodily injury by disease, each employee	2,000,000	
Bodily injury by disease, aggregate limit	2,000,000	
<u>School Leaders Errors and Omission - Monmouth Ocean Counties Shared Services Insurance Fund</u>		
Coverage A		
Limit of liability, each policy period, retro date July 1, 1986	11,000,000	
Each Claim		20,000
Coverage B, Retro Date July 1, 1986		
Limit of liability, each claim	100,000	20,000
Limit of liability, each policy period	300,000	
<u>Bond -The Hartford Insurance Group</u>		
Kenneth Jannarone, BA/BS	3,000	
<u>Student Accident - Berkley Life and Health Insurance Co.</u>		
Aggregate limit of liability, per covered accident, accidental death and dismemberment	25,000	
Accidental Death and Dismemberment		
Class 1, School Coverage	10,000	
Class 2, Sports Coverage	10,000	
Class 3, Supervised and Sponsored Activities	10,000	
Total Benefit Maximum for all Accident Medical		
Class 1, School Coverage	25,000	
Class 2, Sports Coverage	25,000	
Class 3, Supervised and Sponsored Activities	25,000	

OCEAN TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2015
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
		(continued)
<u>School Time Compulsory Student Accident - Bob McCloskey Insurance Co.</u>		
Base Plan Maximum Benefit, full excess including interscholastic sports and football		
3 year benefit period	25,000	
Full excess coverage (includes volunteer workers)		
CAT Plan		
Excess Medical Limit, 10 year benefit period	5,000,000	25,000
Accidental Death Dismemberment	10,000	
Catastrophic Cash Benefit, maximum 10 year benefit period	500,000	

SINGLE AUDIT SECTION

**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***

Independent Auditor's Report

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 statements 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, 2015, 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 dated December 10, 2015.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

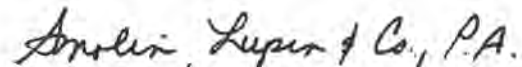
Compliance and Other Matters

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

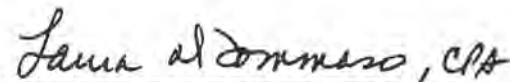
We noted certain matters that we reported to the Board of Education of Ocean Township School District in a separate report entitled, *Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* dated December 10, 2015.

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 Ocean Township School District'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 Ocean Township School District'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
December 10, 2015

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS BY OMB CIRCULAR A-133, AND SCHEDULE OF STATE FINANCIAL
ASSISTANCE REQUIRED BY THE NEW JERSEY OMB'S CIRCULARS 04-04 AND 15-08**

Independent Auditor's Report

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 fiscal year ended June 30, 2015. 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 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, U.S. OMB Circular A-133, *Audits of Local Governments*, and New Jersey OMB's Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

Those standards, OMB Circular A-133, and New Jersey OMB's Circulars 04-04 and 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 considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Ocean Township School District, in the County of Monmouth, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2015.

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 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 and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, and New Jersey OMB's Circulars 04-04 and 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report 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 U.S. OMB Circular A-133 and New Jersey OMB's Circulars 04-04 and 15-08. Accordingly, this report is not suitable for any other purpose.

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 Federal OMB Circular A-133, and New Jersey OMB's Circulars 04-04 and 15-08. Accordingly, this report is not suitable for any other purpose.

Smolin, Lupin & Co., P.A.
SMOLIN, LUPIN & CO., P.A.
Certified Public Accountants

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

Red Bank, New Jersey
December 10, 2015

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OCEAN TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2015

						Balance at June 30, 2014	
Federal Grantor/Pass-Through	Federal	Grant or	Program or			Deferred	
	CFDA	State Project	Award	Grant Period		Revenue	Due to
Grantor/Program Title	Number	Number	Amount	From	To	(Accts. Rec.)	Grantor
U.S. Department of Education							
General Fund:							
Medical Assistance Program (SEMI)	93.778	N/A	77,279	7/1/14	6/30/15	-	-
Total General Fund						-	-
U.S. Department of Education							
Passed-through State Department of Education:							
Special Revenue Fund:							
Title I, Part A, Improving Basic Skills	84.010A	NCLB-15	417,768	9/1/14	8/31/15		-
Title II, Part A, Improving Teacher Quality	84.367A	NCLB-15	92,179	9/1/14	8/31/15		-
Title II, Part A, Improving Teacher Quality	84.367A	NCLB-14	90,466	9/1/13	8/31/14	(720)	-
Title IIIA, English Language Enhancement	84.365	NCLB-15	48,842	9/1/14	8/31/15		-
Title IIIA, English Language Enhancement	84.365	NCLB-14	53,050	9/1/13	8/31/14	-	-
Title IIIA, Immigrant	84.365A	NCLB-15	28,228	9/1/14	8/31/15		-
Special Education Cluster (IDEA):							
IDEA, Part B, Basic Regular	84.027	FT-15	985,470	9/1/14	8/31/15		-
IDEA, Part B, Basic Regular	84.027	FT-14	935,109	9/1/13	8/31/14	(163,045)	-
IDEA, Preschool	84.173	PS-15	39,789	9/1/14	8/31/15		-
IDEA, Preschool	84.173	PS-14	39,753	9/1/13	8/31/14	(7,504)	-
Race to the Top	84.412	N/A	38,332	9/1/14	8/31/15	-	-
Total Special Revenue Fund						(171,269)	-
U.S. Department of Agriculture							
Passed-through State Department of Education:							
Enterprise Fund (Children Nutrition Cluster):							
Food Distribution Program	10.555	N/A	74,345	7/1/14	6/30/15		-
Food Distribution Program	10.555	N/A	64,994	7/1/13	6/30/14	3,835	-
School Breakfast Program	10.553	N/A	75,364	7/1/14	6/30/15		-
School Breakfast Program	10.553	N/A	30,162	7/1/13	6/30/14	(7,393)	-
National School Lunch Program	10.555	N/A	401,536	7/1/14	6/30/15		-
National School Lunch Program	10.555	N/A	380,593	7/1/13	6/30/14	(71,605)	-
Total Enterprise Fund						(75,163)	-
Total Federal Awards						\$ (246,432)	\$ -

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

Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2015		
					Accounts Receivable	Deferred Revenue	Due to Grantor
-	157,734	(157,734)	-	-	-	-	-
-	157,734	(157,734)	-	-	-	-	-
-	265,482	(417,768)	-	-	(152,286)	-	-
879	52,258	(91,144)	-	-	(38,886)	-	-
(879)	720	-	-	-	-	-	-
-	31,102	(48,842)	-	-	(17,740)	-	-
-	-	-	-	-	-	-	-
-	25,044	(28,228)	-	-	(3,184)	-	-
2,389	807,417	(982,862)	-	-	(175,445)	-	-
(2,389)	163,045	-	-	-	-	-	-
2,757	32,355	(40,313)	-	-	(7,958)	-	-
(2,757)	7,504	-	-	-	-	-	-
-	7,500	(7,500)	-	-	-	-	-
-	1,392,427	(1,616,657)	-	-	(395,499)	-	-
-	74,345	(70,749)	-	-	-	3,596	-
-	-	(3,835)	-	-	-	-	-
-	59,327	(75,364)	-	-	(16,037)	-	-
-	7,393	-	-	-	-	-	-
-	330,004	(401,536)	-	-	(71,532)	-	-
-	71,605	-	-	-	71,605	-	-
-	542,674	(551,484)	-	-	(15,964)	3,596	-
\$ -	\$ 2,092,835	\$ (2,325,875)	\$ -	\$ -	\$ (411,463)	\$ 3,596	\$ -

OCEAN TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2015

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2014		Carryover/ (Walkover) Amount
					Deferred	Due to	
					Revenue (Accts. Rec.)	Grantor	
State Department of Education							
General Fund:							
Categorical Special Education Aid	15-495-034-5120-089	\$ 2,305,733	7/1/14	6/30/15	\$ -	\$ -	\$ -
Categorical Security Aid	15-495-034-5120-084	410,359	7/1/14	6/30/15	-	-	-
Adjustment Aid	15-495-034-5120-085	3,426,175	7/1/14	6/30/15	-	-	-
Additional Adjustment Aid	15-495-034-5120-085	224,169	7/1/14	6/30/15	-	-	-
Categorical Transportation Aid	15-495-034-5120-014	1,326,538	7/1/14	6/30/15	-	-	-
Extraordinary Special Education Costs Aid	15-495-034-5120-473	581,927	7/1/14	6/30/15	-	-	-
Nonpublic Transportation Cost Aid	15-100-034-5120-068	30,484	7/1/14	6/30/15	-	-	-
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	2,242,063	7/1/14	6/30/15	-	-	-
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	2,252,746	7/1/13	6/30/14	(112,318)	-	-
TPAF pension- non contributory insurance	15-495-034-5095-007	110,417	7/1/14	6/30/15	-	-	-
TPAF pension- normal costs	15-495-034-5095-006	1,534,732	7/1/14	6/30/15	-	-	-
TPAF pension- post retirement medical	15-495-034-5095-001	2,611,676	7/1/14	6/30/15	-	-	-
Total General Fund					(112,318)	-	-
Special Revenue Fund:							
NJ Nonpublic Aid:							
Textbook Aid	15-100-034-5120-064	43,969	7/1/14	6/30/15	-	-	-
Textbook Aid	14-100-034-5120-064	39,054	7/1/13	6/30/14	-	2,137	-
Nursing Services Aid	15-100-034-5120-070	78,536	7/1/14	6/30/15	-	-	-
Nursing Services Aid	14-100-034-5120-070	61,142	7/1/13	6/30/14	-	1,954	-
Technology Initiative	15-100-034-5120-373	23,616	7/1/14	6/30/15	-	-	-
Technology Initiative	14-100-034-5120-373	14,240	7/1/13	6/30/14	-	25	-
Auxiliary Services:							
Compensatory Education	15-100-034-5120-067	208,721	7/1/14	6/30/15	-	-	-
Compensatory Education	14-100-034-5120-067	220,843	7/1/13	6/30/14	-	53,071	-
						-	-
Home Instruction	14-100-034-5120-067	2,029	7/1/13	6/30/14	(2,029)	-	-
Handicapped Services:							
Examination and Classification	15-100-034-5120-066	116,569	7/1/14	6/30/15	-	-	-
Examination and Classification	14-100-034-5120-066	118,186	7/1/13	6/30/14	-	13,368	-
Corrective Speech	15-100-034-5120-066	39,758	7/1/14	6/30/15	-	-	-
Corrective Speech	14-100-034-5120-066	42,185	7/1/13	6/30/14	-	9,374	-
Supplemental Instruction	15-100-034-5120-066	88,671	7/1/14	6/30/15	-	-	-
Supplemental Instruction	14-100-034-5120-066	85,966	7/1/13	6/30/14	-	-	-
Total Special Revenue Fund					(2,029)	79,929	-
Debt Service Fund:							
Debt Service Aid- Type II	15-495-034-5120-017	188,347	7/1/14	6/30/15	-	-	-
State Department of Agriculture							
Enterprise Fund:							
National School Lunch Program (State share)	15-100-010-3350-023	10,518	7/1/14	6/30/15	-	-	-
National School Lunch Program (State share)	14-100-010-3350-023	10,542	7/1/13	6/30/14	(1,948)	-	-
Total Enterprise Fund					(1,948)	-	-
Total State Financial Assistance					(116,295)	79,929	-
State Financial Assistance Not Subject to Single Audit							
Determination - General Fund (Non Cash Assistance)							
TPAF pension- noncontributory insurance	15-495-034-5095-007	110,417	7/1/14	6/30/15	-	-	-
TPAF pension- normal costs	15-495-034-5095-006	1,534,732	7/1/14	6/30/15	-	-	-
TPAF pension- post retirement medical	15-495-034-5095-001	2,611,676	7/1/14	6/30/15	-	-	-
Total State Financial Assistance Subject to Single Audit					\$ (116,295)	\$ 79,929	\$ -

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

GAAP		Repayment of	Balance at June 30, 2015			Memo	
			Accounts	Deferred	Due to	Budgetary	Cumulative
Cash	Budgetary	Prior Years'	Receivable	Revenue	Grantor	Receivable	Total
Received	Expenditures	Balances					Expenditures
\$ 2,075,160	\$ (2,305,733)	\$ -	\$ -	\$ -	\$ -	\$ 230,573	\$ 2,305,733
369,323	(410,359)	-	-	-	-	41,036	410,359
3,092,267	(3,426,175)	-	-	-	-	333,908	3,426,175
201,752	(224,169)	-	-	-	-	22,417	224,169
1,193,884	(1,326,538)	-	-	-	-	132,654	1,326,538
4,643	(581,927)	-	-	-	-	577,284	581,927
-	(30,484)	-	-	-	-	30,484	30,484
2,131,805	(2,242,063)	-	(110,258)	-	-	-	2,242,063
112,318	-	-	-	-	-	-	-
110,417	(110,417)	-	-	-	-	-	110,417
1,534,732	(1,534,732)	-	-	-	-	-	1,534,732
2,611,676	(2,611,676)	-	-	-	-	-	2,611,676
13,437,977	(14,804,273)	-	(110,258)	-	-	1,368,356	14,804,273
43,969	(43,716)		-	-	253	-	43,716
		(2,137)	-	-	-	-	-
78,536	(73,942)		-	-	4,594	-	73,942
		(1,954)	-	-	-	-	-
23,616	(23,474)		-	-	142	-	23,474
	-	(25)	-	-	-	-	-
208,721	(199,763)		-	-	8,958	-	199,763
	-	(53,071)	-	-	-	-	-
	-	-	-	-	-	-	-
2,029	-	-	-	-	-	-	-
116,569	(113,688)		-	-	2,881	-	113,688
		(13,368)	-	-	-	-	-
39,758	(38,874)		-	-	884	-	38,874
		(9,374)	-	-	-	-	-
88,671	(87,886)		-	-	785	-	87,886
		-	-	-	-	-	-
601,869	(581,343)	(79,929)	-	-	18,497	-	581,343
188,347	(188,347)	-	-	-	-	-	188,347
8,652	(10,518)	-	(1,866)	-	-	-	10,518
1,948		-		-	-	-	-
10,600	(10,518)	-	(1,866)	-	-	-	10,518
14,238,793	(15,584,481)	(79,929)	(112,124)	-	18,497	1,368,356	15,584,481
(110,417)	110,417	-	-	-	-	-	(110,417)
(1,534,732)	1,534,732	-	-	-	-	-	(1,534,732)
(2,611,676)	2,611,676	-	-	-	-	-	(2,611,676)
\$ 9,981,968	\$ (11,327,656)	\$ (79,929)	\$ (112,124)	\$ -	\$ 18,497	\$ 1,368,356	\$ 11,327,656

**Ocean Township School District
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
June 30, 2015**

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 OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, the *Uniform Guidance* and New Jersey OMB's Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State 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 also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes state aid payments in the current budget year, consistent with *N.J.S.A. 18A:22-44.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$135,045 for the general fund and \$0 for the special revenue fund. See C-3 (Notes to the Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as presented below:

**Ocean Township School District
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
June 30, 2015**

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 157,734	\$14,669,227	\$14,826,961
Special Revenue Fund	1,616,657	581,343	2,198,000
Capital Projects Fund	-	-	-
Debt Service Fund	-	188,347	188,347
Food Service Fund	<u>551,245</u>	<u>10,518</u>	<u>561,763</u>
Total Awards and Financial Assistance	<u>\$ 2,325,636</u>	<u>\$15,449,435</u>	<u>\$17,775,071</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the food distribution program represent current year value received and current year distributions, respectively. The amount reported as TPAF pension contributions represent the amount paid by the State on behalf of the District for the year ended June 30, 2015. TPAF social security contributions represent the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2014 amounted to \$4,256,825.

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

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

NOTE 7. ADJUSTMENTS

The adjustment column on Schedules A and B arises from favorable differences incurred in the liquidation of encumbrances, which were charged as budgetary basis expenditures in the prior fiscal year.

**TOWNSHIP OF OCEAN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part 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? | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no |
| 2. Significant deficiencies identified? | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no |

Noncompliance material to basic financial statements noted? ☐ yes ☒ no

Federal Awards

Internal Control over major programs:

- | | | |
|---|------------------------------|--|
| 1. Material weakness(es) identified? | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no |
| 2. Significant deficiencies identified? | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no |

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 section .510(a) of Circular A-133? ☐ yes ☒ no

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010A</u>	<u>NCLB Title I, Part A</u>
<u>84.027/84.173</u>	<u>IDEA, Part B and IDEA, Preschool - Special Education Cluster</u>
<u>10.555</u>	<u>National School Lunch Program - Children Nutrition Cluster</u>

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

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, 2015
(continued)**

Part I – Summary of Auditor's Results (cont'd)

State Awards

Internal Control over major programs:

- | | | | | |
|--|--------------------------|-----|-------------------------------------|---------------|
| 1. Material weakness(es) identified? | <input type="checkbox"/> | yes | <input checked="" type="checkbox"/> | no |
| 2. Significant deficiencies identified that are not considered to be material weaknesses | <input type="checkbox"/> | yes | <input checked="" type="checkbox"/> | 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 Circulars 04-04 and 15-08? ☐ yes ☒ no

Identification of Major Programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>15-495-034-5120-089</u>	<u>Categorical Special Education Aid</u>
<u>15-495-034-5120-014</u>	<u>Transportation Aid</u>
<u>15-495-034-5120-085</u>	<u>Adjustment Aid</u>
<u>15-495-034-5095-002</u>	<u>Reimbursed TPAF Social Security Contributions</u>
<u>15-495-034-5120-084</u>	<u>Categorical Security Aid</u>
<u>15-495-034-5120-473</u>	<u>Extraordinary Special Education Aid</u>

Dollar threshold used to distinguish between type A and type B programs: \$ 339,331

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, 2015
(continued)**

Part II – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts, and grant agreements and abuse related to the financial statements in accordance with *Government Auditing Standards*.

None were reported.

**TOWNSHIP OF OCEAN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(continued)**

Part III – Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instance of noncompliance including questioned costs, related to the audit of major federal awards and state financial assistance programs, as required by OMB Circular A-133 and NJ OMB Circulars 04-04 and 15-08.

No matters were reported.

**TOWNSHIP OF OCEAN BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

This section identifies the status of prior year audit findings related to the basic financial statements and federal awards and state financial assistance that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, OMB Circular A-133 (section .315(a)(b)) and New Jersey OMB Circulars 04-04 and 15-08.

STATUS OF PRIOR-YEAR FINDINGS

There were no prior-year audit findings for the fiscal year ended June 30, 2014 that we were required to report on.