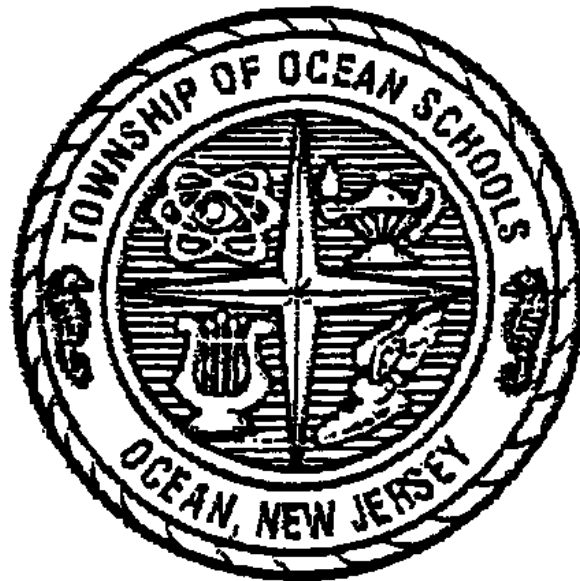


# TOWNSHIP OF OCEAN SCHOOL DISTRICT



TOWNSHIP OF OCEAN  
BOARD OF EDUCATION  
OAKHURST, NEW JERSEY

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

TOWNSHIP OF OCEAN SCHOOL DISTRICT

OAKHURST, NEW JERSEY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012

Prepared by  
Township of Ocean Board of Education  
Finance Department

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE TOWNSHIP OF OCEAN BOARD OF EDUCATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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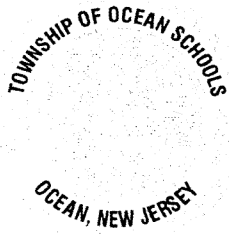
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**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE TOWNSHIP OF OCEAN BOARD OF EDUCATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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# INTRODUCTORY SECTION



October 26, 2012

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, 2012, is hereby submitted. This CAFR includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards, 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, Certificate of Excellence Award, 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's Circular 04-04, "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 2011-2012 fiscal year with an enrollment of 3,931 students, which is 79 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
2011-2012	3,931	<1.97>%
2010-2011	4,010	<2.34>%
2009-2010	4,106	<1.53>%
2008-2009	4,170	<1.49>%
2007-2008	4,233	<2.44>%

#### PROJECTED STUDENT ENROLLMENT

Fiscal Year	Student Enrollment	Percent Change
2011-2012	3,937	<1.82>%
2012-2013	3,880	<1.45>%
2013-2014	3,841	<1.01>%
2014-2015	3,775	<1.72>%
2015-2016	3,707	<1.80>%
2016-2017	3,626	<2.18>%

**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 as there are many more homes for sale in Ocean Township than ever before. 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. Educational technology has been expanded at all grade levels. Smart Boards, Smart Tables. IPads, laptops, and document cameras are found in all schools. Computer labs have been expanded and school libraries are using the latest technology. The high school continues to progress to a 21<sup>st</sup> Century model with the development of block scheduling. This year marks the use of a new teacher evaluation instrument that is consistent with the goals of Excellent Educators for New Jersey (EE4NJ).

**4) FACILITIES:** The Township of Ocean School District operates out of 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	36,850

All buildings, though aging, have been well maintained. The last major referendum was in 2007 for 6.1 million dollars. This energy referendum addressed many of the mechanical systems in each school building. Both electric and gas utilities budgets have decreased over the last several years due in large part to this energy referendum.

**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, 2012.

**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.

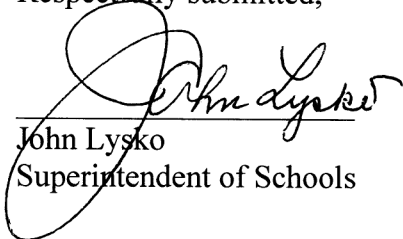
**10) OTHER INFORMATION: Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board

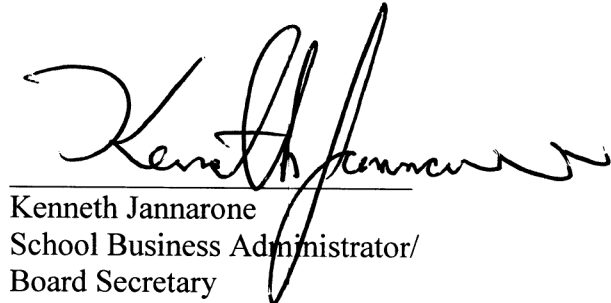
selected the accounting firm of Paduano, DiTomasso, and Golda, LLC. In addition to meeting the requirements of the Single Audit Act of 1996, as amended, and the related OMB Circular A-133 and New Jersey OMB's Circular 04-04. The auditor's report on the general-purpose financial statements and combining 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. The district received the Association of School Business Officials International (ASBO) Certificate of Excellence in financial reporting award. This award was for the district Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010

**11) ACKNOWLEDGEMENTS:**

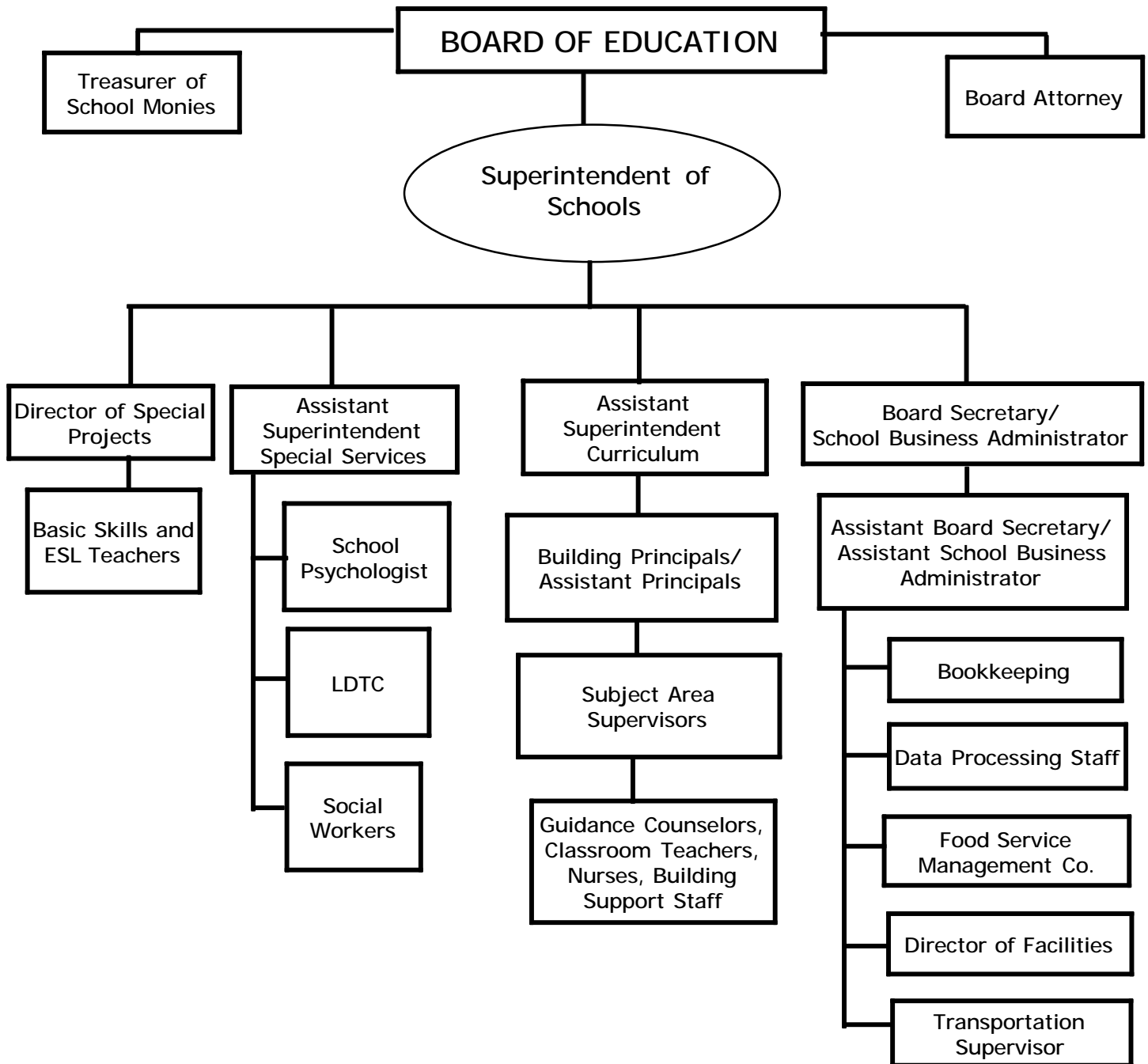
We would like to express our appreciation to the members of the Township of Ocean School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.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

Respectfully submitted,

  
John Lysko  
Superintendent of Schools

  
Kenneth Jannarone  
School Business Administrator/  
Board Secretary

TOWNSHIP OF OCEAN SCHOOL DISTRICT  
Organizational Chart  
June 30, 2012



TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Roster of Officials  
June 30, 2012

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Denise Parlamas, President	2012
Sean P. Moore, Vice President	2013
Robert V. Acerra, Sr.	2014
Joseph Hadden	2014
Richard H. Long	2014
Sylvia A. Sylvia	2013
Michael Beson	2012
Jim Dietrich	2012
Anne Marie Sparaco	2012

Gianna Kinhofer – Student Representative

Eric Musto – Student Representative

Other Officials

John Lysko, Superintendent

Kenneth Jannarone, Board Secretary/School Business Administrator

George Stone, Assistant School Business Administrator

Stephen Gallagher, Treasurer

Michael J. Gross, Esq., Board Attorney

Nathanya G. Simon, Esq., Special Counsel for Special Education

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Consultants, Independent Auditors and Advisors  
June 30, 2012

Board Attorney

Kenny, Gross, Kovats, Campbell & Pruchnik  
Attorneys at Law  
130 Maple Avenue  
Red Bank, NJ 07701

Board Auditor

Paduano, DiTommaso & Golda, LLC  
220 Monmouth Road  
PO Box 206  
Oakhurst, NJ 07755

Official Depository

Sovereign Bank  
Monmouth Road  
Oakhurst, NJ 07755

## FINANCIAL SECTION



# PADUANO, DiTOMMASO & GOLDA, LLC

Certified Public Accountants and Consultants

## Independent Auditor's Report

The Honorable President and  
Members of the Board of Education  
Township of Ocean School District  
County of Monmouth  
Oakhurst, New Jersey 07755

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Township of Ocean School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Ocean Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

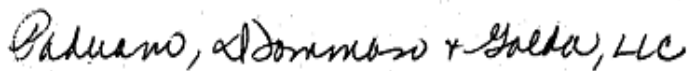
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township of Ocean Board of Education, in the County of Monmouth, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 26, 2012 on our consideration of the Township of Ocean Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Budgetary Comparison Schedule as detailed on the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Ocean Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information, such as the combining and individual fund financial statements, long-term debt schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations ; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Paduano, DiTommaso & Golda, LLC  
October 26, 2012



Certified Public Accountant  
Licensed Public School Accountant #CS00164

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**PART I**

TOWNSHIP OF OCEAN SCHOOL DISTRICT  
OAKHURST, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

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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, 2012. 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. Certain comparative information between the current fiscal year (2011-2012) and the prior fiscal year (2010-2011) is presented in the Management's Discussion and Analysis.

### Financial Highlights

Key financial highlights for 2012 are as follows:

- ◆ In total, net assets increased \$4,446,163, which represents a 21 percent increase from 2011.
- ◆ General revenues accounted for \$67,258,600 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 \$9,753,755 or 13 percent of total revenues of \$77,012,355.
- ◆ Total assets of governmental activities increased by \$3,112,426 as cash and cash equivalents increased by \$3,723,848, receivables decreased by \$122,435, and net capital assets decreased by \$488,987. The decrease in net capital assets represents depreciation expense and the result of no material additions as there were no major capital projects completed in the fiscal year.
- ◆ The School District had \$72,566,193 in expenses; only \$9,753,755 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$67,258,600 were adequate to provide for these programs.
- ◆ Among major funds, the General Fund had \$69,846,212 in revenues and \$67,420,774 in expenditures. The General Fund's balance increased \$2,582,734 from 2011.
- ◆ Fund Balance for the General Fund as of the fiscal year end was \$8,113,720. The undesignated portion of surplus was \$4,163,161. Based on our calculation of excess surplus, the maximum of undesignated fund balance (2%) is \$1,327,570. The excess \$2,835,591 must be utilized for tax relief in the succeeding year's budget.
- ◆ The revenues for operating grants and contributions were recorded as an offset to expenses in this current year rather than as a general revenue on Schedule A-2.

### 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.

TOWNSHIP OF OCEAN SCHOOL DISTRICT  
OAKHURST, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

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

#### Reporting the School District as a Whole

##### Statement of Net Assets 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 2012?" The Statement of Net Assets 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 assets and changes in those assets. This change in net assets 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 Assets 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 23. 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.

TOWNSHIP OF OCEAN SCHOOL DISTRICT  
OAKHURST, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

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#### 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 Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

#### 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 School 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 31 to 49 of this report.

#### The School District as a Whole

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

The School 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.

TOWNSHIP OF OCEAN SCHOOL DISTRICT  
OAKHURST, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

Table 1 provides a summary of the School District's net assets for 2012 and 2011.

Table 1 Net Assets				
	Governmental Activities 2012	Activities 2011	Business-type Activities 2012	Activities 2011
<b>Assets</b>				
Current and other assets	\$ 10,626,155	\$ 7,024,742	\$ 119,642	\$ 411,127
Capital assets	38,686,243	39,175,230	76,535	64,236
<b>Total Assets</b>	<u>49,312,398</u>	<u>46,199,972</u>	<u>196,177</u>	<u>475,363</u>
<b>Liabilities</b>				
Long-term liabilities	17,416,468	19,745,997	-	-
Current portion of long-term debt	2,868,838	2,879,755	-	-
Other liabilities	3,434,106	2,475,753	154,612	385,442
<b>Total Liabilities</b>	<u>23,719,412</u>	<u>25,101,505</u>	<u>154,612</u>	<u>385,442</u>
<b>Net Assets</b>				
Invested in capital assets, net of debt	20,862,685	18,865,230	76,535	64,236
Restricted	7,896,093	5,283,098	-	-
Unrestricted	(3,165,792)	(3,049,861)	(34,970)	25,685
<b>Total Net Assets</b>	<u>\$ 25,592,986</u>	<u>\$ 21,098,467</u>	<u>\$ 41,565</u>	<u>\$ 89,921</u>

The District's combined net assets of \$25,634,551 on June 30, 2012 results in an increase of 21 percent from the prior year.

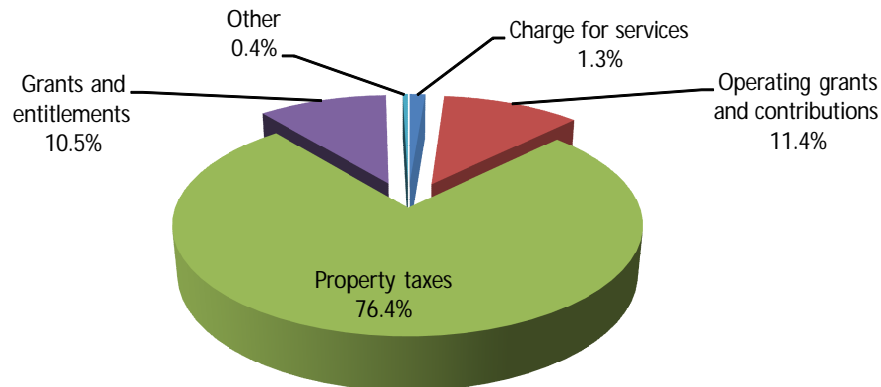
TOWNSHIP OF OCEAN SCHOOL DISTRICT  
OAKHURST, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

Table 2 shows the changes in net assets for fiscal year 2012 and 2011.

Table 2 Change In Net Assets				
	Governmental 2012	Activities 2011	Business-type 2012	Activities 2011
<b>Revenues</b>				
Program revenues:				
Charge for services	\$ 288,168	\$ 283,329	\$ 710,173	\$ 689,179
Operating grants and contributions	8,276,785	7,569,905	478,629	423,596
General revenues:				
Property taxes	58,817,908	57,526,735	-	-
Grants and entitlements	8,117,177	7,204,310	-	-
Other	323,515	202,942	-	100,000
Total revenues	<u>75,823,553</u>	<u>72,787,221</u>	<u>1,188,802</u>	<u>1,212,775</u>
<b>Program Expenses</b>				
Instruction	41,653,560	40,147,603	-	-
Support services:				
Pupils and instructional staff	12,526,403	12,244,979	-	-
General and school administration and business services	5,550,115	5,418,202	-	-
Operations and maintenance of facilities	6,786,929	7,004,447	-	-
Pupil transportation	3,917,781	3,908,346	-	-
Interest on debt	716,154	1,460,077	-	-
Food service	-	-	1,237,158	1,192,783
Other	178,093	195,144	-	-
Total expenses	<u>71,329,035</u>	<u>70,378,798</u>	<u>1,237,158</u>	<u>1,192,783</u>
<b>Increase (decrease) in Net Assets</b>	\$ 4,494,518	\$ 2,408,423	\$ (48,356)	\$ 19,992
<b>Net Assets - beginning</b>	<u>21,098,468</u>	<u>18,690,044</u>	<u>89,921</u>	<u>69,929</u>
<b>Net Assets - ending</b>	<u>\$ 25,592,986</u>	<u>\$ 21,098,467</u>	<u>\$ 41,565</u>	<u>\$ 89,921</u>

SOURCES OF REVENUES FOR FISCAL YEAR 2012





TOWNSHIP OF OCEAN SCHOOL DISTRICT  
OAKHURST, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

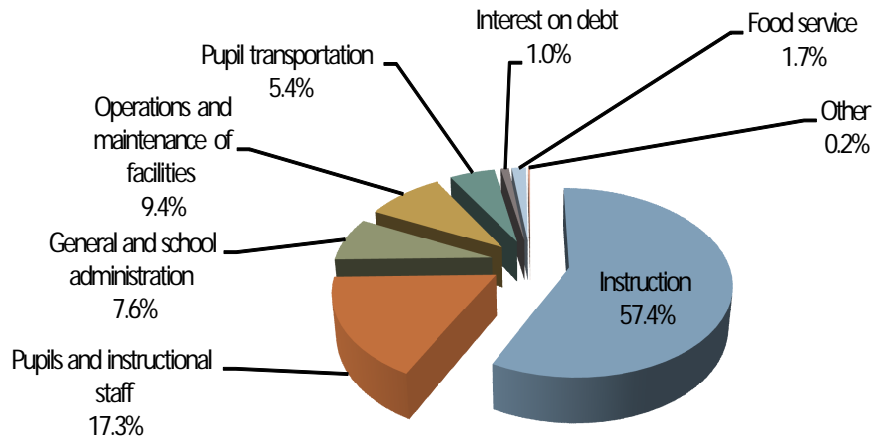
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### Governmental Activities

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 76 percent of revenues for governmental activities for the Township of Ocean School District for fiscal year 2012 and 78 percent for fiscal year 2011. Property tax revenues increased by \$1,291,173, which is a 2 percent increase over the prior year. The increase was needed to fund the additional expenditures associated with higher operating costs and a decrease in state aid. Federal and state grants accounted for another 11 percent of revenues.

Total expenses for the fiscal year were \$72,566,193.

### EXPENSES FOR THE FISCAL YEAR 2012



Program expenses include instruction that comprises 57 percent of total expenses. Support services comprise 40 percent of total expenses.

Business-type Activities are included above. Revenues for the Food Service Fund totaled \$1,188,802, which were comprised of charges for services in the amount of \$710,173 and federal and state reimbursements in the amount of \$478,629. Total operating expenses totaled \$1,237,158.

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

TOWNSHIP OF OCEAN SCHOOL DISTRICT  
OAKHURST, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

Table 3

	<u>Total Cost of Services 2012</u>	<u>Net Cost of Services 2012</u>	<u>Total Cost of Services 2011</u>	<u>Net Cost of Services 2011</u>
Instruction	\$ 41,653,560	\$ 35,231,584	\$ 40,147,603	\$ 34,720,068
Support services:				
Pupils and instructional staff	12,526,403	11,307,647	12,244,979	11,148,713
General and school administration and business services	5,550,115	5,100,768	5,418,202	4,919,390
Operations and maintenance of facilities	6,786,929	6,519,459	7,004,447	6,527,355
Pupil transportation	3,917,781	3,917,781	3,908,346	3,760,686
Interest and fiscal charges	716,154	529,448	1,460,077	1,273,808
Other	178,093	157,395	195,144	175,544
 Total expenses	 <u>\$ 71,329,035</u>	 <u>\$ 62,764,082</u>	 <u>\$ 70,378,798</u>	 <u>\$ 62,525,564</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.
- ◆ Operations 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.

TOWNSHIP OF OCEAN SCHOOL DISTRICT  
OAKHURST, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

The School District's Funds

Information about the School District's governmental funds starts on page 23. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$75,699,230 and expenditures of \$73,330,560. The net change in fund balance for the year was most significant in the General Fund, a decrease of \$2,582,734. 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 as such is labor intensive.

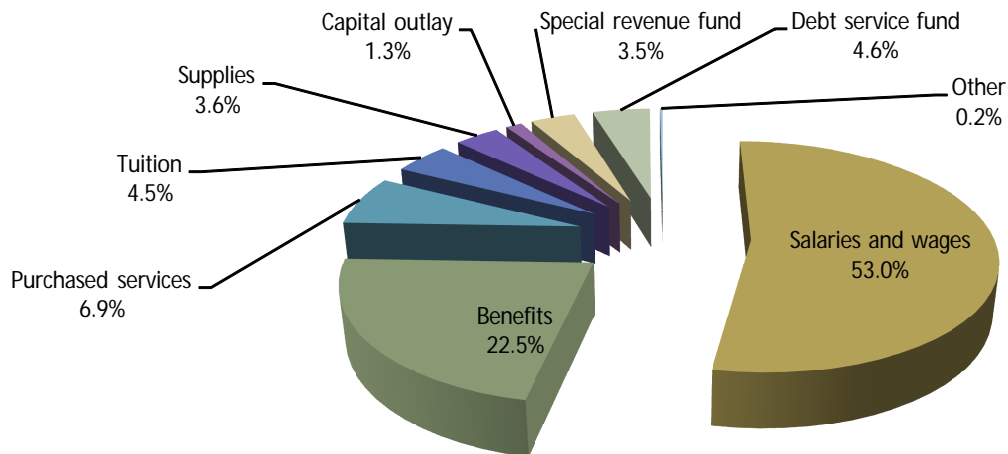


Table 4  
Expenditures by Object for the Fiscal Year Ended June 30,

	2012	2011	% Change
Salaries and wages	\$ 38,895,603	\$ 38,042,075	2.24%
Benefits	16,491,100	15,192,995	8.54%
Purchased services	5,043,585	5,317,554	-5.15%
Tuition	3,287,086	3,205,753	2.54%
Supplies	2,611,359	2,165,587	20.58%
Capital outlay	939,993	251,967	273.06%
Special Revenue fund	2,572,878	3,027,878	-15.03%
Capital Projects fund	-	86,685	-100.00%
Debt Service fund	3,336,908	3,342,332	-0.16%
Other	152,048	167,176	-9.05%
Total	<u>\$ 73,330,560</u>	<u>\$ 70,800,002</u>	<u>3.57%</u>

Expenditures have increased \$2,530,558 or 3.57 percent from the prior year mostly due to capital outlay and increase in Fringe Benefits.

TOWNSHIP OF OCEAN SCHOOL DISTRICT  
OAKHURST, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

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### General Fund Budgeting Highlights

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

During the course of the fiscal 2012 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Revisions in the budget were made to recognize revenues and expenditures that were not anticipated and to prevent over expenditures in specific expense accounts. Significant revisions are noted below.

- ◆ Salaries overall increased due to additional staff and anticipated wage increases that were accrued.
- ◆ Capital outlay was increased during the year due to various projects that were needed that were not originally budgeted.
- ◆ Transfers to other funds were decreased as there was no Board Contribution needed.

### Capital Assets

At the end of the fiscal year 2012, the School District had \$38,686,243 invested in land, buildings, furniture and equipment, and vehicles. Table 5 shows fiscal 2012 balances compared to 2011.

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

	2012	2011
Governmental Activities		
Land	\$ 984,968	\$ 984,968
Site improvements	1,910,696	1,910,696
Buildings and improvements	32,930,286	33,634,899
Machinery and equipment	2,860,293	2,644,667
	<u>\$ 38,686,243</u>	<u>\$ 39,175,230</u>

Capital assets decreased \$488,987 from fiscal year 2011 to fiscal year 2012. The decrease in capital assets is due to depreciation expense. For more detailed information, please refer to the Notes to Financial Statements.

### Debt Administration

At June 30, 2012, the School District had \$20,285,306 as outstanding debt. Of this amount \$2,461,748 is for compensated absences, \$123,558 is for capital leases payable, and the balance of \$17,700,000 is for bonds for school construction.

At June 30, 2012, the School District's overall legal debt margin was over \$130 million. For more detailed information, please refer to the Notes to Financial Statements.

TOWNSHIP OF OCEAN SCHOOL DISTRICT  
OAKHURST, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

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#### 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 2012-2013 was below the 2% cap on the tax levy. Therefore, there was no election or vote for the budget in April, 2012, 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, 2011. Each year of this contract will have an impact on the District's future operating budgets. As of June 30, 2012, a new contract has not been settled.

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

The School District had approved and completed two capital improvement projects in 2009 for two schools. The School District has completed all other capital improvement projects in the prior year. It is one of the School 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@ocean.k12.nj.us](mailto:kjannarone@ocean.k12.nj.us).

# BASIC FINANCIAL STATEMENTS

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

The statement of net assets 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.

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Statement of Net Assets  
June 30, 2012

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,880,612	\$ 86,778	\$ 7,967,390
Receivables, net	143,603	18,273	161,876
Inventory	-	14,591	14,591
Bond issuance costs	77,259	-	77,259
Restricted assets:			
Cash and cash equivalents	2	-	2
Capital reserve account - cash	2,074,648	-	2,074,648
Intergovernmental receivable	450,031	-	450,031
Capital assets, net	38,686,243	76,535	38,762,778
<b>Total assets</b>	<b>49,312,398</b>	<b>196,177</b>	<b>49,508,575</b>
<b>LIABILITIES</b>			
Accounts payable	1,517,382	139,502	1,656,884
Contracts payable	899,427	-	899,427
Bond premium	724,417	-	724,417
Accrued interest	274,515	-	274,515
Payable to state government	18,365	-	18,365
Interfund payable	-	-	-
Unearned revenue	-	15,110	15,110
Noncurrent liabilities:			
Due within one year	2,868,838	-	2,868,838
Due beyond one year	17,416,468	-	17,416,468
<b>Total liabilities</b>	<b>23,719,412</b>	<b>154,612</b>	<b>23,874,024</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	20,862,685	76,535	20,939,220
Restricted for:			
Other purposes	7,896,093	-	7,896,093
Unrestricted	(3,165,792)	(34,970)	(3,200,762)
<b>Total net assets</b>	<b>\$ 25,592,986</b>	<b>\$ 41,565</b>	<b>\$ 25,634,551</b>

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



TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Statement of Activities  
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction:						
Regular	\$ 31,201,908	\$ -	\$ 4,662,601	\$ (26,539,307)	\$ -	\$ (26,539,307)
Special education	7,304,546	-	1,477,272	(5,827,274)	-	(5,827,274)
Other special instruction	1,601,960	-	265,431	(1,336,529)	-	(1,336,529)
Other instruction	1,545,146	-	16,672	(1,528,474)	-	(1,528,474)
Support services:						
Instruction	3,265,613	-	-	(3,265,613)	-	(3,265,613)
Student and instruction related services	9,260,790	-	1,218,756	(8,042,034)	-	(8,042,034)
School administrative services	2,943,430	-	335,023	(2,608,407)	-	(2,608,407)
General administrative services	1,130,936	-	46,160	(1,084,776)	-	(1,084,776)
Central services	1,329,042	-	68,164	(1,260,878)	-	(1,260,878)
Administrative information technology	146,707	-	-	(146,707)	-	(146,707)
Plant operations and maintenance	6,786,929	267,470	-	(6,519,459)	-	(6,519,459)
Pupil transportation	3,917,781	-	-	(3,917,781)	-	(3,917,781)
Special schools	156,620	20,698	-	(135,922)	-	(135,922)
Charter school	21,473	-	-	(21,473)	-	(21,473)
Interest on long-term debt	716,154	-	186,706	(529,448)	-	(529,448)
Total governmental activities	<u>71,329,035</u>	<u>288,168</u>	<u>8,276,785</u>	<u>(62,764,082)</u>	<u>-</u>	<u>(62,764,082)</u>
Business-type activities:						
Food Service	1,237,158	710,173	478,629	-	(48,356)	(48,356)
Total business-type activities	<u>1,237,158</u>	<u>710,173</u>	<u>478,629</u>	<u>-</u>	<u>(48,356)</u>	<u>(48,356)</u>
Total primary government	<u>\$ 72,566,193</u>	<u>\$ 998,341</u>	<u>\$ 8,755,414</u>	<u>\$ (62,764,082)</u>	<u>\$ (48,356)</u>	<u>\$ (62,812,438)</u>
General revenues:						
Property Taxes Levied for:						
General purposes				\$ 55,724,474	\$ -	\$ 55,724,474
Debt service				3,093,434	-	3,093,434
Federal and State aid not restricted				8,117,177	-	8,117,177
Investment Earnings				13,824	-	13,824
Miscellaneous Income				291,709	-	291,709
Gain on disposal of capital assets				17,982	-	17,982
Transfers in(out)				-	-	-
Total general revenues, special items, extraordinary items and transfers				<u>67,258,600</u>	<u>-</u>	<u>67,258,600</u>
Change in Net Assets				4,494,518	(48,356)	4,446,162
Net Assets—beginning				<u>21,098,468</u>	<u>89,921</u>	<u>21,188,389</u>
Net Assets—ending				<u>\$ 25,592,986</u>	<u>\$ 41,565</u>	<u>\$ 25,634,551</u>

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

## FUND FINANCIAL STATEMENTS

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Balance Sheet  
Governmental Funds  
June 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 7,177,944	\$ -	\$ -	\$ 2	\$ 7,177,946
Receivables, net	17,184	-	-	-	17,184
Due from other funds	296,448	-	-	-	296,448
Receivables from other governments	126,419	450,031	-	-	576,450
Restricted cash and cash equivalents	<u>2,074,648</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,074,648</u>
<b>Total assets</b>	<u>\$ 9,692,643</u>	<u>\$ 450,031</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 10,142,676</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 679,496	\$ 135,218	\$ -	\$ -	\$ 814,714
Contracts payable	899,427	-	-	-	899,427
Interfund payable	-	296,448	-	-	296,448
Payable to state government	-	18,365	-	-	18,365
Total liabilities	<u>1,578,923</u>	<u>450,031</u>	<u>-</u>	<u>-</u>	<u>2,028,954</u>
<b>Fund balances:</b>					
<b>Restricted for:</b>					
Excess surplus - current year	2,835,591	-	-	-	2,835,591
Excess surplus - prior year - designated for subsequent year's expenditures	1,843,948	-	-	-	1,843,948
Capital reserve	2,074,648	-	-	-	2,074,648
Debt service	-	-	-	-	-
<b>Assigned to:</b>					
Designated by the BOE for subsequent year's expenditures	1,141,904	-	-	2	1,141,906
<b>Unassigned:</b>					
General fund	<u>217,629</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>217,629</u>
Total fund balances	<u>8,113,720</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>8,113,722</u>
<b>Total liabilities and fund balances</b>	<u>\$ 9,692,643</u>	<u>\$ 450,031</u>	<u>\$ -</u>	<u>\$ 2</u>	

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

The premiums and costs associated with the issuance of the various bonds are reflected as income and expense in the year the bonds are issued but are capitalized on the statement of net assets. The bond premium net of bond issuance costs is \$846,348 and accumulated amortization is \$199,190.

(647,158)

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$66,440,389 and the accumulated depreciation is \$27,754,146.

38,686,243

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.

(20,559,821)

\$ 25,592,986

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local sources:					
Local tax levy	\$ 55,724,474	\$ -	\$ -	\$ 3,093,434	\$ 58,817,908
Tuition charges	20,698	-	-	-	20,698
Rental fees	267,470	-	-	-	267,470
Interest earned on investments	13,824	-	-	-	13,824
Miscellaneous	185,368	-	-	-	185,368
Total - local sources	56,211,834	-	-	3,093,434	59,305,268
State sources	13,262,710	543,906	-	-	13,806,616
Federal sources	371,668	2,028,972	-	186,706	2,587,346
Total revenues	69,846,212	2,572,878	-	3,280,140	75,699,230
<b>EXPENDITURES</b>					
Current:					
Regular instruction	20,102,009	1,741,049	-	-	21,843,058
Special education instruction	5,001,480	-	-	-	5,001,480
Other special instruction	1,071,086	-	-	-	1,071,086
School sponsored activities	1,218,492	-	-	-	1,218,492
Support services and undistributed costs:					
Tuition	3,265,613	-	-	-	3,265,613
Student and instruction related services	6,017,308	578,023	-	-	6,595,331
General administrative services	946,485	-	-	-	946,485
School administrative services	2,088,832	-	-	-	2,088,832
Central services and administrative information technology	1,113,270	-	-	-	1,113,270
Plant operations and maintenance	5,835,371	-	-	-	5,835,371
Pupil transportation	3,151,643	-	-	-	3,151,643
Unallocated benefits	16,491,099	-	-	-	16,491,099
Special schools	156,620	-	-	-	156,620
Transfer to charter school	21,473	-	-	-	21,473
Debt service:					
Principal	-	-	-	2,610,000	2,610,000
Interest and other charges	-	-	-	726,908	726,908
Capital outlay	939,993	253,806	-	-	1,193,799
Total expenditures	67,420,774	2,572,878	-	3,336,908	73,330,560
Excess (Deficiency) of revenues over expenditures	2,425,438	-	-	(56,768)	2,368,670
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital leases (non-budgeted)	139,314	-	-	-	139,314
Sale of Assets	17,982	-	-	-	17,982
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	157,296	-	-	-	157,296
Net change in fund balances	2,582,734	-	-	(56,768)	2,525,966
Fund balance - July 1	5,530,986	-	-	56,770	5,587,756
Fund balance - June 30	\$ 8,113,720	\$ -	\$ -	\$ 2	\$ 8,113,722

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2012

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Total net change in fund balances - governmental funds (from B-2) \$ 2,525,966

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	\$ (1,682,787)	
Capital outlays	<u>1,193,799</u>	(488,988)

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 assets and is not reported in the statement of activities.

2,625,756

Bond premium and issuance costs 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.

89,640

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.

(139,314)

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 change in accrued interest is an addition in the reconciliation.

27,454

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.

(145,996)

Change in net assets of governmental activities

\$ 4,494,518

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Statement of Fund Net Assets  
Proprietary Funds  
June 30, 2012

	Business-type Activities Enterprise Funds <u>Food Service Fund</u>	Internal Service Funds <u>Self-Insurance Activities</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 86,778	\$ 702,668
Other receivables	18,273	-
Inventories	<u>14,591</u>	<u>-</u>
Total current assets	<u>119,642</u>	<u>702,668</u>
		##
Non-current assets:		
Furniture, machinery and equipment	497,070	-
Less: accumulated depreciation	<u>(420,535)</u>	<u>-</u>
Total non-current assets	<u>76,535</u>	<u>-</u>
Total assets	<u>\$ 196,177</u>	<u>\$ 702,668</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 139,502	\$ 702,668
Prepaid school lunches	7,282	-
Deferred revenue	<u>7,828</u>	<u>-</u>
Total current liabilities	<u>154,612</u>	<u>702,668</u>
<b>NET ASSETS</b>		
Invested in capital assets	76,535	-
Unrestricted	<u>(34,970)</u>	<u>-</u>
Total net assets	<u>41,565</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 196,177</u>	<u>\$ 702,668</u>

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2012

	Business-type Activities Enterprise Funds <u>Food Service Fund</u>	Internal Service Funds <u>Self-Insurance Activities</u>
Operating Revenues		
Charges for services:		
Daily sales - reimbursable program	\$ 369,461	\$ -
Daily sales - non-reimbursable program	333,634	-
Special functions	7,078	-
Services provided to other funds	-	2,262,000
Total operating revenues	<u>710,173</u>	<u>2,262,000</u> ##
Operating Expenses		
Cost of sales	680,153	-
Salaries	345,646	-
Employee benefits	103,846	2,262,000
Management fee	45,900	-
Insurance	48,098	-
Depreciation	13,515	-
Total operating expenses	<u>1,237,158</u>	<u>2,262,000</u>
Operating Income (loss)	<u>(526,985)</u>	<u>-</u>
Non-operating Revenues		
State sources:		
School lunch program	11,670	-
Breakfast program	-	-
Federal sources:		
National school lunch program	345,125	-
Breakfast program	10,775	-
Special milk program	669	-
Food distribution program	64,490	-
Sodexo:		
Food service guarantee	45,900	-
Total non-operating revenues	<u>478,629</u>	<u>-</u>
Change in Net Assets before transfers	(48,356)	-
Transfer In-general fund	<u>-</u>	<u>-</u>
Change in Net Assets	(48,356)	-
Total Net Assets - Beginning	<u>89,921</u>	<u>-</u>
Total Net Assets - Ending	<u>\$ 41,565</u>	<u>\$ -</u>

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2012

	Business-type Activities Enterprise Funds Food Service Fund	Internal Service Funds Self-Insurance Activities
Cash Flows from Operating Activities		
Receipts from customers and other funds	\$ 815,732	\$ 2,262,000
Payments to employees	(345,646)	-
Payments for employee benefits	(103,846)	(2,078,012)
Payments to suppliers	(895,653)	-
		###
Net cash provided by (used for) operating activities	(529,413)	183,988
Cash Flows from Non-capital Financing Activities		
State sources	11,670	-
Federal sources	402,469	-
Net cash provided by non-capital financing activities	414,139	-
Cash flows from Capital and Related Financing activities		
Purchase of capital assets	(25,814)	-
Net cash used for capital and related financing activities	(25,814)	-
Net Increase in Cash and Cash Equivalents	(141,088)	183,988
Balance - Beginning of Year	227,866	518,680
Balance - End of Year	\$ 86,778	\$ 702,668
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) for Operating Activities:		
Operating income (loss)	\$ (526,985)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided (used for) operating activities		
Depreciation	13,515	-
Deferred revenue	64,490	-
(Increase) decrease in accounts receivable, net	143,018	-
(Increase) decrease in inventories	7,379	-
Increase (decrease) in accounts payable	(235,577)	183,988
Increase/(decrease) in prepaid school lunches	591	-
Increase (decrease) in deferred revenue	4,156	-
Total adjustments	(2,428)	183,988
Net Cash Provided by (Used for) Operating Activities	\$ (529,413)	\$ 183,988

Noncash noncapital financing activities:

The Board of Education received \$64,490 of food commodities from the US Department of Agriculture for the year ended June 30, 2012.



TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2012

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	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Agency Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 329,813	\$ 35,096	\$ 1,602,175
Total Assets	<u>329,813</u>	<u>35,096</u>	<u>\$ 1,602,175</u>
<b>LIABILITIES</b>			
Payroll deductions and withholdings	49,287	-	\$ 1,196,078
Due to student groups	<u>-</u>	<u>-</u>	<u>406,097</u>
Total Liabilities	<u>49,287</u>	<u>-</u>	<u>\$ 1,602,175</u>
<b>NET ASSETS</b>			
Held in trust for unemployment claims and other purposes	<u>\$ 280,526</u>		
Reserved for Scholarships		<u>\$ 35,096</u>	

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2012

	Unemployment Compensation Trust	Private Purpose Scholarship Fund
<b>ADDITIONS</b>		
Contributions:		
Plan member	\$ 102,313	\$ -
Scholarship donations	-	7,434
Total Contributions	<u>102,313</u>	<u>7,434</u>
Investment Earnings:		
Interest	<u>106</u>	-
Net Investment Earnings	<u>106</u>	-
Total Additions	<u>102,419</u>	<u>7,434</u>
<b>DEDUCTIONS</b>		
Quarterly contribution reports & assessment	42,838	-
Unemployment claims	155,170	-
Scholarships awarded	-	8,004
Total Deductions	<u>198,008</u>	<u>8,004</u>
Change in Net Assets	(95,589)	(570)
Net Assets - Beginning of Year	<u>376,115</u>	<u>35,666</u>
Net Assets - End of Year	<u>\$ 280,526</u>	<u>\$ 35,096</u>

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

**NOTES TO THE  
BASIC FINANCIAL STATEMENTS**

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Notes to the Basic Financial Statements  
June 30, 2012

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Board of Education (Board) of the Township of Ocean 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 School 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 assets 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 segment 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.

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Notes to the Basic Financial Statements  
June 30, 2012

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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 to be 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 school district accounts for risk management and health insurance costs provided to the Board of Education employees through the internal service fund.

Continued

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Notes to the Basic Financial Statements  
June 30, 2012

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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 a 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 school district the entire balance of taxes in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established 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

Continued

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Notes to the Basic Financial Statements  
June 30, 2012

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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, Cash Equivalents and Investments**

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.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools."

**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, 2012, the unused Food Donation Program commodities of \$7,828 are reported as deferred revenue in the enterprise fund.

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Notes to the Basic Financial Statements  
June 30, 2012

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**H. Capital Assets**

Capital assets, which include land, property, plant and machinery and equipment and construction in progress, 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.

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 under the half-year convention. 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.

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

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, 2012, no material liability existed for compensated absences in the food service fund.



TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Notes to the Basic Financial Statements  
June 30, 2012

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Deferred Revenue

Deferred 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 deferred revenue.

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, discounts and bond issuance costs on the revenue bonds are amortized using the interest method, over the maturity of the related issue.

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 the used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Notes to the Basic Financial Statements  
June 30, 2012

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**M. Fund Balance Reporting (continued)**

The Board of Education has classified its fund balances with the following hierarchy:

Spendable: The Board of Education 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 and Capital Reserve:

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 \$6,754,187 and represented \$4,679,539 in excess surplus and \$2,074,648 in capital reserve.

- Assigned for School Operations and Capital Projects:

The School Board has set aside certain spendable fund balance for school operations and capital projects. At year end, the assigned fund balance is \$1,141,906, of which \$1,141,904 is for school operations and \$2 is for debt service. The assigned fund balance for school operations includes \$641,904 for outstanding encumbrances and \$500,000 for appropriation of existing unassigned fund balance at year-end to be utilized toward tax relief in the next year's budget.

- Unassigned:

The unassigned fund balance for the General Fund is \$217,629.

**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 General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The District has excess fund balance generated during the 2011 fiscal year in the amount of \$2,835,591 which will be designated for tax relief in 2012-2013.

**O. Net Assets**

Net assets represent the difference between assets and liabilities in the District-wide financial statements. Net assets invested 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 assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets 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.

Continued

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Notes to the Basic Financial Statements  
June 30, 2012

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Q. On-Behalf Payments**

Revenues and expenditures of the general fund include payments made by the State of New Jersey social security contributions and post-retirement medical and pension benefits for certified members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the District's annual budget.

**R. Allocation of expenses**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable by function. Employee benefits, including the employer's share of social security, workers' compensation and medical and dental benefits, were allocated based on salaries of the program.

**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 assets.

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net asset – governmental activities as reported in the District-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, capital leases and compensated absences, are not due and payable in the current period and therefore are not reported in the funds. The details of this \$20,559,821 difference are as follows:

Bonds payable	\$ 17,700,000
Capital leases payable	123,558
Accrued interest payable	274,515
Compensated absences	<u>2,461,748</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u><u>\$ 20,559,821</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.

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.

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Notes to the Basic Financial Statements  
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**NOTE 3. DEPOSITS AND INVESTMENTS (continued)**

**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 a commercial banking institution. At June 30, 2012, the carrying amount of the District's deposits was \$6,634,931 and the bank balance was \$7,541,711. The District also held \$1,400 in petty cash at June 30, 2012.

Based on levels of risk, \$250,000 of the District's cash deposits on June 30, 2012 were secured by federal depository insurance. The remaining bank balance of \$6,384,931 was covered by the New Jersey Governmental Unit Deposit Protection Act (GUDPA).

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), 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, 2012, 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.

**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.

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Notes to the Basic Financial Statements  
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**NOTE 3. DEPOSITS AND INVESTMENTS (continued)**

Investments (continued)

- c. Bonds or other obligations of the School District.
- d. New Jersey Cash Management Fund, New Jersey Arbitrage Rebate Management Fund and M.B.I.A. Class.

The Board of Education 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 Board 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, 2012 was \$2,616,264.

Custodial Credit Risk: Pursuant to GASB 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 AAAM by Standard and Poor's.

Interest Rate Risk: The District does not have policy to limit interest rate risk. The weighted average maturity of the NJARM portfolio at December 31, 2011, was 48 days.

**NOTE 4. RECEIVABLES**

Receivables at June 30, 2012, 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>Government Wide</u>
State Aid	\$ 105,516	\$ 106,045
Federal Aid	431,236	448,256
Other	<u>353,330</u>	<u>57,596</u>
Gross Receivables	890,082	611,897
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>
Total Receivables, net	<u>\$ 890,082</u>	<u>\$ 611,897</u>

**NOTE 5. RESTRICTED ASSETS**

The proceeds of the District's bonds are classified as restricted assets (cash, cash equivalents and accounts receivables) as they are restricted to payments relating to the referendum projects in the capital projects fund, funds set aside in a capital reserve fund, and accounts receivable in the special revenue fund.

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Notes to the Basic Financial Statements  
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**NOTE 6. CAPITAL ASSETS**

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2012:

	Beginning Balance	Transfers or Additions	Transfers or Retirements	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 984,968	\$ -	\$ -	\$ 984,968
Construction in progress	-	-	-	-
Total capital assets not being depreciated	984,968	-	-	984,968
Capital assets being depreciated:				
Site improvements	1,910,696	-	-	1,910,696
Building and building improvements	50,759,014	309,540	-	51,068,554
Machinery and equipment	12,000,963	884,260	409,052	12,476,171
Totals at historical cost	64,670,673	1,193,800	409,052	65,455,421
Less accumulated depreciation for:				
Building and improvements	17,124,115	1,014,153	-	18,138,268
Equipment	9,356,296	668,634	409,052	9,615,878
	26,480,411	1,682,787	409,052	27,754,146
Total capital assets being depreciated, net of accumulated depreciation	38,190,262	(488,987)	-	37,701,275
Government activity capital assets, net	\$ 39,175,230	\$ (488,987)	\$ -	\$ 38,686,243

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

Instruction	\$ 946,712
Student and instruction related services	209,770
General and business administrative services	71,806
Plant operations and maintenance	113,677
Pupil transportation	268,001
School administrative services	72,821
Total	\$ 1,682,787

The following is a summary of the business-type capital assets for the year ended June 30, 2012:

	Beginning Balance	Transfers or Additions	Transfers or Retirements	Ending Balance
<b>Business-type activities</b>				
Capital assets being depreciated:				
Equipment	\$ 471,256	\$ 25,814	\$ -	\$ 497,070
Less accumulated depreciation	407,020	13,515	-	420,535
Enterprise fund capital assets, net	\$ 64,236	\$ 12,299	\$ -	\$ 76,535

Continued

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Notes to the Basic Financial Statements  
June 30, 2012

**NOTE 7. LONG-TERM LIABILITIES**

**Bonds Payable**

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds. Principal and interest due on all serial bonds outstanding is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	2,645,000	634,248	3,279,248
2014	2,690,000	554,442	3,244,442
2015	2,745,000	469,214	3,214,214
2016	1,265,000	369,367	1,634,367
2017	1,275,000	326,448	1,601,448
2018 -2022	6,565,000	841,902	7,406,902
2023	515,000	10,944	525,944
	<u>\$ 17,700,000</u>	<u>\$ 3,206,565</u>	<u>\$ 20,906,565</u>

**Bonds Authorized But Not Issued**

As of June 30, 2012, the District had no authorized but not issued bonds.

**Capital Lease Payable**

The district is leasing equipment totaling \$139,314 under capital leases. The capital lease is for a term of no more than five years. The following is a schedule of minimum lease payments under this capital lease and the present value of the net minimum lease payments at June 30, 2012.

Fiscal Year Ended June 30,	Amount
2013	\$ 31,222
2014	31,222
2015	31,222
2016	31,222
2017	13,009
Total	137,897
Less: amount representing interest	(14,339)
Present value of net minimum lease payments	<u>123,558</u>

**Unamortized Bond Premium**

Unamortized bond premium, net of bond issuance costs, as of June 30, 2012 and 2011 is \$647,158 and \$736,798, respectively.

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Notes to the Basic Financial Statements  
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**NOTE 7. LONG-TERM LIABILITIES (continued)**

Changes in Long-Term Liabilities

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Amounts Due within One Year
Compensated absences payable	\$ 2,315,752	\$ 237,036	\$ 91,040	\$ 2,461,748	\$ 198,189
Serial bonds payable with interest rates ranging from 4.10% to 4.875%	20,310,000	-	2,610,000	17,700,000	2,645,000
Capital lease payable with interest rate of 4.98%	-	139,314	15,756	123,558	25,649
	<u>\$ 22,625,752</u>	<u>\$ 376,350</u>	<u>\$ 2,716,796</u>	<u>\$ 20,285,306</u>	<u>\$ 2,868,838</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 8. PENSION PLANS**

Plan Descriptions

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by the State statute: the Public Employees' Retirement System (PERS) or the Teachers' Pension and Annuity Fund (TPAF). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund Retirement System is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66, to provide coverage including post-retirement health care to substantially all full-time public employees of the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55<sup>th</sup> 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).

Continued



TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Notes to the Basic Financial Statements  
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**NOTE 8. PENSION PLANS (continued)**

**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 coverage including post-retirement health care to substantially all full-time employees of the State or any county, municipality, school district, or public agency, provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be  $1/55^{\text{th}}$  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 to those under age 55 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 formula, but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

**Funding Policy**

The contribution policy is set by New Jersey State statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of five 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 Board's actuarially determined contributions to PERS for the years ended June 30, 2012, 2011 and 2010 were \$861,400, \$841,059 and \$601,450, respectively, equal to the required contributions for each year. During the year ended June 30, 2012, the State of New Jersey contributed \$2,975,741 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 \$2,169,792 during the fiscal year ended June 30, 2012 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

**NOTE 9. POST-RETIREMENT BENEFITS**

P.L. 1987, c. 384 and P.L. 1990, c. 6 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. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees, statewide, receiving post-retirement medical benefits. 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.

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
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**NOTE 9. POST-RETIREMENT BENEFITS (continued)**

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free 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 \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

In June 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 45, Financial Reporting by Employers for Postemployment Benefits Other Than Pension. This statement established standards of accounting and financial reporting for other postemployment benefits (OPEB) expense/expenditures and related OPEB liabilities or OPEB assets, note disclosures and required supplementary information (RSI) in the financial reports of state and local government employers. Since the State of New Jersey pays OPEB benefits on behalf of the District and the State is recording the OPEB liability on its financial statements, this GASB does not apply to the District.

**NOTE 10. RISK MANAGEMENT AND HEALTH INSURANCE**

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

**Property and Liability Insurance**

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds 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:

Fiscal Year	Interest	Employee Contributions	Amount Reimbursed	Ending Balance
2011 - 2012	\$ 106	\$ 102,313	\$ (198,008)	\$ 280,526
2010 - 2011	598	99,232	(347,134)	376,115
2009 - 2010	1,608	114,204	(147,744)	623,419

**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.

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Notes to the Basic Financial Statements  
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**NOTE 10. RISK MANAGEMENT AND HEALTH INSURANCE (continued)**

**Health Insurance (continued)**

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:

	Beginning of Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2011-12	\$ 518,680	\$ 2,262,000	\$ (2,078,012)	\$ 702,668
2010-11	392,466	2,104,500	(1,978,286)	518,680
2009-10	333,086	2,102,469	(2,043,089)	392,466

**NOTE 11. DEFERRED COMPENSATION**

The Board 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 Board 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.

The plan administrators are AXA- Equitable, ING- USA, Metropolitan Life, Ameriprise, and VALIC (Variable Annuity Life Insurance Co.).

**NOTE 12. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

As of June 30, 2012, 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>\$ 296,448</u>
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**NOTE 12. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (continued)**

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.

There were no interfund transfers during the year.

**NOTE 13. ECONOMIC DEPENDENCY**

The School 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.

**NOTE 14. 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 School District participates in federal and state grant assistance programs. These programs are subject to program compliance audits by the grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**NOTE 15. 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 (June 1 to June 30) 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:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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**NOTE 15. CAPITAL RESERVE ACCOUNT (continued)**

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning balance, July 1, 2011	\$ 1,575,305
Interest earnings	343
Deposits (per Board resolution June 26, 2012)	950,000
Withdrawals	
Board resolution (per approved budget)	<u>(451,000)</u>
Ending balance, June 30, 2012	<u>\$ 2,074,648</u>

The June 30, 2012 LRFP balance of local support costs of uncompleted capital projects is \$4,236,976. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the district's Long Range Facilities Plan.

**NOTE 16. DEFICIT FUND BALANCES**

As reflected on Exhibit A-1, Statement of Net Assets, a deficit in unrestricted net assets of \$3,165,792 existed as of June 30, 2012 for governmental activities. The primary cause of this deficit is the District not recognizing the receivable for the last state aid payment 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 Assets, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net assets for governmental activities does not indicate that the District is facing financial difficulties.

**NOTE 17. FUND BALANCE APPROPRIATED**

**General Fund (Exhibit B-1)**

Of the \$8,113,720 General Fund balance in the fund financial statements at June 30, 2012, \$641,904 is reserved for encumbrances, \$2,835,591 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$1,843,948 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2012); \$2,074,648 has been reserved in the Capital Reserve Account, \$500,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2012; and \$217,629 is unreserved and undesignated.

**Debt Service Fund**

Of the Debt Service Fund fund balance at June 30, 2012, \$2 is reserved in accordance with N.J.S.A. 7F-41c(2).

**NOTE 18. RELATED ORGANIZATIONS**

Not included in the School Board'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 School Board, 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 School Board. The School Board 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.

Continued

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Notes to the Basic Financial Statements  
June 30, 2012

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**NOTE 20. SUBSEQUENT EVENT**

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2012 through October 26, 2011, the date that the financial statements were issued, for possible disclosure and recognition in the financial statements. The following item occurred subsequent to June 30, 2012.

The contract with the Township of Ocean Education Association expired on June 30, 2012. As of the date of the financial statements, a tentative memorandum of understanding has been reached but not ratified by either party.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**PART II**

## BUDGETARY COMPARISON SCHEDULES

Budgetary Comparison Schedules provide a one-year comparison of original budget, budget transfers, final budget and actual information for the General Fund and Special Revenue Fund.



TOWNSHIP OF OCEAN BOARD OF EDUCATION  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 55,724,474	\$ -	\$ 55,724,474	\$ 55,724,474	\$ -
Tuition	-	-	-	20,698	20,698
Interest on investments	25,000	-	25,000	13,481	(11,519)
Capital reserve interest	1,000	-	1,000	343	(657)
Miscellaneous	55,000	-	55,000	185,368	130,368
Rental fee	225,000	-	225,000	267,470	42,470
<b>Total - local sources</b>	<b>56,030,474</b>	<b>-</b>	<b>56,030,474</b>	<b>56,211,834</b>	<b>181,360</b>
State sources:					
Categorical special education aid	2,195,245	-	2,195,245	2,195,245	-
Categorical security aid	408,331	-	408,331	408,331	-
Adjustment aid	3,315,733	-	3,315,733	3,968,638	652,905
Categorical transportation aid	1,321,803	-	1,321,803	1,321,803	-
Extraordinary aid	251,543	-	251,543	299,089	47,546
Aid in lieu adjustment	-	-	-	37,305	37,305
On-behalf post retirement medical (non-budgeted)	-	-	-	1,987,209	1,987,209
On-behalf TPAF pension contributions (non-budgeted)	-	-	-	988,532	988,532
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	2,169,792	2,169,792
<b>Total - state sources</b>	<b>7,492,655</b>	<b>-</b>	<b>7,492,655</b>	<b>13,375,944</b>	<b>5,883,289</b>
Federal sources:					
Education Jobs fund	326,399	10,225	336,624	336,624	-
Medical assistance program	49,836	-	49,836	35,044	(14,792)
<b>Total - federal sources</b>	<b>376,235</b>	<b>10,225</b>	<b>386,460</b>	<b>371,668</b>	<b>(14,792)</b>
<b>Total revenues</b>	<b>63,899,364</b>	<b>10,225</b>	<b>63,909,589</b>	<b>69,959,446</b>	<b>6,049,857</b>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular programs - instruction:					
Salaries of teachers:					
Preschool/kindergarten	501,015	2,442	503,457	500,456	3,001
Grades 1-5	6,959,024	(132,180)	6,826,844	6,708,031	118,813
Grades 6-8	4,916,046	10,207	4,926,253	4,737,536	188,717
Grades 9-12	6,547,168	8,171	6,555,339	6,443,136	112,203
Regular programs - home instruction:					
Salaries of teachers	41,000	(8,000)	33,000	27,061	5,939
Purchased professional-educational services	30,000	8,000	38,000	31,584	6,416
Regular programs - undistributed instruction:					
Other salaries for instruction	186,384	1,100	187,484	187,466	18
Purchased professional-educational services	8,500	160	8,660	7,690	970
Purchased technical services	169,789	-	169,789	161,649	8,140
Other purchased services (400 - 500 series)	53,365	-	53,365	43,625	9,740
General supplies	904,627	160,452	1,065,079	1,023,761	41,318
Textbooks	267,193	(35,100)	232,093	211,158	20,935
Other objects	23,140	376	23,516	18,856	4,660
<b>Total regular programs</b>	<b>20,607,251</b>	<b>15,628</b>	<b>20,622,879</b>	<b>20,102,009</b>	<b>520,870</b>

(Continued)

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special education - instruction:					
Learning and/or language disabilities:					
Salaries of teachers	\$ 1,024,244	\$ (4,774)	\$ 1,019,470	\$ 1,002,868	\$ 16,602
Other salaries for instruction	242,814	(89,207)	153,607	145,813	7,794
Purchased professional-educational services	-	6,440	6,440	6,440	-
General supplies	9,227	2,280	11,507	11,162	345
Textbooks	3,585	(1,480)	2,105	1,818	287
Total learning and/or language disabilities	1,279,870	(86,741)	1,193,129	1,168,101	25,028
Behavioral disabilities:					
Salaries of teachers	388,009	1,897	389,906	388,906	1,000
Other salaries for instruction	44,530	(22,014)	22,516	22,515	1
General supplies	2,244	930	3,174	3,126	48
Textbooks	1,961	(1,960)	1	-	1
Total behavioral disabilities	436,744	(21,147)	415,597	414,547	1,050
Multiple disabilities:					
Salaries of teachers	203,317	992	204,309	203,309	1,000
Other salaries for instruction	90,779	84,608	175,387	173,342	2,045
General supplies	5,666	1,220	6,886	6,382	504
Textbooks	2,216	1,180	3,396	3,347	49
Total multiple disabilities	301,978	88,000	389,978	386,380	3,598
Resource room:					
Salaries of teachers	2,482,925	(48,474)	2,434,451	2,420,239	14,212
General supplies	10,556	80	10,636	10,383	253
Textbooks	30,164	(2,010)	28,154	25,536	2,618
Total resource room	2,523,645	(50,404)	2,473,241	2,456,158	17,083
Preschool disabilities - part-time:					
Salaries of teachers	367,455	741	368,196	345,145	23,051
Other salaries for instruction	98,818	35,336	134,154	126,512	7,642
General supplies	7,894	(990)	6,904	4,099	2,805
Total preschool disabilities - part-time	474,167	35,087	509,254	475,756	33,498
Total special education - instruction	5,016,404	(35,205)	4,981,199	4,900,942	80,257
Basic skills/remedial - instruction:					
Salaries of teachers	600,624	(17,542)	583,082	561,261	21,821
Other salaries for instruction	18,787	-	18,787	14,393	4,394
Other purchased services (400 - 500 series)	200	(200)	-	-	-
General supplies	5,688	1,150	6,838	6,247	591
Total basic skills/remedial - instruction	625,299	(16,592)	608,707	581,901	26,806

(Continued)

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Bilingual education - instruction:					
Salaries of teachers	\$ 628,758	\$ (17,870)	\$ 610,888	\$ 586,130	\$ 24,758
Other purchased services (400 - 500 series)	170	4	174	174	-
General supplies	5,042	-	5,042	3,419	1,623
Total bilingual education - instruction	633,970	(17,866)	616,104	589,723	26,381
School sponsored cocurricular activities - instruction:					
Salaries	332,768	113	332,881	281,164	51,717
Purchased services (300 - 500 series)	31,095	-	31,095	30,660	435
Supplies and materials	10,775	(160)	10,615	1,942	8,673
Other objects	1,645	-	1,645	510	1,135
Transfers to cover deficit	5,000	-	5,000	2,000	3,000
Total school sponsored cocurricular activities - instruction	381,283	(47)	381,236	316,276	64,960
School sponsored athletics - instruction:					
Salaries	660,736	639	661,375	634,187	27,188
Purchased services (300 - 500 series)	161,435	(3,500)	157,935	135,724	22,211
Supplies and materials	59,463	3,500	62,963	55,393	7,570
Other objects	8,880	-	8,880	6,416	2,464
Transfers to cover deficit	77,250	-	77,250	70,496	6,754
Total school sponsored athletics - instruction	967,764	639	968,403	902,216	66,187
Total - instruction	28,231,971	(53,443)	28,178,528	27,393,067	785,461
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within state - regular	-	20,000	20,000	6,023	13,977
Tuition to other LEAs within state - special	380,290	125,337	505,627	486,408	19,219
Tuition to county vocational school districts - regular	597,800	35,000	632,800	577,125	55,675
Tuition to county vocational school districts - special	61,700	11,300	73,000	66,500	6,500
Tuition to CSSD and regional day schools	55,150	2,590	57,740	57,740	-
Tuition to private schools for disabled within state	2,371,194	(264,959)	2,106,235	1,981,335	124,900
Tuition state facilities	35,250	55,232	90,482	90,482	-
Total undistributed expenditures - instruction	3,501,384	(15,500)	3,485,884	3,265,613	220,271
Attendance and social work services:					
Salaries	78,002	383	78,385	78,384	1
Other purchased services	-	300	300	118	182
Total attendance and social work services	78,002	683	78,685	78,502	183
Health services:					
Salaries	434,306	2,131	436,437	436,435	2
Purchased professional and technical services	42,320	(1,300)	41,020	26,808	14,212
Supplies and materials	16,656	1,000	17,656	15,667	1,989
Total health services	493,282	1,831	495,113	478,910	16,203

(Continued)

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Speech, occupational therapy, physical therapy, related services:					
Salaries	\$ 821,764	\$ 2,657	\$ 824,421	\$ 788,017	\$ 36,404
Purchased professional-educational services	217,353	13,700	231,053	206,229	24,824
Supplies and materials	4,164	1,770	5,934	5,809	125
Other objects	1,000	-	1,000	460	540
Total speech, occupational therapy, physical therapy, related services	1,044,281	18,127	1,062,408	1,000,515	61,893
Other support services - students - extra services:					
Salaries	204,590	37,756	242,346	240,215	2,131
Total other support services - students - extra services	204,590	37,756	242,346	240,215	2,131
Other support services - guidance:					
Salaries of other professional staff	990,297	3,954	994,251	984,603	9,648
Salaries of secretarial and clerical assistants	121,605	596	122,201	122,200	1
Other purchased services (400 - 500 series)	9,735	(1,000)	8,735	8,302	433
Supplies and materials	49,830	(212)	49,618	46,710	2,908
Other objects	5,965	1,212	7,177	5,891	1,286
Total other support services - guidance	1,177,432	4,550	1,181,982	1,167,706	14,276
Other support services - child study team:					
Salaries of other professional staff	1,447,364	(214)	1,447,150	1,388,841	58,309
Salaries of secretarial and clerical assistants	64,852	5,170	70,022	69,571	451
Purchased professional-educational services	30,000	(4,700)	25,300	20,836	4,464
Other purchased professional and technical services	22,990	1,200	24,190	22,500	1,690
Other purchased services (400 - 500 series)	4,213	1,800	6,013	4,879	1,134
Supplies and materials	22,501	4,180	26,681	24,909	1,772
Other objects	5,100	-	5,100	4,163	937
Total other support services - child study team	1,597,020	7,436	1,604,456	1,535,699	68,757
Improvement of instructional services:					
Salaries of supervisors of instruction	739,320	-	739,320	733,319	6,001
Salaries of other professional staff	90,500	6,145	96,645	96,645	-
Salaries of secretarial and clerical assistants	117,905	413	118,318	118,316	2
Other purchased services (400 - 500 series)	11,500	(3,000)	8,500	7,951	549
Supplies and materials	9,053	-	9,053	8,811	242
Other objects	3,000	-	3,000	2,945	55
Total improvement of instructional services	971,278	3,558	974,836	967,987	6,849
Educational media services/school library:					
Salaries	414,230	1,624	415,854	393,404	22,450
Purchased professional and technical services	3,750	-	3,750	3,750	-
Other purchased services (400 - 500 series)	70	-	70	-	70
Supplies and materials	78,326	2,600	80,926	73,357	7,569
Other objects	13,402	(13,000)	402	100	302
Total educational media services/school library	509,778	(8,776)	501,002	470,611	30,391

(Continued)

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Instructional Staff Training Services:					
Salaries of other professional staff	\$ 62,000	\$ (1,250)	\$ 60,750	\$ 51,274	\$ 9,476
Salaries of secretarial and clerical assistants	7,043	34	7,077	7,077	-
Purchased professional-educational services	5,500	(4,770)	730	725	5
Other purchased services (400 - 500 series)	23,150	4,180	27,330	18,086	9,244
Total instructional staff training services	97,693	(1,806)	95,887	77,162	18,725
Support services - general administration:					
Salaries	459,946	3,123	463,069	457,369	5,700
Legal services	130,000	(14,000)	116,000	62,538	53,462
Audit fees	42,000	-	42,000	34,000	8,000
Architectural/Engineering services	10,000	21,000	31,000	10,005	20,995
Other purchased professional services	84,450	76,000	160,450	81,657	78,793
Purchased technical services	14,000	5,000	19,000	12,445	6,555
Communications/telephone	293,000	20,000	313,000	211,952	101,048
BOE other purchased professional services	500	1,600	2,100	702	1,398
Other purchased services (400 - 500 series)	66,000	(11,595)	54,405	17,784	36,621
General supplies	23,000	(4,100)	18,900	13,611	5,289
BOE in-house training/meeting supplies	2,500	2,500	5,000	4,187	813
Miscellaneous expenditures	51,500	(232)	51,268	39,585	11,683
BOE membership dues and fees	500	232	732	650	82
Total support services - general administration	1,177,396	99,528	1,276,924	946,485	330,439
Support services - school administration:					
Salaries of principals/assistant principals	1,114,090	-	1,114,090	1,111,919	2,171
Salaries of other professional staff	209,400	-	209,400	209,400	-
Salaries of secretarial and clerical assistants	606,417	(4,188)	602,229	550,656	51,573
Purchased professional and technical services	1,400	-	1,400	-	1,400
Other purchased services (400 - 500 series)	214,341	(4,000)	210,341	149,157	61,184
Supplies and materials	55,581	(4,200)	51,381	45,070	6,311
Other objects	27,000	3,000	30,000	22,630	7,370
Total support services - school administration	2,228,229	(9,388)	2,218,841	2,088,832	130,009
Central services:					
Salaries	499,869	1,648	501,517	494,064	7,453
Purchased professional services	77,745	20,543	98,288	64,490	33,798
Purchased technical services	84,000	2,000	86,000	61,561	24,439
Other purchased services (400 - 500 series)	38,050	(697)	37,353	24,284	13,069
Supplies and materials	19,498	(950)	18,548	8,423	10,125
Miscellaneous expenditures	8,490	-	8,490	5,331	3,159
Total central services	727,652	22,544	750,196	658,153	92,043
Administrative information technology:					
Salaries	436,094	5,432	441,526	438,605	2,921
Other purchased services (400 - 500 series)	16,979	30,000	46,979	16,512	30,467
General supplies	2,000	-	2,000	-	2,000
Total administrative information technology	455,073	35,432	490,505	455,117	35,388

(Continued)

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Required allowable maintenance for school facilities:					
Salaries	\$ 487,350	\$ 1,109	\$ 488,459	\$ 478,343	\$ 10,116
Cleaning, repair and maintenance services	464,675	(41,523)	423,152	293,148	130,004
General supplies	214,156	61,523	275,679	258,001	17,678
Total required allowable maintenance for school facilities	1,166,181	21,109	1,187,290	1,029,492	157,798
Other operation and maintenance of plant services:					
Salaries	2,000,687	4,396	2,005,083	1,959,627	45,456
Salaries of non-instructional aids	48,000	30,551	78,551	78,335	216
Purchased professional and technical services	107,195	(6,000)	101,195	25,274	75,921
Cleaning, repair and maintenance services	216,131	(7,600)	208,531	142,801	65,730
Rental of land and buildings other than lease purchase agreements	9,590	3,000	12,590	10,361	2,229
Other purchased property services	286,500	(22,921)	263,579	227,108	36,471
Insurance	366,486	(28,045)	338,441	315,032	23,409
Travel	1,000	-	1,000	462	538
General supplies	367,908	28,000	395,908	386,299	9,609
Energy (natural gas)	738,650	(143,600)	595,050	411,835	183,215
Energy (electricity)	1,179,300	(100,000)	1,079,300	853,612	225,688
Energy (oil)	19,000	(19,000)	-	-	-
Other objects	24,000	2,200	26,200	24,983	1,217
Total other operation and maintenance of plant services	5,364,447	(259,019)	5,105,428	4,435,729	669,699
Care and upkeep of grounds:					
Salaries	168,965	(9,974)	158,991	155,298	3,693
Cleaning, repair and maintenance services	27,500	(24,139)	3,361	2,868	493
General supplies	61,362	20,000	81,362	74,853	6,509
Total care and upkeep of grounds	257,827	(14,113)	243,714	233,019	10,695
Security:					
Salaries	132,030	7,270	139,300	137,131	2,169
Total security	132,030	7,270	139,300	137,131	2,169
Student transportation services:					
Salaries of non-instructional aids	137,487	-	137,487	131,010	6,477
Salaries for pupil transportation:					
(between home and school) - regular	1,315,005	(34,347)	1,280,658	1,246,287	34,371
(between home and school) - special education	312,401	(63,000)	249,401	229,310	20,091
(other than between home and school)	70,000	-	70,000	63,241	6,759
Other purchased professional and technical services	5,000	-	5,000	4,700	300
Cleaning, repair and maintenance services	450,000	5,000	455,000	450,847	4,153
Contracted services (between home and school) - vendors	425,000	(420)	424,580	423,177	1,403
Contracted services (between home and school) - joint agreements	-	640	640	640	-
Contracted services (Sp Ed) - vendors	13,000	62,360	75,360	63,108	12,252
Contracted services (Sp Ed) - joint agreements	1,500	4,420	5,920	5,735	185
Contracted services - aid in lieu payments	164,000	(33,000)	131,000	120,887	10,113
Miscellaneous purchased services - transportation	132,575	(5,000)	127,575	115,652	11,923
General supplies	6,000	-	6,000	4,494	1,506
Transpiration supplies	216,000	64,200	280,200	273,027	7,173
Miscellaneous expenditures	15,000	5,000	20,000	19,528	472
Total student transportation services	3,262,968	5,853	3,268,821	3,151,643	117,178

(Continued)

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Personal services - employee benefits:					
Unallocated benefits:					
Group insurance	\$ 21,500	\$ -	\$ 21,500	\$ 17,445	\$ 4,055
Social security contributions	897,000	(12,600)	884,400	771,250	113,150
Other retirement contribution - PERS	942,000	(80,600)	861,400	861,400	-
Other retirement contribution - ERIP	41,000	-	41,000	34,971	6,029
Other retirement contribution - regular	6,000	12,600	18,600	18,517	83
Workmen's compensation	590,000	28,045	618,045	589,564	28,481
Health benefits	9,417,700	(190,000)	9,227,700	8,704,115	523,585
Tuition reimbursement	195,000	-	195,000	148,390	46,610
Other employee benefits	177,700	100,144	277,844	199,915	77,929
Total unallocated benefits	12,287,900	(142,411)	12,145,489	11,345,567	799,922
On-behalf contributions:					
Post retirement medical (non-budgeted)	-	-	-	1,987,209	(1,987,209)
On-behalf TPAF pension contributions (non-budgeted)	-	-	-	988,532	(988,532)
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	2,169,792	(2,169,792)
Total on-behalf contributions	-	-	-	5,145,533	(5,145,533)
Total personal services - employee benefits	12,287,900	(142,411)	12,145,489	16,491,100	(4,345,611)
Total undistributed expenditures	36,734,443	(185,336)	36,549,107	38,909,621	(2,360,514)
Total general current expense	64,966,414	(238,779)	64,727,635	66,302,688	(1,575,053)
<b>CAPITAL OUTLAY:</b>					
Equipment:					
Regular programs - instruction:					
Grades 1-5	5,800	(5,800)	-	-	-
Grades 9-12	-	25,000	25,000	24,992	8
Undistributed expenditures:					
School-spons. & other instructional program	-	10,000	10,000	9,504	496
General administration	-	11,595	11,595	11,595	-
School administration	187,883	(3,926)	183,957	183,956	1
Required maintenance school facilities	115,509	43,139	158,648	154,429	4,219
Custodial services	-	44,295	44,295	44,213	82
Care and upkeep of grounds	82,825	(20,375)	62,450	62,450	-
Student transportation-non-instructional equipment	90,000	(90,000)	-	-	-
Total equipment	482,017	13,928	495,945	491,139	4,806
Facilities acquisition and construction services:					
Construction services	-	837,524	837,524	266,969	570,555
Other objects	42,571	-	42,571	42,571	-
Transfer to capital projects	451,000	(451,000)	-	-	-
Total facilities acquisition and construction services	493,571	386,524	880,095	309,540	570,555
Assets acquired under capital leases (non-budgeted)					
School Administration	-	-	-	139,314	(139,314)
Total capital outlay	975,588	400,452	1,376,040	939,993	436,047

(Continued)

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>SPECIAL SCHOOLS:</b>					
Summer school - instruction:					
Salaries of teachers	\$ 83,702	\$ (11,355)	\$ 72,347	\$ 72,346	\$ 1
Other salaries for instruction	58,963	5,929	64,892	64,891	1
Purchased professional and technical services	10,000	9,025	19,025	19,025	-
General supplies	2,500	(2,142)	358	358	-
Total summer school - instruction	155,165	1,457	156,622	156,620	2
Total special schools	155,165	1,457	156,622	156,620	2
Transfer of funds to Charter School	59,271	-	59,271	21,473	37,798
Total expenditures	66,156,438	163,130	66,319,568	67,420,774	(1,101,206)
Excess (deficiency) of revenues over (under) expenditures	(2,257,074)	(152,905)	(2,409,979)	2,538,672	4,948,651
Other financing sources (uses):					
Operating transfers in:					
Transfer from other funds	-	-	-	-	-
Operating transfers out:					
Transfer to Food Service Fund- Board Contribution	-	-	-	-	-
Capital reserve transfer to capital projects fund	-	-	-	-	-
Capital leases (non-budgeted)	-	-	-	139,314	139,314
Sale of Assets	-	-	-	17,982	17,982
Total other financing sources (uses)	-	-	-	157,296	157,296
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	(2,257,074)	(152,905)	(2,409,979)	2,695,968	5,105,947
Fund balance, July 1	6,527,693	-	6,527,693	6,527,693	-
Fund balance, June 30	\$ 4,270,619	\$ (152,905)	\$ 4,117,714	\$ 9,223,661	\$ 5,105,947
<b>Recapitulation</b>					
Restricted fund balance:					
Capital reserve				\$ 2,074,648	
Excess surplus - designated for subsequent year's expenditures				1,843,948	
Excess surplus - current year				2,835,591	
Assigned fund balances:					
Designated for subsequent year's expenditures				1,141,904	
Unassigned fund balances				1,327,570	
Reconciliation to governmental funds statements (GAAP)				9,223,661	
Last state aid payment not recognized on GAAP basis				(1,109,941)	
Fund Balance per governmental funds (GAAP)				\$ 8,113,720	

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



TOWNSHIP OF OCEAN BOARD OF EDUCATION  
 Budgetary Comparison Schedule  
 General Fund  
 Education Jobs Fund Program - Budget and Actual  
 For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Federal sources					
Education Jobs Fund	\$ 326,399	\$ 10,225	\$ 336,624	\$ 336,624	\$ -
Total Federal sources	326,399	10,225	336,624	336,624	-
Total Revenues	<u>\$ 326,399</u>	<u>\$ 10,225</u>	<u>\$ 336,624</u>	<u>\$ 336,624</u>	<u>\$ -</u>
<b>EXPENDITURES:</b>					
Special education - instruction					
Multiple disabilities:					
Other salaries for instruction	\$ 88,496	\$ (1,736)	\$ 86,760	\$ 86,760	\$ -
Preschool disabilities - part-time:					
Other salaries for instruction	29,823	19,359	49,182	49,182	-
Total Special education - instruction	118,319	17,623	135,942	135,942	-
Basic skills/remedial - instruction					
Salaries for teachers	208,080	(107,542)	100,538	100,538	-
Total Basic skills/remedial - instruction	208,080	(107,542)	100,538	100,538	-
Undistributed expenditures - personal					
services - employee benefits					
Other employee benefits	-	100,144	100,144	100,144	-
Total Undistributed expenditures	-	100,144	100,144	100,144	-
Total Expenditures	<u>\$ 326,399</u>	<u>\$ 10,225</u>	<u>\$ 336,624</u>	<u>\$ 336,624</u>	<u>\$ -</u>

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
State sources	\$ 498,299	\$ 63,972	\$ 562,271	\$ 543,906	\$ (18,365)
Federal sources	1,412,096	355,597	1,767,693	1,707,938	(59,755)
<b>Total Revenues</b>	<b>1,910,395</b>	<b>419,569</b>	<b>2,329,964</b>	<b>2,251,844</b>	<b>(78,120)</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of teachers	147,107	243,874	390,981	390,873	108
Other salaries for instruction	873,612	(336,469)	537,143	533,181	3,962
Purchased professional and technical services	38,642	22,681	61,323	61,038	285
General supplies	391,377	(329,707)	61,670	49,307	12,363
Textbooks	34,544	1,627	36,171	34,207	1,964
Miscellaneous purchased services	425,113	259,956	685,069	668,953	16,116
<b>Total Instruction</b>	<b>1,910,395</b>	<b>(138,038)</b>	<b>1,772,357</b>	<b>1,737,559</b>	<b>34,798</b>
<b>Support Services</b>					
Salaries of secretaries and clerical assistants	-	123,460	123,460	105,872	17,588
Other salaries	-	-	-	-	-
Personal services - employee benefits	-	81,930	81,930	81,929	1
Purchased professional-educational services	-	317,736	317,736	294,033	23,703
Travel	-	15,263	15,263	13,395	1,868
Supplies and materials	-	19,218	19,218	19,056	162
<b>Total Support Services</b>	<b>-</b>	<b>557,607</b>	<b>557,607</b>	<b>514,285</b>	<b>43,322</b>
<b>Facilities Acquisition and Construction Services:</b>					
Instructional equipment	-	-	-	-	-
Noninstructional equipment	-	-	-	-	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>1,910,395</b>	<b>419,569</b>	<b>2,329,964</b>	<b>2,251,844</b>	<b>78,120</b>
<b>Other Financing Sources (Uses)</b>					
Transfer in from general fund	-	-	-	-	-
Transfer out to whole school reform (general fund)	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Outflows</b>	<b>1,910,395</b>	<b>419,569</b>	<b>2,329,964</b>	<b>2,251,844</b>	<b>78,120</b>
<b>Excess (Deficiency) of Revenues Over (Under)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditures and Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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**

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Required Supplementary Information  
Budgetary Comparison Schedule  
Budget-to-GAAP Reconciliation  
Fiscal Year ended June 30, 2012

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 69,959,446	\$ 2,251,844
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	321,034
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until subsequent year.	(1,109,941)	-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	<u>996,707</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 69,846,212</u>	<u>\$ 2,572,878</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 67,420,774	\$ 2,251,844
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	<u>-</u>	<u>321,034</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 67,420,774</u>	<u>\$ 2,572,878</u>

## OTHER SUPPLEMENTARY INFORMATION

# SCHOOL BASED BUDGET SCHEDULES

## **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 for specific purposes.

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2012

	I.D.E.A. Part B			Title I		Total Other Special Projects (Ex. E-1a)	Total Nonpublic Programs (Ex. E-1b)	Totals 2012
	Regular		Preschool	Basic				
	2010-2011	2011-2012	2011-2012	2010-2011	2011-2012			
REVENUES:								
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 543,906	\$ 543,906
Federal sources	17,931	1,004,066	42,219	5,640	454,573	183,509	-	1,707,938
Total revenues	<u>\$ 17,931</u>	<u>\$ 1,004,066</u>	<u>\$ 42,219</u>	<u>\$ 5,640</u>	<u>\$ 454,573</u>	<u>\$ 183,509</u>	<u>\$ 543,906</u>	<u>\$ 2,251,844</u>
EXPENDITURES:								
Instruction:								
Salaries of teachers	\$ -	\$ -	\$ -	\$ -	\$ 282,436	\$ 108,437	\$ -	\$ 390,873
Other salaries for instruction	-	491,471	41,710	-	-	-	-	533,181
Purchased professional - educational services	-	5,100	-	-	1,736	2,820	-	9,656
Purchased professional - technical services	-	-	-	-	-	-	51,382	51,382
General supplies	-	6,833	-	5,640	6,021	30,813	-	49,307
Textbooks	-	-	-	-	-	-	34,207	34,207
Miscellaneous purchased services	-	210,636	-	-	-	-	458,317	668,953
Total instruction	<u>-</u>	<u>714,040</u>	<u>41,710</u>	<u>5,640</u>	<u>290,193</u>	<u>142,070</u>	<u>543,906</u>	<u>1,737,559</u>
Support services:								
Salaries of secretarial and clerical assistants	17,931	87,941	-	-	-	-	-	105,872
Other salaries	-	-	-	-	-	-	-	-
Personal services - employee benefits	-	-	-	-	65,850	16,079	-	81,929
Purchased professional - educational services	-	185,415	509	-	97,104	1,000	-	284,028
Purchased professional - technical services	-	-	-	-	-	10,005	-	10,005
Travel	-	5,800	-	-	1,426	6,169	-	13,395
Supplies and materials	-	10,870	-	-	-	8,186	-	19,056
Total support services	<u>17,931</u>	<u>290,026</u>	<u>509</u>	<u>-</u>	<u>164,380</u>	<u>41,439</u>	<u>-</u>	<u>514,285</u>
Facilities acquisition and construction services:								
Instructional equipment	-	-	-	-	-	-	-	-
Total expenditures	<u>\$ 17,931</u>	<u>\$ 1,004,066</u>	<u>\$ 42,219</u>	<u>\$ 5,640</u>	<u>\$ 454,573</u>	<u>\$ 183,509</u>	<u>\$ 543,906</u>	<u>\$ 2,251,844</u>



TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis (Continued)  
For the Fiscal Year Ended June 30, 2012

	Title I ARRA	Title II, Part A Teacher and Principal Training & Recruiting			Title II, Part D Enhancing Education Through Technology	Title III Part A		Title III Immigrant	Carry forward to E-1 Total Other Special Projects
	2010-2011	2010-2011	2011-2012	Carryover	2010-2011	2010-2011	2011-2012	2011-2012	
<b>REVENUES:</b>									
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	351	5,684	99,325	15,787	61	1,735	43,334	17,232	183,509
<b>Total revenues</b>	<u>\$ 351</u>	<u>\$ 5,684</u>	<u>\$ 99,325</u>	<u>\$ 15,787</u>	<u>\$ 61</u>	<u>\$ 1,735</u>	<u>\$ 43,334</u>	<u>\$ 17,232</u>	<u>\$ 183,509</u>
<b>EXPENDITURES:</b>									
Instruction:									
Salaries of teachers	\$ -	\$ 1,980	\$ 63,955	\$ -	\$ -	\$ -	\$ 29,531	\$ 12,971	\$ 108,437
Other salaries for instruction	-	-	-	-	-	-	-	-	-
Purchased professional - educational services	-	-	-	-	-	-	2,820	-	2,820
Purchased professional - technical services	-	-	-	-	-	-	-	-	-
General supplies	-	2,727	5,345	15,407	-	275	3,098	3,961	30,813
Textbooks	-	-	-	-	-	-	-	-	-
Miscellaneous purchased services	-	-	-	-	-	-	-	-	-
<b>Total instruction</b>	<u>-</u>	<u>4,707</u>	<u>69,300</u>	<u>15,407</u>	<u>-</u>	<u>275</u>	<u>35,449</u>	<u>16,932</u>	<u>142,070</u>
Support services:									
Salaries of secretarial and clerical assistants	-	-	-	-	-	-	-	-	-
Other salaries	-	-	-	-	-	-	-	-	-
Personal services - employee benefits	-	-	11,000	-	-	-	5,079	-	16,079
Purchased professional - educational services	-	-	-	-	-	-	1,000	-	1,000
Purchased professional - technical services	-	975	9,030	-	-	-	-	-	10,005
Travel	-	-	4,183	380	-	-	1,306	300	6,169
Supplies and materials	351	2	5,812	-	61	1,460	500	-	8,186
<b>Total support services</b>	<u>351</u>	<u>977</u>	<u>30,025</u>	<u>380</u>	<u>61</u>	<u>1,460</u>	<u>7,885</u>	<u>300</u>	<u>41,439</u>
Facilities acquisition and construction services:									
Instructional equipment	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<u>\$ 351</u>	<u>\$ 5,684</u>	<u>\$ 99,325</u>	<u>\$ 15,787</u>	<u>\$ 61</u>	<u>\$ 1,735</u>	<u>\$ 43,334</u>	<u>\$ 17,232</u>	<u>\$ 183,509</u>

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis (Continued)  
For the Fiscal Year Ended June 30, 2012

	N.J. Nonpublic Handicapped Services Ch. 193			N.J. Nonpublic Auxiliary Services Ch. 192	Nonpublic	Nonpublic	Home	Carry forward to E-1 Total Nonpublic
	Examination and Classification	Corrective Speech	Supplemental Instruction	Compensatory	Nursing	Textbooks	Instruction	Programs
REVENUES:								
State sources	\$ 118,803	\$ 42,652	\$ 83,410	\$ 213,022	\$ 51,382	\$ 34,207	\$ 430	\$ 543,906
Federal sources	-	-	-	-	-	-	-	-
Total revenues	<u>\$ 118,803</u>	<u>\$ 42,652</u>	<u>\$ 83,410</u>	<u>\$ 213,022</u>	<u>\$ 51,382</u>	<u>\$ 34,207</u>	<u>\$ 430</u>	<u>\$ 543,906</u>
EXPENDITURES:								
Instruction:								
Salaries of teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other salaries for instruction	-	-	-	-	-	-	-	-
Purchased professional - educational services	-	-	-	-	-	-	-	-
Purchased professional - technical services	-	-	-	-	51,382	-	-	51,382
General supplies	-	-	-	-	-	-	-	-
Textbooks	-	-	-	-	-	34,207	-	34,207
Other purchased services	118,803	42,652	83,410	213,022	-	-	430	458,317
Total instruction	<u>118,803</u>	<u>42,652</u>	<u>83,410</u>	<u>213,022</u>	<u>51,382</u>	<u>34,207</u>	<u>430</u>	<u>543,906</u>
Support services:								
Salaries of secretarial and clerical assistants	-	-	-	-	-	-	-	-
Other salaries	-	-	-	-	-	-	-	-
Personal services - employee benefits	-	-	-	-	-	-	-	-
Purchased professional - educational services	-	-	-	-	-	-	-	-
Purchased professional - technical services	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-
Supplies and materials	-	-	-	-	-	-	-	-
Total support services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Facilities acquisition and construction services:								
Instructional equipment	-	-	-	-	-	-	-	-
Total expenditures	<u>\$ 118,803</u>	<u>\$ 42,652</u>	<u>\$ 83,410</u>	<u>\$ 213,022</u>	<u>\$ 51,382</u>	<u>\$ 34,207</u>	<u>\$ 430</u>	<u>\$ 543,906</u>

# CAPITAL PROJECTS FUND DETAIL STATEMENTS

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

## PROPRIETARY FUNDS DETAIL STATEMENTS

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

Food Service Fund – This fund provides for the operation of food service in all schools within the school district.

Internal Service Fund – This fund provides for risk-financing activities such as self insurance.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5, B-6, B-7 and B-8

## FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the School District for a specific purpose.

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

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

**Payroll Fund** – This agency fund is used to account for the payroll transactions of the School District.

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Combining Statement of Fiduciary Net Assets  
Trust and Agency Funds  
June 30, 2012

	Trust			Agency		
	Unemployment Compensation	Private Purpose	Total Trust Fund	Student Activity	Payroll	Total Agency Fund
ASSETS:						
Cash and cash equivalents	\$ 329,813	\$ 35,096	\$ 364,909	\$ 406,097	\$ 1,196,078	\$ 1,602,175
Total assets	\$ 329,813	\$ 35,096	\$ 364,909	\$ 406,097	\$ 1,196,078	\$ 1,602,175
LIABILITIES						
Payroll deductions and withholdings	49,287	-	49,287	\$ -	\$ 1,196,078	\$ 1,196,078
Due to student groups	-	-	-	406,097	-	406,097
Total liabilities	49,287	-	49,287	\$ 406,097	\$ 1,196,078	\$ 1,602,175
NET ASSETS						
Reserved	280,526	35,096	315,622			
Total net assets	\$ 280,526	\$ 35,096	\$ 315,622			

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Combining Statement of Changes in Fiduciary Net Assets  
Trust Funds  
For the Fiscal Year Ended June 30, 2012

	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Total Trusts
ADDITIONS:			
Contributions			
Plan member	\$ 102,313	\$ -	\$ 102,313
Other	-	7,434	7,434
Total contributions	102,313	7,434	109,747
Investment earnings			
Interest	106	-	106
Net investment earnings	106	-	106
Total Additions	102,419	7,434	109,853
DEDUCTIONS:			
Quarterly contribution reports	42,838	-	42,838
Unemployment claims	155,170	-	155,170
Scholarships awarded	-	8,004	8,004
Total Deductions	198,008	8,004	206,012
Change in Net Assets	(95,589)	(570)	(96,159)
Net Assets - Beginning of Year	376,115	35,666	411,781
Net Assets - End of Year	\$ 280,526	\$ 35,096	\$ 315,622

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
 Student Activity Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2012

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	<u>Balance July 1, 2011</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2012</u>
ELEMENTARY SCHOOLS:				
Ocean Township Elementary	\$ 5,934	\$ 9,080	\$ 11,324	\$ 3,690
Wayside Elementary	4,409	7,921	5,955	6,375
Wanamassa Elementary	<u>8,055</u>	<u>8,630</u>	<u>7,359</u>	<u>9,326</u>
Total elementary schools	<u>18,398</u>	<u>25,631</u>	<u>24,638</u>	<u>19,391</u>
INTERMEDIATE SCHOOL	<u>63,460</u>	<u>78,262</u>	<u>85,231</u>	<u>56,491</u>
HIGH SCHOOL	<u>304,014</u>	<u>483,937</u>	<u>457,736</u>	<u>330,215</u>
Total all schools	<u><u>\$ 385,872</u></u>	<u><u>\$ 587,830</u></u>	<u><u>\$ 567,605</u></u>	<u><u>\$ 406,097</u></u>



TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Payroll Agency Fund  
Schedule of Receipts and Disbursements  
For the Fiscal Year Ended June 30, 2012

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	<u>Balance July 1, 2011</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2012</u>
ASSETS:				
Cash and cash equivalents	<u>\$ 1,075,392</u>	<u>\$ 20,003,817</u>	<u>\$ 19,883,131</u>	<u>\$ 1,196,078</u>
Total assets	<u><u>\$ 1,075,392</u></u>	<u><u>\$ 20,003,817</u></u>	<u><u>\$ 19,883,131</u></u>	<u><u>\$ 1,196,078</u></u>
LIABILITIES:				
Payroll deductions and withholdings	<u>\$ 1,075,392</u>	<u>\$ 20,003,817</u>	<u>\$ 19,883,131</u>	<u>\$ 1,196,078</u>
Total liabilities	<u><u>\$ 1,075,392</u></u>	<u><u>\$ 20,003,817</u></u>	<u><u>\$ 19,883,131</u></u>	<u><u>\$ 1,196,078</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.

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Long Term Debt  
Schedule of Serial Bonds  
As of June 30, 2012

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance	Issued	Retired	Balance
			Date	Amount		July 1, 2011			June 30, 2012
School renovations and additions (Refunding issue 1999)	5/1/2009	\$ 8,275,000	6/1/2013	\$ 1,395,000	3.00%	\$ 5,705,000	\$ -	\$ 1,380,000	\$ 4,325,000
			6/1/2014	1,440,000	3.00%				
			6/1/2015	1,490,000	3.50%				
School renovations and additions	3/29/2002	14,642,000		-		850,000	-	850,000	-
School renovations and additions (Refunding issue 2010)	10/20/2010	8,585,000	3/1/2013	895,000	3.000%	8,540,000	-	40,000	8,500,000
			3/1/2014	875,000	3.000%				
			3/1/2015	865,000	4.000%				
			3/1/2016	860,000	4.000%				
			3/1/2017	850,000	4.000%				
			3/1/2018	845,000	4.000%				
			3/1/2019	835,000	4.000%				
			3/1/2020	830,000	4.000%				
			3/1/2021	825,000	4.000%				
			3/1/2022	820,000	4.000%				
School bonds - Energy project	9/1/2007	6,113,000	9/1/2012	355,000	4.125%	5,215,000	-	340,000	4,875,000
			9/1/2013	375,000	4.125%				
			9/1/2014	390,000	4.125%				
			9/1/2015	405,000	4.125%				
			9/1/2016	425,000	4.125%				
			9/1/2017	445,000	4.125%				
			9/1/2018	465,000	4.125%				
			9/1/2019	485,000	4.125%				
			9/1/2020	505,000	4.125%				
			9/1/2021	510,000	4.200%				
			9/1/2022	515,000	4.250%				
						\$ 20,310,000	\$ -	\$ 2,610,000	\$ 17,700,000

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Long Term Debt  
Schedule of Obligations under Capital Lease  
As of June 30, 2012

<u>Description</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2011</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2012</u>
Savin Copiers	\$ 139,314	\$ -	\$ 139,314	\$ 15,756	\$ 123,558
		<u>\$ -</u>	<u>\$ 139,314</u>	<u>\$ 15,756</u>	<u>\$ 123,558</u>

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Debt Service Fund  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 3,093,434	\$ -	\$ 3,093,434	\$ 3,093,434	\$ -
State sources:					
Debt service aid - Type II	186,706	-	186,706	186,706	-
<b>Total revenues</b>	<b>3,280,140</b>	<b>-</b>	<b>3,280,140</b>	<b>3,280,140</b>	<b>-</b>
<b>EXPENDITURES:</b>					
Regular debt service:					
Interest	726,908	-	726,908	726,908	-
Redemption of principal	2,610,000	-	2,610,000	2,610,000	-
<b>Total expenditures</b>	<b>3,336,908</b>	<b>-</b>	<b>3,336,908</b>	<b>3,336,908</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(56,768)</b>	<b>-</b>	<b>(56,768)</b>	<b>(56,768)</b>	<b>-</b>
<b>Other financing sources (uses):</b>					
Operating transfers in (out)	-	-	-	-	-
Refunding Bond Proceeds	-	-	-	-	-
Premium on Sale of Bonds	-	-	-	-	-
Payment to refunding bonds escrow agent	-	-	-	-	-
Cost of issuance	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures</b>	<b>(56,768)</b>	<b>-</b>	<b>(56,768)</b>	<b>(56,768)</b>	<b>-</b>
<b>Fund balances, July 1</b>	<b>56,770</b>	<b>-</b>	<b>56,770</b>	<b>56,770</b>	<b>-</b>
<b>Fund balances, June 30</b>	<b>\$ 2</b>	<b>\$ -</b>	<b>\$ 2</b>	<b>\$ 2</b>	<b>\$ -</b>
<u>Recapitulation of Excess (Deficiency)</u> <u>of Revenues Over (Under) Expenditures</u>					
Budgeted fund balance	\$ 56,768	\$ -	\$ 56,768	\$ 56,768	\$ -

# STATISTICAL SECTION

CONTENTS	PAGE
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	71 - 77
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	78 - 83
<b>Debt Capacity</b> 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.	84 - 87
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	88 - 89
<b>Operating Information</b> 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.	90 - 96

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Net Assets by Component  
Last Ten Fiscal Years  
Accrual Basis of Accounting  
Unaudited

	<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>	<u>June 30, 2005</u>	<u>June 30, 2004</u>	June 30, 2003
Governmental activities										
Invested in capital assets, net of related debt	\$ 20,862,685	\$ 18,865,230	\$ 17,705,236	\$ 15,953,571	\$ 12,398,864	\$ 13,212,935	\$ 12,141,494	\$ 10,977,152	\$ 6,416,013	\$ (7,457,953)
Restricted	7,896,093	5,283,098	3,534,807	5,976,604	8,712,095	3,296,371	3,298,375	4,455,473	5,442,750	18,286,801
Unrestricted	<u>(3,165,792)</u>	<u>(3,049,861)</u>	<u>(2,549,999)</u>	<u>(3,078,273)</u>	<u>(2,223,231)</u>	<u>766,275</u>	<u>(890,211)</u>	<u>(1,016,536)</u>	<u>(172,013)</u>	<u>(1,001,555)</u>
Total governmental activities net assets	<u>\$ 25,592,986</u>	<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>	<u>\$ 14,416,089</u>	<u>\$ 11,686,750</u>	\$ 9,827,293
Business-type activities										
Invested in capital assets, net of related debt	\$ 76,535	\$ 64,236	\$ 77,390	\$ 92,319	\$ 109,160	\$ 126,232	\$ 139,309	\$ 136,124	\$ 151,912	\$ 120,997
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>(34,970)</u>	<u>25,685</u>	<u>(7,461)</u>	<u>17,751</u>	<u>(62,448)</u>	<u>(31,374)</u>	<u>(20,121)</u>	<u>8,992</u>	<u>16,470</u>	<u>67,722</u>
Total business-type activities net assets	<u>\$ 41,565</u>	<u>\$ 89,921</u>	<u>\$ 69,929</u>	<u>\$ 110,070</u>	<u>\$ 46,712</u>	<u>\$ 94,858</u>	<u>\$ 119,188</u>	<u>\$ 145,116</u>	<u>\$ 168,382</u>	\$ 188,719
District-wide										
Invested in capital assets, net of related debt	\$ 20,939,220	\$ 18,929,466	\$ 17,782,626	\$ 16,045,890	\$ 12,508,024	\$ 13,339,167	\$ 12,280,803	\$ 11,113,276	\$ 6,567,925	\$ (7,336,956)
Restricted	7,896,093	5,283,098	3,534,807	5,976,604	8,712,095	3,296,371	3,298,375	4,455,473	5,442,750	18,286,801
Unrestricted	<u>(3,200,762)</u>	<u>(3,024,176)</u>	<u>(2,557,460)</u>	<u>(3,060,522)</u>	<u>(2,285,679)</u>	<u>734,901</u>	<u>(910,332)</u>	<u>(1,007,544)</u>	<u>(155,543)</u>	<u>(933,833)</u>
Total district-wide net assets	<u>\$ 25,634,551</u>	<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>	<u>\$ 14,561,205</u>	<u>\$ 11,855,132</u>	\$ 10,016,012

Source: District records

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Changes in Net Assets  
Last Ten Fiscal Years  
Accrual Basis of Accounting  
Unaudited

	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004	June 30, 2003
Expenses										
Governmental activities										
Instruction										
Regular	\$ 31,201,908	\$ 30,672,356	\$ 30,869,776	\$ 29,853,090	\$ 31,403,830	\$ 30,493,052	\$ 28,727,656	\$ 27,139,122	\$ 25,943,765	\$ 24,188,808
Special education	7,304,546	6,672,604	6,760,065	6,685,215	6,787,935	6,641,597	5,702,888	4,847,330	4,251,337	3,675,342
Other special education	1,601,960	1,345,531	1,988,821	2,017,043	2,062,716	1,688,817	1,608,853	1,544,172	1,007,814	1,074,177
Other instruction	1,545,146	1,457,112	1,455,524	1,397,145	1,536,734	1,506,792	1,459,389	1,738,116	1,787,225	1,784,615
Support Services										
Instruction	3,265,613	3,992,315	3,434,045	3,292,240	2,971,655	2,396,367	2,482,940	2,157,695	2,296,703	2,237,581
Student & instruction related services	9,260,790	8,252,664	8,335,122	7,943,866	6,745,992	6,807,909	6,356,887	5,509,657	5,029,503	4,853,811
School administrative services	2,943,430	2,820,723	3,370,056	3,372,965	3,086,920	3,023,913	2,336,634	2,623,838	2,440,173	2,456,795
General administrative services	1,130,936	1,164,642	1,146,016	1,161,748	1,086,689	1,173,956	1,919,276	1,297,524	2,143,253	2,052,813
Central services	1,329,042	1,292,534	948,110	929,609	848,343	606,651	725,358	726,953	-	-
Administrative information technology	146,707	140,303	609,867	288,517						
Plant operations and maintenance	6,786,929	7,004,447	6,924,274	7,338,569	7,668,599	7,001,421	7,027,307	6,103,272	6,024,406	4,635,649
Pupil transportation	3,917,781	3,908,346	3,918,662	3,913,472	3,745,741	3,672,414	3,559,049	3,112,889	3,074,160	3,615,234
Special Schools	156,620	164,599	187,863	190,883	179,677	194,374	83,692	76,322	74,345	47,818
Charter schools	21,473	30,545	57,636	15,348	2,793	-	-	-	-	-
Interest on long-term debt	716,154	1,460,077	1,007,071	1,308,884	1,245,843	1,107,017	1,172,100	1,231,377	1,504,487	1,642,881
Total governmental activities expenses	<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>	<u>58,108,267</u>	<u>55,577,171</u>	<u>52,265,524</u>
Business-type activities:										
Food service	<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>1,140,614</u>	<u>1,075,571</u>	<u>1,022,070</u>
Total business-type activities expense	<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>1,140,614</u>	<u>1,075,571</u>	<u>1,022,070</u>
Total district expenses	<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>	<u>\$ 59,248,881</u>	<u>\$ 56,652,742</u>	<u>\$ 53,287,594</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ -	\$ -	\$ 24,968	\$ 53,793	\$ -	\$ 36,343	\$ 33,833	\$ 46,343	\$ 56,506	\$ 51,807
Support services	267,470	263,729	227,401	194,755	174,100	-	-	-	-	-
Special schools	20,698	19,600	-	15,175	23,075	-	-	-	-	-
Operating grants and contributions	<u>8,276,785</u>	<u>7,569,905</u>	<u>7,219,481</u>	<u>6,961,117</u>	<u>8,861,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,352,658</u>	<u>1,286,395</u>
Total governmental activities program revenues	<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>	<u>46,343</u>	<u>1,409,164</u>	<u>1,338,202</u>
Business-type activities										
Charges for services:										
Food service	710,173	689,179	710,072	739,032	782,304	796,280	834,191	870,329	839,174	763,540
Operating grants and contributions	<u>478,629</u>	<u>423,596</u>	<u>391,510</u>	<u>356,933</u>	<u>274,949</u>	<u>257,106</u>	<u>245,127</u>	<u>246,321</u>	<u>216,160</u>	<u>222,045</u>
Total business-type activities program revenues	<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>1,116,650</u>	<u>1,055,334</u>	<u>985,585</u>
Total district program revenues	<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>	<u>\$ 1,162,993</u>	<u>\$ 2,464,498</u>	<u>\$ 2,323,787</u>

(Continued)



TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Changes in Net Assets  
Last Ten Fiscal Years  
Accrual Basis of Accounting  
Unaudited

	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004	June 30, 2003
Net (Expense) Revenue										
Governmental activities	\$ (62,764,082)	\$ (62,525,564)	\$ (63,541,058)	\$ (62,483,754)	\$ (60,314,994)	\$ (66,277,937)	\$ (63,128,196)	\$ (58,061,924)	\$ (54,168,007)	\$ (50,927,322)
Business-type activities	(48,356)	(80,008)	(40,141)	(36,642)	(48,146)	(24,330)	(25,928)	(23,964)	(20,237)	(36,485)
Total district-wide net expense	<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>	<u>\$ (58,085,888)</u>	<u>\$ (54,188,244)</u>	<u>\$ (50,963,807)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities										
Property taxes levied for general purposes, net	\$ 55,724,474	\$ 54,408,683	\$ 52,051,910	\$ 50,344,384	\$ 49,485,090	\$ 47,642,573	\$ 44,143,259	\$ 42,722,698	\$ 39,841,709	\$ 36,923,133
Taxes levied for debt service	3,093,434	3,118,052	3,111,333	2,583,653	2,213,751	2,844,064	2,767,546	2,669,748	2,596,041	2,474,755
Federal and state aid not restricted	8,117,177	7,204,310	8,105,252	9,334,996	9,481,032	17,700,801	15,879,559	14,974,249	13,232,697	11,515,606
Investment earnings	13,824	16,408	25,053	216,587	683,044	550,626	279,564	168,451	117,025	341,432
Transfers	-	(100,000)	-	(100,000)	-	-	-	-	-	-
Gain on disposal of capital assets	17,982	18,093	-	-	-	-	-	-	-	-
Miscellaneous income	291,709	268,441	85,652	68,308	64,222	265,796	191,836	256,117	239,992	198,621
Total governmental activities	<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>	<u>60,791,263</u>	<u>56,027,464</u>	<u>51,453,547</u>
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	698	-	-
Transfers	-	100,000	-	100,000	-	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>698</u>	<u>-</u>	<u>-</u>
Total district-wide	<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>	<u>\$ 60,791,961</u>	<u>\$ 56,027,464</u>	<u>\$ 51,453,547</u>
Change in Net Assets										
Governmental activities	\$ 4,494,518	\$ 2,408,423	\$ (161,858)	\$ (35,826)	\$ 1,612,145	\$ 2,725,923	\$ 133,568	\$ 2,729,339	\$ 1,859,457	\$ 526,225
Business-type activities	(48,356)	19,992	(40,141)	63,358	(48,146)	(24,330)	(25,928)	(23,266)	(20,237)	(36,485)
Total district	<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>	<u>\$ 2,706,073</u>	<u>\$ 1,839,220</u>	<u>\$ 489,740</u>

Source: District records

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
Modified Accrual Basis of Accounting  
Unaudited

	<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>	<u>June 30, 2005</u>	<u>June 30, 2004</u>	<u>June 30, 2003</u>
General Fund										
Reserved	\$ 7,896,091	\$ 5,226,328	\$ 3,143,340	\$ 5,181,541	\$ 5,524,096	\$ 3,981,396	\$ 2,635,632	\$ 3,107,174	\$ 1,621,028	\$ 607,468
Unreserved	<u>217,629</u>	<u>304,658</u>	<u>366,564</u>	<u>657,209</u>	<u>944,332</u>	<u>839,919</u>	<u>743,859</u>	<u>1,415,253</u>	<u>1,698,256</u>	<u>1,949,151</u>
Total general fund	<u><u>\$ 8,113,720</u></u>	<u><u>\$ 5,530,986</u></u>	<u><u>\$ 3,509,904</u></u>	<u><u>\$ 5,838,750</u></u>	<u><u>\$ 6,468,428</u></u>	<u><u>\$ 4,821,315</u></u>	<u><u>\$ 3,379,491</u></u>	<u><u>\$ 4,522,427</u></u>	<u><u>\$ 3,319,284</u></u>	<u><u>\$ 2,556,619</u></u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ 86,685	\$ -	\$ 1,840,890	\$ 21,038	\$ 28,637	\$ -	\$ 2,578,560	\$ 12,515,334
Unreserved										
Special revenue fund	-	-	-	-	(5,522)	(8,628)	(7,419)	(8,309)	(5,522)	(15,391)
Capital projects fund	-	-	-	295,061	1,097,108	1,758,053	1,812,461	1,884,695	2,528,021	5,163,936
Debt service fund	2	56,770	94,781	2	1	1	1	1	1	63
Permanent fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u><u>\$ 2</u></u>	<u><u>\$ 56,770</u></u>	<u><u>\$ 181,466</u></u>	<u><u>\$ 295,063</u></u>	<u><u>\$ 2,932,477</u></u>	<u><u>\$ 1,770,464</u></u>	<u><u>\$ 1,833,680</u></u>	<u><u>\$ 1,876,387</u></u>	<u><u>\$ 5,101,060</u></u>	<u><u>\$ 17,663,942</u></u>

Source: District records

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
Modified Basis of Accounting  
Unaudited

	<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>	<u>June 30, 2005</u>	<u>June 30, 2004</u>	<u>June 30, 2003</u>
<b>Revenues</b>										
Tax levy	\$ 58,817,908	\$ 57,526,735	\$ 55,163,243	\$ 52,928,037	\$ 51,698,841	\$ 50,486,637	\$ 46,910,805	\$ 45,392,446	\$ 42,437,750	\$ 39,397,888
Tuition charges	20,698	19,600	24,968	68,967	23,075	36,343	33,833	46,343	56,506	51,807
Transportation fee	-	8,840	-	-	-	-	-	-	-	-
Interest earnings	13,824	16,408	25,053	216,587	683,044	550,626	279,564	168,451	117,025	341,432
Miscellaneous	452,838	402,607	267,337	532,621	238,322	265,796	191,836	256,117	239,992	198,621
State sources	13,806,616	12,275,813	13,113,096	14,640,564	16,885,039	16,371,322	14,368,278	13,611,036	13,275,454	11,724,479
Federal sources	2,587,346	2,498,402	2,211,637	1,655,549	1,457,291	1,329,479	1,511,281	1,363,213	1,309,900	1,079,521
<b>Total revenue</b>	<b>75,699,230</b>	<b>72,748,405</b>	<b>70,805,334</b>	<b>70,042,325</b>	<b>70,985,612</b>	<b>69,040,203</b>	<b>63,295,597</b>	<b>60,837,606</b>	<b>57,436,627</b>	<b>52,793,748</b>
<b>Expenditures</b>										
Instruction										
Regular Instruction	21,843,058	21,897,306	22,670,152	21,799,901	21,006,552	20,402,035	20,075,584	19,500,440	18,473,320	17,841,412
Special education instruction	5,001,480	4,582,938	4,781,510	4,707,955	4,306,544	4,210,778	3,809,545	3,328,671	2,904,914	2,600,277
Other special instruction	1,071,086	919,375	1,393,079	1,404,080	1,310,956	1,071,315	1,075,322	1,059,567	688,628	782,842
Other instruction	1,218,492	1,150,970	1,180,325	1,125,096	1,049,647	1,023,338	1,034,728	1,267,385	1,308,153	1,384,482
Support Services:										
Instruction	3,265,613	3,992,315	3,434,045	3,292,240	2,971,655	2,396,367	2,482,940	2,157,695	2,296,703	2,237,582
Student & inst. related services	6,595,331	5,816,263	6,019,791	5,718,458	5,200,921	5,370,346	5,027,233	4,451,300	4,229,171	4,213,095
General & business administrative services	946,485	992,083	998,428	1,014,555	960,522	884,872	1,583,275	1,712,380	1,510,123	1,514,627
School administrative services	2,088,832	2,036,891	2,472,397	2,475,110	2,389,780	2,350,113	1,646,778	1,954,109	2,227,175	2,271,570
Central services	658,153	649,609	749,994	742,919	673,691	606,651	725,358	726,953	-	-
Administrative information technology	455,117	437,484	476,244	228,003	-	-	-	-	-	-
Plant operations and maintenance	5,835,371	6,134,451	6,078,561	6,453,715	6,725,919	6,154,093	6,300,025	5,403,522	5,294,190	4,301,129
Pupil transportation	3,151,643	3,115,311	3,134,340	3,113,502	2,979,135	2,900,206	2,743,880	2,347,673	2,322,209	2,186,221
Unallocated benefits	16,491,099	15,192,995	15,146,095	14,278,209	16,608,192	16,350,526	13,981,833	12,444,503	11,894,749	10,354,788
Special Schools	156,620	164,599	187,863	190,882	179,677	194,374	83,692	76,322	62,255	47,817
Transfer to Charter Schools	21,473	30,545	57,636	15,348	2,793	-	-	-	12,090	-
Capital outlay	1,193,799	344,535	1,024,887	2,700,609	5,009,751	902,517	1,306,501	3,758,868	13,653,196	3,713,252
Debt service:										
Principal	2,610,000	2,530,000	2,420,000	2,343,000	1,865,000	1,725,000	1,585,000	1,425,000	1,285,000	1,130,000
Interest and other charges	726,908	812,332	1,022,430	1,421,769	1,048,751	1,119,064	1,182,546	1,244,748	1,311,103	1,344,755
<b>Total expenditures</b>	<b>73,330,560</b>	<b>70,800,002</b>	<b>73,247,777</b>	<b>73,025,351</b>	<b>74,289,486</b>	<b>67,661,595</b>	<b>64,644,240</b>	<b>62,859,136</b>	<b>69,472,979</b>	<b>55,923,849</b>

(continued)

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
Modified Basis of Accounting  
Unaudited

	<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>	<u>June 30, 2005</u>	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>\$ 2,368,670</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>	<u>\$ (2,021,530)</u>	<u>\$ (12,036,352)</u>	<u>\$ (3,130,101)</u>
Other Financing sources (uses)										
Capital leases (non-budgeted)	139,314	-	-	-	-	-	163,000	-	236,135	-
Proceeds from bonds	-	8,585,000	-	8,275,000	6,113,000	-	-	-	-	-
Payments to refunding bond escrow	-	(9,199,528)	-	(8,459,066)	-	-	-	-	-	-
Premium on sale of bonds	-	692,118	-	-	-	-	-	-	-	-
Cost of issuance	-	(47,700)	-	-	-	-	-	-	-	-
Sale of assets	17,982	18,093	-	-	-	-	-	-	-	-
Transfers in	-	29,892	497,332	888,505	899,804	84,531	324,286	14,387	383,268	-
Transfers out	-	(129,892)	(497,332)	(988,505)	(899,804)	(84,531)	(324,286)	(14,387)	(383,268)	-
Total other financing sources (uses)	<u>157,296</u>	<u>(52,017)</u>	<u>-</u>	<u>(284,066)</u>	<u>6,113,000</u>	<u>-</u>	<u>163,000</u>	<u>-</u>	<u>236,135</u>	<u>-</u>
Net change in fund balances	<u>\$ 2,525,966</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>\$ (2,021,530)</u>	<u>\$ (11,800,217)</u>	<u>\$ (3,130,101)</u>
Debt service as a percentage of noncapital expenditures	<u>4.63%</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>	<u>4.52%</u>	<u>4.65%</u>	<u>4.74%</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

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

Description	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004	June 30, 2003
Sale of energy	\$ 17,085	\$ 18,360	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts from athletic fund	-	-	-	-	-	-	-	-	-	48,032
Grant	31,628	44,149	-	-	-	-	-	-	-	-
Facility charge	267,470	254,889	227,401	194,755	174,099	241,444	147,550	126,675	126,456	118,250
Prior year insurance refunds	-	-	-	-	10,071	-	-	77,233	92,797	-
Prior year miscellaneous refunds	66,826	39,582	8,026	31,991	26,232	6,455	7,310	45,410	16,008	28,210
Sponsorship	27,950	30,950	23,950	22,000	23,650	3,000	22,100	-	-	-
Sale of assets	17,982	-	-	-	-	-	-	-	-	1,474
Tuition	20,698	19,600	24,968	68,967	23,075	36,343	33,833	-	-	-
Transportation fees	-	8,840	-	-	-	1,947	9,792	-	-	-
Interest	13,824	16,406	24,997	195,946	483,240	466,095	263,278	-	-	-
Miscellaneous	-	147,717	-	-	-	-	-	-	-	-
Rental fee	-	254,889	-	-	-	-	-	-	-	-
Cancellation of prior year checks	-	-	-	-	-	7,271	-	-	-	-
Shared services	38,939	11,141	-	-	-	-	-	-	-	-
Miscellaneous	<u>2,940</u>	<u>3,535</u>	<u>7,960</u>	<u>5,769</u>	<u>4,270</u>	<u>5,679</u>	<u>5,084</u>	<u>1,180</u>	<u>4,731</u>	<u>2,655</u>
Total other local revenue	<u>\$ 505,342</u>	<u>\$ 850,058</u>	<u>\$ 317,302</u>	<u>\$ 519,428</u>	<u>\$ 744,637</u>	<u>\$ 768,234</u>	<u>\$ 488,947</u>	<u>\$ 250,498</u>	<u>\$ 239,992</u>	<u>\$ 198,621</u>

Source: District Records

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Assessed Value and Estimated Actual Value of Taxable Property - Township of Ocean  
Last Ten Years  
Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qualified Farm	Commercial	Industrial	Apartment	Total Assessed Value	Less : Tax Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>b</sup>
2003	73,067,100	1,412,386,200	1,997,900	15,300	273,823,600	3,080,100	80,390,100	1,844,760,300	-	3,015,051	1,847,775,351	2,698,841,372	2.198
2004	65,608,100	1,439,899,400	1,997,900	15,300	290,703,100	3,080,100	80,062,700	1,881,366,600	-	2,595,697	1,883,962,297	3,178,708,458	2.315
2005	128,139,000	3,540,957,600	1,008,800	3,200	636,902,500	7,047,700	194,035,400	4,508,094,200	-	4,230,419	4,512,324,619	3,704,615,768	1.016
2006	137,653,400	3,557,304,600	1,008,800	3,200	646,551,200	7,047,700	192,513,400	4,542,082,300	-	3,737,125	4,545,819,425	4,751,591,624	1.065
2007	115,614,800	3,647,007,700	1,008,800	3,200	657,156,600	-	174,312,600	4,595,103,700	-	3,370,995	4,598,474,695	5,440,101,338	1.105
2008	108,809,100	3,701,801,300	1,008,800	3,200	650,095,600	-	174,312,600	4,636,030,600	-	3,335,276	4,639,365,876	5,821,430,884	1.105
2009	99,774,500	3,731,125,700	1,008,800	3,200	653,898,600	-	174,312,600	4,660,123,400	-	4,425,876	4,664,549,276	5,622,766,306	1.121
2010	94,206,500	3,405,982,600	864,200	3,000	646,389,100	-	167,082,500	4,314,527,900	-	5,730,952	4,320,258,852	5,535,729,615	1.263
2011	93,051,700	3,418,789,500	864,200	3,000	626,100,600	-	157,266,300	4,296,075,300	-	4,068,768	4,300,144,068	5,118,942,495	1.305
2012	88,166,100	3,427,805,400	864,200	3,000	613,228,750	-	157,266,300	4,287,333,750	-	4,391,570	4,291,725,320	4,803,080,497	1.331

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  
<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies  
<sup>b</sup> Tax rates are per \$100

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
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	Apartment	Total Assessed Value	Less : Tax Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>b</sup>
2003	1,233,400	66,600,800	-	-	3,576,000	-	263,400	71,673,600	-	79,424	71,753,024	71,567,466	0.418
2004	1,233,400	66,488,300	-	-	3,576,000	-	263,400	71,561,100	-	60,715	71,621,815	84,719,953	0.419
2005	1,233,400	66,770,000	-	-	3,576,000	-	263,400	71,842,800	-	48,774	71,891,574	98,997,671	0.417
2006	1,233,400	67,834,400	-	-	3,576,000	-	263,400	72,907,200	-	31,547	72,938,747	137,889,910	0.412
2007	1,233,400	68,026,900	-	-	3,598,900	-	263,400	73,122,600	-	24,272	73,146,872	179,473,339	0.410
2008	3,823,600	191,110,900	-	-	9,058,600	-	803,200	204,796,300	-	68,604	204,864,904	187,038,594	0.410
2009	3,523,600	191,079,900	-	-	9,058,600	-	803,200	204,465,300	-	72,171	204,537,471	172,470,574	0.146
2010	3,083,600	190,882,000	-	-	8,278,600	-	753,200	202,997,400	-	91,363	203,088,763	194,726,874	0.871
2011	2,366,900	147,663,700	-	-	6,483,900	-	587,300	157,101,800	-	77,150	157,178,950	195,940,278	1.320
2012	2,366,900	147,928,700	-	-	6,483,900	-	587,300	157,366,800	-	63,558	157,430,358	181,236,975	1.390

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

**TOWNSHIP OF OCEAN BOARD OF EDUCATION**  
**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 <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct School Tax Rate	Township of Ocean	Monmouth County	
2003	2.060	0.138	2.198	0.569	0.631	3.398
2004	2.173	0.142	2.315	0.564	0.642	3.521
2005	1.041	0.065	1.106	0.346	0.250	1.702
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

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 <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct School Tax Rate	Village of Loch Arbour	Monmouth County	
2003	0.392	0.026	0.418	0.531	0.417	1.366
2004	0.393	0.026	0.419	0.550	0.441	1.410
2005	0.392	0.025	0.417	0.573	0.464	1.454
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

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.

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



TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Principal Property Taxpayers - Township of Ocean  
Current Year and Nine Years Ago  
Unaudited

	2012	
	Taxable Assessed Value	% of Total District Net Assessed Value
Seaview Square LLC c/o Linque Management	\$ 60,000,000	1.40%
Woodshire Apartments	48,393,500	1.13%
Ocean Seniors, LLC	23,987,300	0.56%
Westwood Oaks Associates	23,107,100	0.54%
Sears Roebuck & Co	22,517,600	0.52%
Cold Indian Springs Corp	20,046,600	0.47%
Gold Enterprises c/o Salem Management	19,222,700	0.45%
Continental Land Develeopers, LLC	16,453,000	0.38%
Hollywood Golf Club	15,398,300	0.36%
Sunset Arcadia Center, Inc.	11,970,000	0.28%
<b>TOTAL</b>	<b>\$ 261,096,100</b>	<b>6.08%</b>

	2003	
	Taxable Assessed Value	% of Total District Net Assessed Value
Woodshire Apartments	\$ 22,198,000	0.82%
Equitable Insurance	18,489,400	0.69%
Continental Land Development	12,000,000	0.44%
Gold Enterprises	10,346,000	0.38%
Sears Roebuck & Co	9,643,000	0.36%
Cold Indian Springs Corp	9,174,000	0.34%
Westwood Oaks Associates	8,636,200	0.32%
Continental Enterprises	6,300,000	0.23%
Coolidge Cobblestone	6,100,000	0.23%
Hollywood Golf Club	4,961,500	0.18%
<b>TOTAL</b>	<b>\$ 107,848,100</b>	<b>4.00%</b>

Source: Municipal Tax Assessor

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Principal Property Taxpayers - Village of Loch Arbour  
Current Year and Nine Years Ago  
Unaudited

	2012	
	Taxable Assessed Value	% of Total District Net Assessed Value
Individual Taxpayer #1	\$ 3,848,300	2.44%
Individual Taxpayer #2	3,281,700	2.08%
Individual Taxpayer #3	2,439,700	1.55%
Individual Taxpayer #4	2,292,900	1.46%
Individual Taxpayer #5	2,149,000	1.37%
Individual Taxpayer #6	2,134,700	1.36%
Individual Taxpayer #7	2,112,200	1.34%
Individual Taxpayer #8	1,932,900	1.23%
Individual Taxpayer #9	1,919,700	1.22%
Individual Taxpayer #10	1,888,200	1.20%
<b>TOTAL</b>	<b>\$ 23,999,300</b>	<b>15.24%</b>

	2003	
	Taxable Assessed Value	% of Total District Net Assessed Value
Individual Taxpayer #1	\$ 1,574,100	2.20%
Individual Taxpayer #2	1,295,900	1.81%
Individual Taxpayer #3	1,167,900	1.63%
Individual Taxpayer #4	1,047,200	1.46%
Individual Taxpayer #5	1,019,200	1.42%
Individual Taxpayer #6	955,500	1.34%
Individual Taxpayer #7	919,000	1.28%
Gabcar, LLC	899,400	1.26%
Individual Taxpayer #8	840,200	1.17%
Individual Taxpayer #9	804,300	1.12%
<b>TOTAL</b>	<b>\$ 10,522,700</b>	<b>14.70%</b>

Source: Municipal Tax Assessor

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Property Tax Levies and Collections  
Last Ten Years  
Unaudited

Township of Ocean				
Year Ended December 31,	Total Tax Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 59,364,448	\$ 58,329,702	98.26%	\$ 912,150
2003	65,625,858	64,506,190	98.29%	846,089
2004	69,049,665	68,000,796	98.48%	617,171
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%	N/A

Village of Loch Arbour				
Year Ended December 31,	Total Tax Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 919,466	\$ 913,916	99.40%	N/A
2003	980,146	975,176	99.49%	N/A
2004	1,013,569	1,012,497	99.89%	N/A
2005	1,053,140	1,052,966	99.98%	N/A
2006	1,150,979	1,150,979	100.00%	N/A
2007	1,237,939	1,237,987	100.00%	N/A
2008	1,274,429	1,257,678	98.69%	N/A
2009	1,966,149	1,941,374	98.74%	N/A
2010	2,860,766	2,753,502	96.25%	N/A
2011	3,271,613	3,239,312	99.01%	N/a

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

<sup>a</sup> 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.

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
 Ratios of Outstanding Debt by Type  
 Last Ten Fiscal Years  
 Unaudited

Year Ended June 30,	Governmental Activities		Business-Type Activities			Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases	Capital Leases	Total District			
2003	\$ 29,517,000	\$ -	\$ -	\$ 29,517,000		2.40%	1,061
2004	28,232,000	739,785	-	28,971,785		2.19%	1,038
2005	26,807,000	-	-	26,807,000		1.95%	957
2006	25,222,000	148,721	-	25,370,721		1.68%	904
2007	23,497,000	120,784	-	23,617,784		1.44%	829
2008	27,745,000	90,151	-	27,835,151		1.65%	977
2009	25,217,000	56,561	-	25,273,561		1.59%	888
2010	22,797,000	19,729	-	22,816,729		1.46%	829
2011	20,310,000	-	-	20,310,000		N/A	738
2012	17,700,000	123,561	-	17,823,561		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.

**TOWNSHIP OF OCEAN BOARD OF EDUCATION**  
**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 <sup>a</sup>	Net Bonded Debt Per Capita <sup>b</sup>
2003	28,780,967	-	28,780,967	1.56%	1,045.44
2004	27,499,329	-	27,499,329	1.46%	995.34
2005	26,085,762	-	26,085,762	0.58%	940.16
2006	24,510,740	-	24,510,740	0.54%	882.03
2007	22,746,506	-	22,746,506	0.49%	806.07
2008	26,912,650	-	26,912,650	0.58%	954.28
2009	24,420,143	-	24,420,143	0.52%	865.84
2010	22,076,615	-	22,076,615	0.51%	808.25
2011	19,630,574	-	19,630,574	0.46%	718.57
2012	17,047,401	-	17,047,401	0.40%	N/A

Village of Loch Arbour					
Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property <sup>a</sup>	Net Bonded Debt Per Capita <sup>b</sup>
2003	736,033	-	736,033	1.03%	2,610.05
2004	732,671	-	732,671	1.02%	2,598.12
2005	721,238	-	721,238	1.00%	2,575.85
2006	711,260	-	711,260	0.98%	2,567.73
2007	750,494	-	750,494	1.03%	2,729.07
2008	832,350	-	832,350	0.41%	3,037.77
2009	796,857	-	796,857	0.39%	2,918.89
2010	720,385	-	720,385	0.35%	3,713.32
2011	679,426	-	679,426	0.43%	3,502.20
2012	652,599	-	652,599	0.41%	N/A

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.

<sup>a</sup> See Exhibit J-6 for property tax data

<sup>b</sup> Population data can be found in Exhibit J-14

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Direct and Overlapping Government Activities Debt  
For the Year Ended December 31, 2011  
Unaudited

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Ocean	\$ 24,179,322	100.000%	\$ 24,179,322
Village of Loch Arbour	1,175,794	100.000%	1,175,794
Monmouth County General Obligation Debt	456,874,186	4.263%	19,476,547
Other debt			-
Subtotal overlapping debt			44,831,663
Township of Ocean Board of Education Direct Debt			19,970,000
Total Direct and Overlapping Debt			<u>\$ 64,801,663</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.

<sup>a</sup> 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.

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Legal Debt Margin Information  
For The Last Ten Fiscal Years  
Unaudited

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Legal Debt Margin Calculation for Fiscal Year 2011

	Equalized valuation basis	
	2012	\$ 4,984,317,472
	2011	5,314,882,773
	2010	5,730,456,489
		<u>\$ 16,029,656,734</u>
Average equalized valuation of taxable property		\$ 5,343,218,911
Debt limit (4% of average equalization value)		213,728,756 <sup>a</sup>
Total Net Debt Applicable to Limit		<u>17,700,000</u>
Legal debt margin		<u>\$ 196,028,756</u>

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Debt limit	\$ 213,728,756	\$ 204,231,014	\$ 233,788,839	\$ 232,310,414	\$ 220,233,676	\$ 190,838,595	\$ 159,420,312	\$ 131,045,645	\$ 105,694,523	\$ 97,816,789
Total net debt applicable to limit	<u>17,700,000</u>	<u>20,310,000</u>	<u>22,979,000</u>	<u>25,217,000</u>	<u>27,745,000</u>	<u>23,497,000</u>	<u>25,222,000</u>	<u>26,807,000</u>	<u>28,232,000</u>	<u>29,517,000</u>
Legal debt margin	<u>\$ 196,028,756</u>	<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>	<u>\$ 104,238,645</u>	<u>\$ 77,462,523</u>	<u>\$ 68,299,789</u>
Total net debt applicable to the limit as a percentage of debt limit	8.28%	9.94%	9.83%	10.85%	12.60%	12.31%	15.82%	20.46%	26.71%	30.18%

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 % limits would be applicable for other district types.

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Demographic and Economic Statistics  
Last Ten Years  
Unaudited

Township of Ocean

Year	Population <sup>a</sup>	Personal Income <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2003	27,530	\$ 1,217,569,310	\$ 44,227	4.70%
2004	27,628	1,308,848,872	47,374	3.90%
2005	27,746	1,364,243,074	49,169	3.50%
2006	27,789	1,492,713,924	53,716	3.50%
2007	28,219	1,627,954,110	57,690	3.40%
2008	28,202	1,673,337,468	59,334	4.50%
2009	28,204	1,572,767,856	55,764	8.30%
2010	27,314	1,555,668,870	56,955	8.40%
2011	27,319	N/A	N/A	8.80%
2012	N/A	N/A	N/A	N/A

Village of Loch Arbour

Year	Population <sup>a</sup>	Personal Income <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2003	282	\$ 12,472,014	\$ 44,227	4.70%
2004	282	13,359,468	47,374	3.70%
2005	280	13,767,320	49,169	6.20%
2006	277	14,879,332	53,716	6.30%
2007	275	15,864,750	57,690	5.70%
2008	274	16,257,516	59,334	7.40%
2009	273	15,223,572	55,764	11.90%
2010	194	11,049,270	56,955	12.00%
2011	194	N/A	N/A	12.10%
2012	N/A	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.



TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Principal Employers  
Current Year and Nine Years Ago  
Unaudited

TOWNSHIP OF OCEAN				
Employer	2012		2003	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

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

VILLAGE OF LOCH ARBOUR				
Employer	2012		2003	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
Stress Management t/a McGillicuddy's	20	11.76%	0	
Altenhurst Carcare	12	7.06%	4	
Richard P. Nobile, DDS	5	2.94%	5	
Village of Loch Arbour	5	2.94%	0	
MT Kess, Inc. t/a Grateful Deli	4	2.35%	0	
Provident Investors	2	1.18%	2	
Loch Arbour Liquors, Inc.	1	0.59%	1	
Gabcar, LLC	0	0.00%	15	
	49		27	

Sources:

Village of Loch Arbour information provided by local tax assessor, based on information voluntarily provided by employers.

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Full-time Equivalent District Employees by Function/Program  
Last Eight Fiscal Years  
Unaudited

<u>Function/Program</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Instruction:								
Regular	264.8	263.7	285.1	284.0	281.8	290.6	283.0	277.7
Special education	103.0	105.5	95.5	95.5	90.5	92.5	86.5	75.0
Other special education	35.5	27.6	51.6	54.5	55.0	49.1	49.6	55.5
Other instruction	3.0	3.0	3.0	3.0	3.0	3.0	3.0	8.0
Support Services:								
Student and instruction related services	79.7	76.6	76.1	76.4	80.6	65.6	72.6	70.0
General Administration	7.0	7.0	8.0	8.0	8.0	8.0	8.0	8.0
School administration services	25.0	25.0	33.0	37.0	36.0	37.0	42.0	42.6
Central services	8.0	8.0	9.5	9.5	9.5	10.5	11.0	11.0
Administrative information technology	8.0	8.0	9.0	3.0	-	-	-	-
Plant operations and maintenance	60.0	57.0	59.5	66.5	65.5	68.5	65.5	63.5
Pupil transportation	41.0	49.0	51.0	54.0	53.0	59.0	60.0	60.0
Total	<u>635.0</u>	<u>630.4</u>	<u>681.3</u>	<u>691.4</u>	<u>682.9</u>	<u>683.8</u>	<u>681.2</u>	<u>671.3</u>

Source: District records

Note: Schedule does not contain ten years of information as GASB 44 was implemented during the fiscal year ending June 30, 2006.

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Operating Statistics  
Last Ten Fiscal Years  
Unaudited

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2003	4,418	\$ 49,735,842	\$ 11,258	N/A	403	15.8:1	11.8:1	11.7:1	4,418	4,235	N/A	95.86%
2004	4,461	53,223,680	11,931	5.98%	404	13.4:1	12.3:1	11.6:1	4,461	4,274	0.97%	95.81%
2005	4,458	56,430,520	12,658	6.10%	418	13.1:1	11.3:1	11.9:1	4,456	4,278	-0.11%	96.01%
2006	4,386	60,570,193	13,810	9.10%	361	12.3:1	11.6:1	12.4:1	4,372	4,179	-1.89%	95.59%
2007	4,339	63,915,014	14,730	6.67%	358	12.7:1	11.3:1	12.4:1	4,312	4,119	-1.37%	95.53%
2008	4,233	66,365,984	15,678	6.43%	364	12.3:1	10.6:1	12.0:1	4,232	4,051	-1.86%	95.72%
2009	4,170	66,559,974	15,962	1.81%	369	11.7:1	10.5:1	11.7:1	4,158	3,980	-1.75%	95.72%
2010	4,106	68,780,460	16,751	4.95%	370	11.3:1	10.6:1	11.5:1	4,076	3,905	-1.97%	95.80%
2011	4,010	67,113,135	16,736	-0.09%	358	11.6:1	10.4:1	11.7:1	3,942	3,821	-3.29%	96.93%
2012	4,931	68,799,854	13,953	-16.63%	358	11.3:1	10.2:1	11.6:1	3,935	3,777	-0.18%	95.98%

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)

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
School Building Information  
Last Ten Fiscal Years  
Unaudited

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<u>District Building</u>										
Elementary										
Wanamassa Elementary School										
Square feet	59,580	59,580	59,580	59,580	59,580	59,580	59,580	59,580	43,080	43,080
Capacity (students)	477	477	477	477	477	477	477	477	345	345
Enrollment	371	383	410	371	372	369	369	386	483	495
Ocean Township Elementary School										
Square feet	76,160	76,160	76,160	76,160	76,160	76,160	76,160	76,160	72,160	72,160
Capacity (students)	609	609	609	609	609	609	609	609	577	577
Enrollment	459	473	446	461	469	477	466	506	619	609
Wayside Elementary School										
Square feet	147,375	147,375	147,375	147,375	147,375	147,375	147,375	147,375	147,375	147,375
Capacity (students)	713	713	713	713	713	713	713	713	713	713
Enrollment	581	591	608	658	677	680	702	720	868	897
Middle School										
Ocean Township Intermediate School										
Square feet	257,400	257,400	257,400	257,400	257,400	257,400	257,400	257,400	192,400	192,400
Capacity (students)	1,951	1,951	1,951	1,951	1,951	1,951	1,951	1,951	1,459	1,459
Enrollment	1,284	1,284	1,323	1,314	1,292	1,363	1,412	1,424	1,106	1,115
High School										
Ocean Township High School										
Square feet	200,215	200,215	200,215	200,215	200,215	200,215	200,215	200,215	200,215	200,215
Capacity (students)	1,326	1,326	1,326	1,326	1,326	1,326	1,326	1,326	1,326	1,326
Enrollment	1,236	1,279	1,319	1,366	1,423	1,450	1,410	1,430	1,377	1,341

Number of Schools at June 30, 2012

Elementary = 3

Middle = 1

High =1

Source: District records.

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

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
General Fund  
Schedule of Allowable Maintenance Expenditures by School Facilities  
Last Nine Fiscal Years  
Unaudited

Undistributed Expenditures - Required  
Maintenance for School Facilities  
11-000-261-XXX

	Gross Square Footage	2012	2011	2010	2009	2008	2007	2006	2005	2004
School facilities										
Ocean Township Elementary School	76,160	\$ 94,390	\$ 93,678	\$ 81,679	\$ 92,484	\$ 95,160	\$ 108,159	\$ 122,998	\$ 74,010	\$ 83,199
Ocean Township High School	200,215	391,314	319,582	307,507	294,898	257,241	238,305	324,152	227,661	209,613
Ocean Township Intermediate School	257,400	305,409	291,724	259,333	331,928	300,467	272,087	320,662	260,259	177,630
Wanamassa Elementary School	59,580	83,580	80,522	74,366	114,077	133,480	71,059	74,600	74,569	55,716
Wayside Elementary School	147,375	154,798	136,485	152,552	159,307	168,952	149,424	182,212	128,170	140,556
Total School Facilities		<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>764,669</u>	<u>666,714</u>
Grand Total		<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>\$ 764,669</u>	<u>\$ 666,714</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.

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Insurance Schedule  
June 30, 2012  
Unaudited

	Coverage	Deductible
<b><u>Commercial Property - Monmouth Ocean Counties Shared Services Insurance Fund</u></b>		
<b>Property</b>		
Blanket real and personal property, per occurrence	\$ 500,000,000	\$ 5,000
Blanket building and personal property	50,000,000	5,000
Blanket valuable papers and records	10,000,000	5,000
Demolition and increased cost of construction, per occurrence	10,000,000	
Fire department service charge	10,000	
Arson rewards	10,000	
Pollutant cleanup and removal	250,000	
<b>Flood</b>		
Zone (SFHA) A & V, per occurrence, per building/building contents	10,000,000	500,000
NJSBAIG annual aggregate	10,000,000	
Accounts receivable, per occurrence	250,000	
All other zones, per occurrence/NJSBAIG annual aggregate	50,000,000	10,000
Earthquake, per occurrence/NJSBAIG annual aggregate	50,000,000	
Terrorism, per occurrence/NJSBAIG annual aggregate	1,000,000	
<b>Electronic Data Processing</b>		
Blanket hardware/software, per occurrence	1,750,000	1,000
<b>Coverage extensions:</b>		
Transit	25,000	
Loss of income	10,000	
Flood, per occurrence	1,000,000	
Zones A & V, per building content		500,000
All other flood zones, per member/per occurrence		10,000
<b>Equipment Breakdown</b>		
Combined single limit per accident for property damage and business income	100,000,000	5,000
<b>Sublimits:</b>		
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 - 60 days notice	250,000	
<b>Crime</b>		
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
Forgery & alteration	250,000	1,000
Computer fraud	1,000,000	1,000
Public officials bond - Board Treasurer	200,000	1,000
<b>Comprehensive General Liability</b>		
Bodily injury and property damage, combined single limit	11,000,000	
Bodily injury from products and completed operations, annual aggregate	11,000,000	
<b>Sexual abuse</b>		
Per occurrence	11,000,000	
Annual pool 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
<b>Premises medical payments</b>		
Per accident	10,000	
Limit per person	5,000	
Terrorism, per occurrence/NJSBAIG annual aggregate	1,000,000	

(continued)

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Insurance Schedule  
June 30, 2012  
Unaudited

	Coverage	Deductible
<u>Commercial Property - Monmouth Ocean Counties Shared Services Insurance Fund (continued)</u>		
Automobile, Liability		
Any auto, combined single limit for bodily injury and property damage, per accident	\$ 11,000,000	
Uninsured/underinsured motorists		
Symbol 6, Private passenger auto, combined single limit	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, \$75,000 limit		1,000
<u>Environmental Impairment Liability - ACE American Insurance Company (NJSBAIG)</u>		
Limits of Liability, per "pollution condition"		
Each school district	2,000,000	
Aggregate, all "pollution conditions"	11,000,000	
Self-insured retention per "pollution condition"	10,000	
<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		15,000
Coverage B, Retro Date July 1, 1986		
Limit of liability, each claim	100,000	15,000
Limit of liability, each policy period	300,000	
<u>School Time Compulsory Student Accident - Markel Insurance Co</u>		
Base plan maximum, full excess including interscholastic sports and football	1,000,000	
Excess medical	5,000,000	
Deductible		25,000
Accidental death dismemberment	20,000	
Catastrophic injury	500,000	
Volunteer workers	25,000	
<u>Bond -The Hartford Insurance Group</u>		
Kenneth Jannarone, BA/BS	3,000	
<u>Bond - NJSBAIG</u>		
Stephen Gallagher, Treasurer of School Monies	200,000	1,000

(continued)

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Insurance Schedule  
June 30, 2012  
Unaudited

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	<u>Coverage</u>	<u>Deductible</u>
<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	



## SINGLE AUDIT SECTION

# PADUANO, DiTOMMASO & GOLDA, LLC

Certified Public Accountants and Consultants

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

The Honorable President and  
Members of the Board of Education  
Township of Ocean School District  
County of Monmouth  
Oakhurst, New Jersey 07755

We have audited the financial statements of the Board of Education of the Township of Ocean School District, in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2012, and have issued our report thereon dated October 26, 2012. 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 Division of Finance, Department of Education, State of New Jersey.

### Internal Control Over Financial Reporting

Management of the Board of Education of the Township of Ocean School District is responsible for establishing and maintaining internal control over financial reporting. In planning and performing our audit, we considered the Township of Ocean Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Ocean Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Ocean Board of Education's internal control over financial reporting.

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.

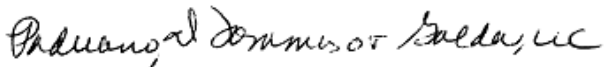
A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

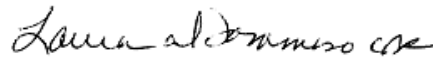
#### Compliance and Other Matters

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

This report is intended solely for the information and use of the audit committee, management, the Township of Ocean Board of Education, the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Paduano, DiTommaso & Golda, LLC  
October 26, 2012



Certified Public Accountant  
Licensed Public School Accountant #CS00164

# PADUANO, DiTOMMASO & GOLDA, LLC

Certified Public Accountants and Consultants

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## REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

The Honorable President and  
Members of the Board of Education  
Township of Ocean School District  
County of Monmouth  
Oakhurst, New Jersey 07755

### Compliance

We have audited the compliance of the Board of Education of the Township of Ocean School District, in the County of Monmouth, State of New Jersey, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Board of Education of the Township of Ocean School District's major federal and state programs for the fiscal year ended June 30, 2012. The Township of Ocean Board of Education'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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Township of Ocean Board of Education's management. Our responsibility is to express an opinion on the Township of Ocean Board of Education's compliance based on our audit.

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; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular Letter 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, 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 Township of Ocean Board of Education'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. Our audit does not provide a legal determination of the Township of Ocean Board of Education's compliance with those requirements.

In our opinion, the Board of Education of the Township of Ocean School District, in the County of Monmouth, State of New Jersey, complied, in all material respects, with the 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, 2012.

#### Internal Control Over Compliance

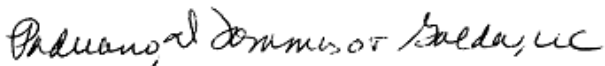
The management of the Board of Education of the Township of Ocean School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the Township of Ocean Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, 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 Township of Ocean Board of Education'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.

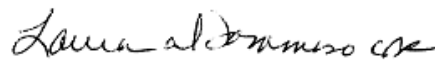
A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, the Township of Ocean Board of Education, the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Paduano, DiTommaso & Golda, LLC  
October 26, 2012



Certified Public Accountant  
Licensed Public School Accountant #CS00164

**TOWNSHIP OF OCEAN BOARD OF EDUCATION**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2011			Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2012		
						Deferred Revenue (Accts. Rec.)	Due to Grantor	Carryover/ (Walkover) Amount					Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education															
General Fund:															
Education Jobs Fund	84.410A	N/A	\$ 336,624	7/1/11	6/30/12	\$ -	\$ -	\$ -	\$ 336,624	\$ (336,624)	\$ -	\$ -	\$ -	\$ -	\$ -
Medical Assistance Program (SEMI)	93.778	N/A	35,044	7/1/11	6/30/12	-	-	-	35,044	(35,044)	-	-	-	-	-
Medical Assistance Program (SEMI)	93.778	N/A	68,731	7/1/10	6/30/11	(9,225)	-	-	9,225	-	-	-	-	-	-
Total General Fund						(9,225)	-	-	380,893	(371,668)	-	-	-	-	-
U.S. Department of Education															
Passed-through State Department of Education:															
Special Revenue Fund:															
Title I, Part A, Improving Basic Skills	84.010A	NCLB-12	481,318	9/1/11	8/31/12	-	-	-	315,172	(454,573)	-	-	(139,401)	-	-
Title I, Part A, Improving Basic Skills	84.010A	NCLB-11	460,444	9/1/10	8/31/11	(134,252)	-	-	139,892	(5,640)	-	-	-	-	-
Title II, Part A, Teacher and Principal Training and Recruiting	84.281A	NCLB-12	106,637	9/1/11	8/31/12	-	-	-	73,206	(115,113)	-	-	(41,907)	-	-
Title II, Part A, Teacher and Principal Training and Recruiting	84.281A	NCLB-11	122,304	9/1/10	8/31/11	(24,626)	-	-	30,310	(5,684)	-	-	-	-	-
Title II, Part D, Enhancing Education Through Technology	84.281	NCLB-11	1,067	9/1/10	8/31/11	(63)	-	-	124	(61)	-	-	-	-	-
Title IIIA, English Language Enhancement	84.294	NCLB-12	45,195	9/1/11	8/31/12	-	-	-	27,501	(43,334)	-	-	(15,833)	-	-
Title IIIA, English Language Enhancement	84.294	NCLB-11	46,419	9/1/10	8/31/11	(13,568)	-	-	15,303	(1,735)	-	-	-	-	-
Title IIIA, Immigrant	84.294	NCLB-12	21,470	9/1/11	8/31/12	-	-	-	14,276	(17,232)	-	-	(2,956)	-	-
IDEA, Part B	84.027	FT-12	990,333	9/1/11	8/31/12	-	-	-	734,767	(1,004,066)	-	-	(269,299)	-	-
IDEA, Part B	84.027	FT-11	995,461	9/1/10	8/31/11	(295,834)	-	-	282,282	(17,931)	31,483	-	-	-	-
IDEA, Preschool	84.173	PS-12	42,219	9/1/11	8/31/12	-	-	-	33,581	(42,219)	-	-	(8,638)	-	-
IDEA, Preschool	84.173	PS-11	42,429	9/1/10	8/31/11	(9,538)	-	-	8,271	-	1,267	-	-	-	-
ARRA-Title 1 , Part A	84.389	ARRA-11	307,837	9/1/09	8/31/11	(64,108)	-	-	64,459	(351)	-	-	-	-	-
ARRA-IDEA, Part B	84.391	ARRA-11	1,085,944	9/1/09	8/31/11	(353,313)	-	-	353,313	-	-	-	-	-	-
ARRA-IDEA,Part B, Preschool	84.392	ARRA-11	39,246	9/1/09	8/31/11	(8,211)	-	-	8,211	-	-	-	-	-	-
Total Special Revenue Fund						(903,513)	-	-	2,100,668	(1,707,939)	32,750	-	(478,034)	-	-
U.S. Department of Agriculture															
Passed-through State Department of Education:															
Enterprise Fund:															
Food Distribution Program	10.550	N/A	64,490	7/1/11	6/30/12	-	-	-	64,490	(56,662)	-	-	-	7,828	-
Food Distribution Program	10.550	N/A	50,684	7/1/10	6/30/11	3,672	-	-	-	(3,672)	-	-	-	-	-
School Breakfast program	10.553	N/A	10,775	7/1/11	6/30/12	-	-	-	10,001	(10,775)	-	-	(774)	-	-
National School Lunch Program	10.555	N/A	345,125	7/1/11	6/30/12	-	-	-	328,951	(345,125)	-	-	(16,174)	-	-
National School Lunch Program	10.555	N/A	320,706	7/1/10	6/30/11	(53,709)	-	-	53,709	-	-	-	-	-	-
Special Milk program	10.556	N/A	669	7/1/11	6/30/12	-	-	-	597	(669)	-	-	(72)	-	-
Total Enterprise Fund						(50,037)	-	-	457,748	(416,903)	-	-	(17,020)	7,828	-
Total Federal Awards						(962,775)	-	-	2,939,309	(2,496,510)	32,750	-	(495,054)	7,828	-

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

**TOWNSHIP OF OCEAN BOARD OF EDUCATION**  
**Schedule of Expenditures of State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2012**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2011					Repayment of Prior Years' Balances	Balance at June 30, 2012			Memo		
					Deferred Revenue (Accts. Rec.)	Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures		Accounts Receivable	Deferred Revenue	Due to Grantor	Cumulative		
														Budgetary Receivable	Total Expenditures	
State Department of Education																
General Fund:																
Categorical Special Education Aid	12-495-034-5120-089	\$ 2,195,245	7/1/11	6/30/12	\$ -	\$ -	\$ -	\$ 1,975,721	\$ (2,195,245)	\$ -	\$ -	\$ -	\$ -	\$ 219,524	\$ 2,195,245	
Categorical Security Aid	12-495-034-5120-084	408,331	7/1/11	6/30/12	-	-	-	367,498	(408,331)	-	-	-	-	40,833	408,331	
Adjustment Aid	12-495-034-5120-085	3,968,638	7/1/11	6/30/12	-	-	-	3,587,629	(3,968,638)	-	-	-	-	381,009	3,968,638	
Categorical Transportation Aid	12-495-034-5120-014	1,321,803	7/1/11	6/30/12	-	-	-	1,189,623	(1,321,803)	-	-	-	-	132,180	1,321,803	
Extraordinary Special Education Costs Aid	12-495-034-5120-473	299,089	7/1/11	6/30/12	-	-	-	-	(299,089)	-	-	-	-	299,089	299,089	
Nonpublic Transportation Cost Aid	12-100-034-5120-068	37,305	7/1/11	6/30/12	-	-	-	-	(37,305)	-	-	-	-	37,305	37,305	
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	2,169,792	7/1/11	6/30/12	-	-	-	2,064,706	(2,169,792)	-	(105,086)	-	-	-	2,169,792	
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	2,216,989	7/1/10	6/30/11	(106,909)	-	-	106,909	-	-	-	-	-	-	-	
On behalf TPAF pension contributions	12-495-034-5095-006	2,975,741	7/1/11	6/30/12	-	-	-	2,975,741	(2,975,741)	-	-	-	-	-	2,975,741	
Total General Fund					(106,909)	-	-	12,267,827	(13,375,944)	-	(105,086)	-	-	1,109,940	13,375,944	
Special Revenue Fund:																
NJ Nonpublic Aid:																
Textbook Aid	12-100-034-5120-064	36,171	7/1/11	6/30/12	-	-	-	36,171	(34,207)	-	-	-	1,964	-	34,207	
Textbook Aid	11-100-034-5120-064	40,640	7/1/10	6/30/11	-	2,336	-	-	-	2,336	-	-	-	-	-	
Nursing	12-100-034-5120-070	51,667	7/1/11	6/30/12	-	-	-	51,667	(51,382)	-	-	-	285	-	51,382	
Nursing	11-100-034-5120-070	45,461	7/1/10	6/30/11	-	1,097	-	-	-	1,097	-	-	-	-	-	
Auxiliary Services:																
Compensatory Education	12-100-034-5120-067	213,022	7/1/11	6/30/12	-	-	-	213,022	(213,022)	-	-	-	-	-	213,022	
Compensatory Education	11-100-034-5120-067	228,658	7/1/10	6/30/11	-	-	-	-	-	-	-	-	-	-	-	
English as a Second Language	11-100-034-5120-067	7,684	7/1/10	6/30/11	-	7,684	-	-	-	7,684	-	-	-	-	-	
Home Instruction	12-100-034-5120-067	430	7/1/11	6/30/12	-	-	-	-	(430)	-	(430)	-	-	-	430	
Handicapped Services:																
Examination and Classification	12-100-034-5120-066	133,339	7/1/11	6/30/12	-	-	-	133,339	(118,803)	-	-	-	14,536	-	118,803	
Examination and Classification	11-100-034-5120-066	152,336	7/1/10	6/30/11	-	12,786	-	-	-	12,786	-	-	-	-	-	
Corrective Speech	12-100-034-5120-066	44,232	7/1/11	6/30/12	-	-	-	44,232	(42,652)	-	-	-	1,580	-	42,652	
Corrective Speech	11-100-034-5120-066	54,919	7/1/10	6/30/11	-	-	-	-	-	-	-	-	-	-	-	
Supplemental Instruction	12-100-034-5120-066	83,410	7/1/11	6/30/12	-	-	-	83,410	(83,410)	-	-	-	-	-	83,410	
	11-100-034-5120-066	97,971	7/1/10	6/30/11	-	5,559	-	-	-	5,559	-	-	-	-	-	
Total Special Revenue Fund					-	29,462	-	561,841	(543,906)	29,462	(430)	-	18,365	-	543,906	
Debt Service Fund																
Debt Service Aid- Type II	10-495-034-5120-017	186,706	7/1/11	6/30/12	-	-	-	186,706	(186,706)	-	-	-	-	-	186,706	
State Department of Agriculture																
Enterprise Fund:																
National School Lunch Program (State share)	12-100-010-3350-023	11,670	7/1/11	6/30/12	-	-	-	11,141	(11,670)	-	(529)	-	-	-	11,670	
National School Lunch Program (State share)	11-100-010-3350-023	10,877	7/1/10	6/30/11	(1,890)	-	-	1,890	-	-	-	-	-	-	-	
Total Enterprise Fund					(1,890)	-	-	13,031	(11,670)	-	(529)	-	-	-	11,670	
Total State Financial Assistance					\$ (108,799)	\$ 29,462	\$ -	\$ 13,029,405	\$ (14,118,226)	\$ 29,462	\$ (106,045)	\$ -	\$ 18,365	\$ 1,109,940	\$ 14,118,226	

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Notes to Schedules of Expenditures of Awards and Financial Assistance  
June 30, 2012

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**NOTE 1. GENERAL**

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

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and 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 basis of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule 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 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 the one or more state aid June 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 (\$113,234) for the general fund and \$321,034 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 Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 371,668	\$ 13,262,710	\$ 13,634,378
Special Revenue Fund	2,028,972	543,906	2,572,878
Debt Service Fund	-	186,706	186,706
Food Service Fund	<u>410,284</u>	<u>11,670</u>	<u>421,954</u>
Total Awards and Financial Assistance	<u>\$ 2,810,924</u>	<u>\$ 14,004,992</u>	<u>\$ 16,815,916</u>



TOWNSHIP OF OCEAN BOARD OF EDUCATION  
Notes to Schedules of Expenditures of Awards and Financial Assistance  
June 30, 2012

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**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, 2012. 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, 2012.

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2012 amounted to \$2,975,741 .

**NOTE 6. 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, 2012

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Part I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: unqualified

Internal control over financial reporting:

- |   |                              |   |
|---|------------------------------|---|
| 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 |

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 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: unqualified

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</u>	<u>IDEA, Part B</u>
<u>84.410A</u>	<u>Education Jobs Fund</u>
<u>10.555</u>	<u>National School Lunch Program</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, 2012  
(continued)

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

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 300.000

Auditee qualifies as low-risk auditee? ☒ yes ☐ no

Internal Control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04? ☐ yes ☒ no

Identification of Major Programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>12-495-034-5120-089</u>	<u>Categorical Special Education Aid</u>
<u>12-495-034-5120-014</u>	<u>Transportation Aid</u>
<u>12-495-034-5120-085</u>	<u>Adjustment Aid</u>
<u>12-495-034-5095-002</u>	<u>Reimbursed TPAF Social Security Contributions</u>
<u>12-495-034-5120-084</u>	<u>Categorical Security Aid</u>
<u> </u>	<u> </u>

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(continued)

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Part II – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of Government Auditing Standards .

No matters were reported.

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(continued)

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

This section identifies the reportable conditions, material weaknesses, and instance of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and NJ OMB Circular 04-04.

No matters were reported.

TOWNSHIP OF OCEAN BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
As Prepared by Management  
For the Fiscal Year Ended June 30, 2012

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

STATUS OF PRIOR-YEAR FINDINGS

There were no prior-year audit findings for the fiscal year ended June 30, 2011 that we are required to report on.

We have also reviewed any findings in the audit report issued by the Office of Fiscal Accountability and Compliance (OFAC). Correction has been taken on all findings in the report dated August 16, 2011