

Ocean Township School District

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014**

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

For the Fiscal Year Ended June 30, 2014

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

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INTRODUCTORY SECTION



November 12, 2014

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, 2014, is hereby submitted. This CAFR includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards (GASB), Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes Management's Discussion and Analysis, the Basic Financial Statements and notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information, as well as the auditor's report hereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis, as the information was available to us. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996, as amended, and the U.S. Office of Management and Budget Circular Letter A-133 "Audits of States, Local Governments, and Non-Profit Organizations", and New Jersey OMB'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 2013-2014 fiscal year with an enrollment of 3,816 students, which is 36 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
2013-2014	3816	<0.93>%
2012-2013	3852	<2.01>%
2011-2012	3931	<1.97>%
2010-2011	4010	<2.34>%
2009-2010	4106	<1.53>%

PROJECTED STUDENT ENROLLMENT

Fiscal Year	Student Enrollment	Percent Change
2014-2015	3,793	<0.60>%
2015-2016	3,730	<1.66>%
2016-2017	3,649	<2.17>%
2017-2018	3,568	<1.60>%

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

3) MAJOR INITIATIVES: The Township of Ocean Schools strives to meet the educational needs of all students. This school year will see the full implementation of the Common Core Standards as well as the implementation of the PAARC assessments. The District has increased the instructional technology available to students by providing all students in grades four through six and nine through eleven with Chromebook computers. With these devices, students conduct research, develop 21st century skills and take assessments. In addition, the District is in the beginning stages of major programmatic advances in the areas of 1) visual and performing arts and science, 2) technology, 3) engineering and 4) math (STEM) education. Major facility upgrades are planned to address growth in these areas. As always, we encourage our students and staff to be innovative and creative. We foster a climate of discovery. We are proud of our diversity and the rich culture of our schools.

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

Building	Address	Year Built	Approximate Square Footage
Ocean Twp. High School	550 West Avenue	1964	200,215
Twp. of Ocean Intermediate School	1200 West Park Ave	1974	257,400
Wayside Elementary School	733 Bowne Road	1969	147,375
Ocean Twp. Elementary School	555 Dow Avenue	1957	76,160
Wanamassa Elementary School	901 Bendermere Ave	1930	59,580
Administration Office Bldg.	163 Monmouth Road	1900	46,850

4) FACILITIES (Continued)

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. There are plans for a building referendum on December 9, 2014. If approved, renovations and additions will occur at the 5 district schools.

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, 2014.

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

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

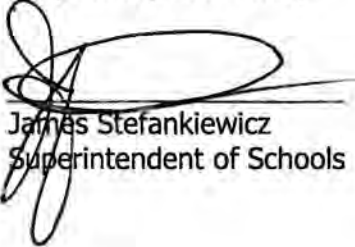
9) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

10) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of Smolin, Lupin & Co., P.A. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act of 1996, as amended, and the related OMB Circular A-133 and New Jersey OMB's 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.

11) ACKNOWLEDGEMENTS:

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

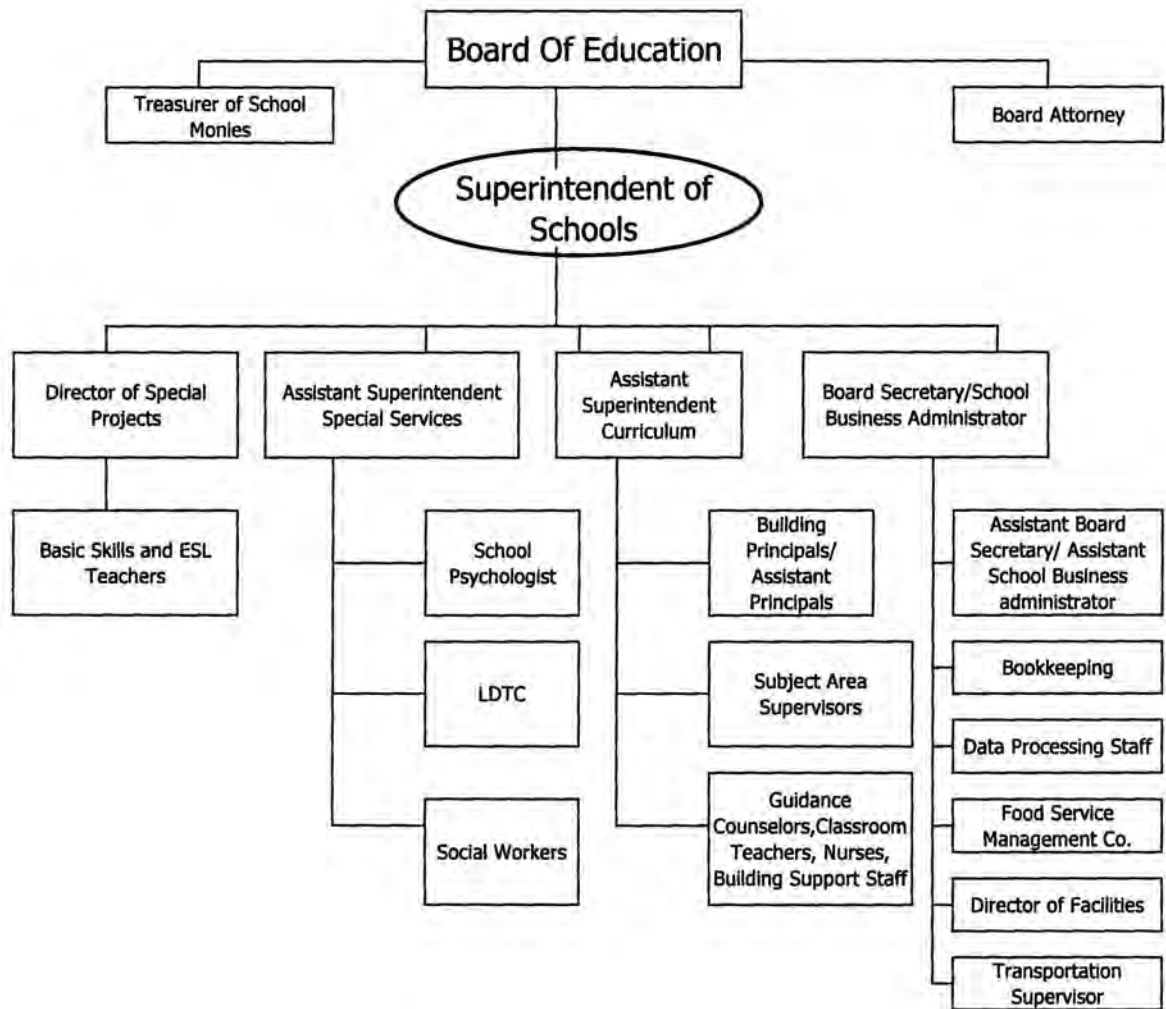
Respectfully submitted,



James Stefankiewicz
Superintendent of Schools



Kenneth Jannarone
School Business Administrator/
Board Secretary



OCEAN TOWNSHIP BOARD OF EDUCATION

BOARD MEMBERS 2014

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Sylvia Sylvia-Cioffi, President	2016
Richard Long, Vice President	2014
Robert Acerra	2014
Robert Angelini	2015
Cliff Brautigan	2015
Joseph Hadden	2014
Amy McGovern	2016
Sean Moore	2016
Denise Parlamas	2015
Connor Dorony - Student Representative	
Kyle Dorony - Student Representative	
Daniel Worthington - Student Representative	

Other Officials

James Stefankiewicz, Superintendent (effective July 1, 2014)

John Lysko, Superintendent (Retired June 30, 2014)

Kenneth Jannarone, Board Secretary/School Business Administrator

George Stone, Assistant School Business Administrator

Joseph Zanno, Treasurer

Michael J. Gross, Esq., Labor/ Negotiation Counsel

OCEAN TOWNSHIP SCHOOL DISTRICT
Consultants, Independent Auditor and Advisors
June 30, 2014

Board Attorney

Cleary, Giacobbe, Alfieri, Jacobs LLC
5 Ravine Drive
Matawan, New Jersey

Board Auditor

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

Official Depository

Santander Bank
Monmouth Road
Oakhurst, NJ 07755

FINANCIAL SECTION

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ocean Township School District (the School District), in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ocean Township School District, in the County of Monmouth, State of New Jersey, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ocean Township School District's basic financial statements. The introductory section, combining and individual fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2014 on our consideration of the Ocean Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ocean Township School District's internal control over financial reporting and compliance.

Smolin, Lupin & Co., P.A.

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

Laura DiTommaso

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

Red Bank, New Jersey
November 12, 2014

REQUIRED SUPPLEMENTARY INFORMATION - PART I

**OCEAN TOWNSHIP SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

The management's discussion and analysis of the Township of Ocean School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic annual financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- In total, net position increased \$1,978,574, which represents a 6 percent increase from 2013.
- General revenues accounted for \$69,049,982 in revenue or 88 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 \$9,449,156 or 12 percent of total revenues of \$78,499,138.
- Total assets of governmental activities increased by \$2,599,327 as cash and cash equivalents decreased by \$1,194,935, receivables decreased by \$24,416, and net capital assets increased by \$3,818,678. The increase in net capital assets represents new major capital projects completed in the fiscal year including a turf field, kindergarten room renovations, locker room renovations and energy savings.
- The School District had \$76,520,564 in expenses; only \$9,449,156 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$69,049,982 were adequate to provide for these programs.
- Among major funds, the General Fund had \$71,827,517 in revenues and \$73,224,544 in expenditures. The General Fund's balance decreased \$1,303,493 from 2013.
- Fund Balance for the General Fund as of the fiscal year end was \$7,589,453. The undesignated portion of surplus was \$3,719,512. Based on our calculation of excess surplus, the maximum of undesignated fund balance (2%) is \$1,579,840. The excess \$2,139,672 must be utilized for tax relief in the succeeding year budget.
- The revenues for operating grants and contributions were recorded as an offset to expenses in this current year rather than as a general revenue on Schedule A-2.

Using this Comprehensive Annual Financial Report (CAFR)

Using this Comprehensive Annual Financial Report (CAFR)

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

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

**OCEAN TOWNSHIP SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- **Governmental activities** - All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- **Business Type activities** - This service is provided on a charge for goods or services basis to recover the expense of the goods or services provided. The Food Service fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Proprietary Funds

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

**OCEAN TOWNSHIP SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

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 33 to 53 of this report.

The School District as a Whole

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

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

Table 1 provides a summary of the School District's net position for 2014 and 2013.

**Table 1
Net Position**

	Governmental Activities		Business-type Activities	
	2014	2013	2014	2013
Assets				
Current and other assets	\$ 9,216,820	\$ 10,436,171	\$ 207,025	\$ 354,429
Capital assets	42,075,018	38,256,340	55,812	64,921
Total assets	51,291,838	48,692,511	262,837	419,350
Deferred Outflows	43,859	60,559	-	-
Liabilities				
Long-term liabilities	15,158,254	14,750,860	-	-
Current portion of long-term debt	3,299,805	2,906,020	-	-
Other liabilities	1,677,509	1,794,071	164,322	293,712
Total liabilities	20,135,568	19,450,951	164,322	293,712
Deferred Inflows	511,738	724,417	3,836	5,184
Net Position				
Invested in capital assets, net of debt	26,199,311	23,103,432	55,812	64,921
Restricted	7,421,919	8,599,305	-	-
Unrestricted	(2,932,839)	(3,018,695)	38,867	55,533
Total Net Position	\$ 30,688,391	\$ 28,684,042	\$ 94,679	\$ 120,454

**OCEAN TOWNSHIP SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

The School District as a Whole (continued)

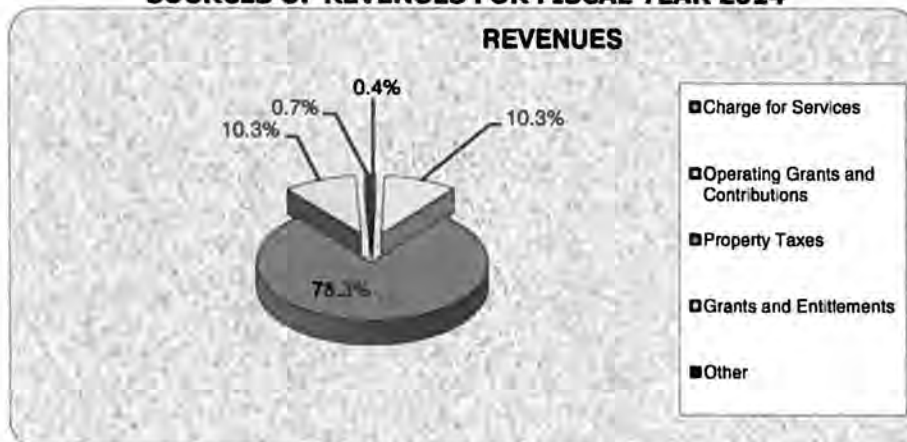
The District's combined net position of \$30,783,070 on June 30, 2014 results in an increase of 6 percent from the prior year.

Table 2 shows the changes in net position for fiscal year 2014 and 2013.

**Table 2
Change in Net Position**

	Governmental Activities		Business-type Activities	
	2014	2013	2014	2013
Revenues				
Program revenues:				
Charge for services	\$ 339,704	\$ 266,140	\$ 645,088	\$ 634,851
Operating grants and contributions	7,932,435	9,107,433	531,929	467,684
General revenues:				
Property taxes	60,557,414	59,826,670	-	-
Grants and entitlements	7,927,627	7,983,334	-	-
Other	564,941	143,945	-	150,000
Total revenues	<u>77,322,121</u>	<u>77,327,522</u>	<u>1,177,017</u>	<u>1,252,535</u>
Program Expenses				
Instruction	44,471,309	43,007,199	-	-
Support services:				
Pupils and instructional staff	13,164,872	13,776,209	-	-
General and school administration and business services	6,039,492	5,795,873	-	-
Operations and maintenance of facilities	6,952,515	6,580,843	-	-
Pupil transportation	3,908,356	4,245,998	-	-
Interest on debt	545,646	627,280	-	-
Food service	-	-	1,202,792	1,173,646
Other	235,582	203,064	-	-
Total expenses	<u>75,317,772</u>	<u>74,236,466</u>	<u>1,202,792</u>	<u>1,173,646</u>
Increase (decrease) in Net Position	2,004,349	3,091,056	(25,775)	78,889
Net Position - beginning	<u>28,684,042</u>	<u>25,592,986</u>	<u>120,454</u>	<u>41,565</u>
Net Position - ending	<u>\$ 30,688,391</u>	<u>\$ 28,684,042</u>	<u>\$ 94,679</u>	<u>\$ 120,454</u>

SOURCES OF REVENUES FOR FISCAL YEAR 2014

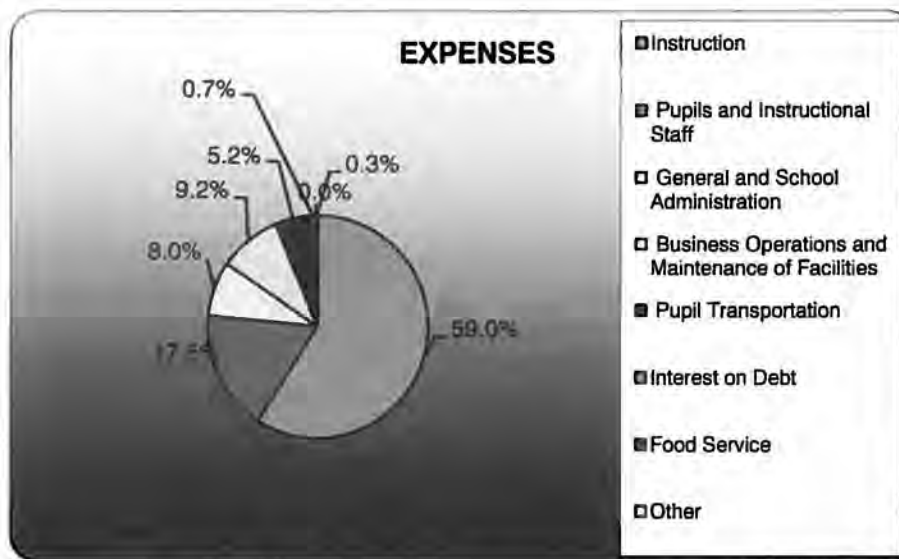


**OCEAN TOWNSHIP SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the School District operations. Property taxes made up 78 percent of revenues for governmental activities for the Township of Ocean School District for fiscal year 2014 and 77 percent for fiscal year 2013. Property tax revenues increased by \$730,744, which is a 1 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 10 percent of revenues.

Total expenses for the fiscal year 2014 was \$75,317,772.



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

Business-Type Activities are not shown above. Revenues for the Food Service Fund totaled \$1,177,017, which were comprised of charges for services in the amount of \$645,088 and federal and state reimbursements in the amount of \$531,929. Total operating expenses totaled \$1,202,792.

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

**OCEAN TOWNSHIP SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

Governmental Activities (continued)

Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	<u>Total Cost of Services 2014</u>	<u>Net Cost of Services 2014</u>	<u>Total Cost of Services 2013</u>	<u>Net Cost of Services 2013</u>
Instruction	\$ 44,471,309	\$ 39,003,573	\$ 43,007,199	\$ 36,917,942
Support services:				
Pupils and instructional staff	13,164,872	12,015,896	13,776,209	12,488,453
General and school administration and business services	6,039,492	5,416,123	5,795,873	5,123,314
Operations and maintenance of facilities	6,952,515	6,276,639	6,580,843	5,906,765
Pupil transportation	3,908,356	3,618,195	4,245,998	3,789,818
Interest and fiscal charges	545,646	545,646	627,280	440,350
Other	235,582	169,561	203,064	196,251
 Total expenses	 <u>\$ 75,317,772</u>	 <u>\$ 67,045,633</u>	 <u>\$ 74,236,466</u>	 <u>\$ 64,862,893</u>

- Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.
- Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.
- General administration, school administration and business include expenses associated with administrative and financial supervision of the district.
- Operation and Maintenance of Facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.
- Pupil Transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.
- Interest and Fiscal Charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.
- Other includes special schools.

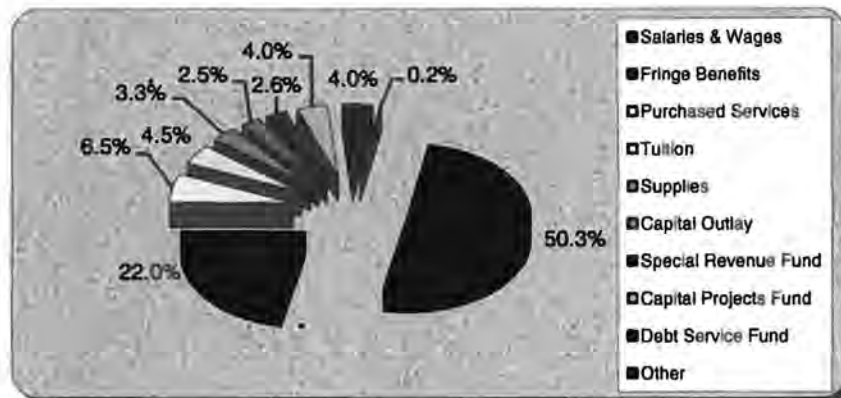
The dependence upon tax revenues is apparent. Over 99 percent of instruction activities are supported through taxes and other general revenues; for all activities, general revenue support is 99.9 percent. The community, as a whole, is the primary support for the Township of Ocean School District.

**OCEAN TOWNSHIP SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

The School District's Funds

Information about the School District's governmental funds starts on page 25. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$77,129,050 and expenditures of \$81,784,689. The net change in fund balance for the year was most significant in the General Fund, a decrease of \$1,303,493. As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

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



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

	2014	2013	% Change
Salaries and wages	\$ 41,073,317	\$ 39,905,164	2.93%
Fringe benefits	17,981,725	18,004,332	-0.13%
Purchase services	5,336,700	5,141,888	4.00%
Tuition	3,698,960	3,787,979	-2.35%
Supplies	2,713,388	2,630,325	3.16%
Capital outlay	2,276,211	1,261,704	80.40%
Special Revenue fund	2,056,975	2,286,642	-0.10%
Capital Projects fund	3,258,728	-	100.00%
Debt Service fund	3,244,442	3,279,248	-1.06%
Other	144,243	144,674	-0.30%
Total	<u>\$ 81,784,689</u>	<u>\$ 76,441,956</u>	<u>6.90%</u>

Expenditures are up \$5,342,733 or 6.90 percent from the prior year mostly due to new capital projects and increases in Salaries, Fringe Benefits and Capital Outlay.

General Fund Budgeting Highlights

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

**OCEAN TOWNSHIP SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

General Fund Budgeting Highlights (continued)

During the course of the fiscal 2014 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Revisions in the budget were made to recognize revenues and expenditures that were not anticipated and to prevent overexpenditures in specific expense accounts. Significant revisions are noted below.

- Salaries overall increased due to additional staff and wage increases that based on the negotiated contracts.
- Capital outlay was increased during the year due to various projects that were needed and budgeted for.
- There were new Capital Projects (Fund 30) in this fiscal year which was an Energy Savings Project for over \$3 million.
- Full Day Kindergarten was started during this fiscal year creating additional expenses including salaries, supplies, and renovations
- Fringe benefits increased due to premium increases for Health Insurance.

Capital Assets

At the end of the fiscal year 2014, the School District had \$42,075,018 invested in land, construction in progress, buildings, furniture and equipment, and vehicles. Table 5 shows fiscal 2014 balances compared to 2013.

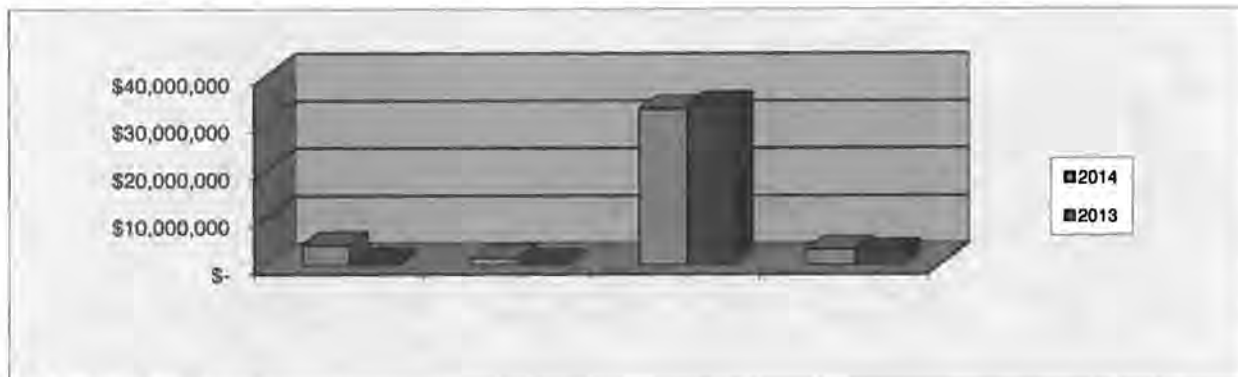
**Table 5
Capital Assets (Net of Depreciation) at June 30,**

	<u>2014</u>	<u>2013</u>
Governmental Activities		
Land and construction in progress	\$ 4,243,696	\$ 984,968
Site improvements	1,536,777	734,732
Buildings and improvements	32,936,042	33,834,096
Machinery and equipment	<u>3,358,503</u>	<u>2,702,544</u>
	<u>\$ 42,075,018</u>	<u>\$ 38,256,340</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

Capital Assets (continued)

Capital assets increased \$3,818,678 from fiscal year 2013 to fiscal year 2014. The increase in capital assets is due to new capital projects and construction in progress. For more detailed information, please refer to the Notes to Financial Statements.



Debt Administration

At June 30, 2014, the School District had \$18,458,059. As outstanding debt. Of this amount \$2,582,352 is for compensated absences, \$3,510,707 is for capital leases payable, and the balance of \$12,365,000 is for bonds for school construction.

At June 30, 2014, the School District's overall legal debt margin was over \$130 million. For more detailed information, please refer to the Notes to Financial Statements.

For the Future

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

The Township of Ocean School District's budget for 2014-2015 was below the 2% cap on the tax Levy. Therefore there was no election or vote for the budget in April 2014 as the district optioned to move the election of the board to November.

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

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

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

The District is currently completing two major capital improvement projects in 2014. The District has completed all other capital improvement projects in the prior years. It is one of the District's goals and a budget priority to continue to upgrade and maintain the school facilities.

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

**OCEAN TOWNSHIP SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 7,228,489	\$ 101,049	\$ 7,329,538
Receivables, net	299,453	82,035	381,488
Inventory	-	23,941	23,941
Restricted assets:			
Cash and cash equivalents	175,323	-	175,323
Capital reserve account - cash	1,260,328	-	1,260,328
Intergovernmental receivable	253,227	-	253,227
Capital assets, net	42,075,018	55,812	42,130,830
Total assets	<u>51,291,838</u>	<u>262,837</u>	<u>51,554,675</u>
Deferred outflows:			
Unamortized bond issuance costs	43,859	-	43,859
Total deferred outflows	<u>43,859</u>	<u>-</u>	<u>43,859</u>
LIABILITIES			
Accounts payable	1,260,631	155,581	1,416,212
Contracts payable	111,387	-	111,387
Accrued interest	225,349	-	225,349
Payable to state government	79,929	-	79,929
Unearned revenue	213	8,741	8,954
Noncurrent liabilities:			
Due within one year	3,299,806	-	3,299,806
Due beyond one year	15,158,253	-	15,158,253
Total liabilities	<u>20,135,568</u>	<u>164,322</u>	<u>20,299,890</u>
Deferred inflows:			
Deferred commodities revenue	-	3,836	3,836
Unamortized bond issuance premium	511,738	-	511,738
Total deferred inflows	<u>511,738</u>	<u>3,836</u>	<u>515,574</u>
NET POSITION			
Invested in capital assets, net of related debt	26,199,311	55,812	26,255,123
Restricted for:			
Other purposes	7,421,919	-	7,421,919
Unrestricted	(2,932,839)	38,867	(2,893,972)
Total net position	<u>\$ 30,688,391</u>	<u>\$ 94,679</u>	<u>\$ 30,783,070</u>

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for</u>	<u>Operating</u>
		<u>Services</u>	<u>Grants and</u>
			<u>Contributions</u>
Governmental activities:			
Instruction:			
Regular	\$ 32,519,106	\$ -	\$ 4,000,936
Special education	8,250,188	-	1,055,268
Other special instruction	2,057,503	-	271,745
Other instruction	1,644,512	-	139,787
Support services:			
Instruction	4,020,710	-	-
Student and instruction related services	9,144,162	-	1,148,976
School administrative services	3,071,142	-	365,282
General administrative services	1,300,236	-	88,287
Central services and administrative information technology	1,668,114	-	169,800
Plant operations and maintenance	6,952,515	273,683	402,193
Pupil transportation	3,908,356	-	290,161
Special schools	188,275	66,021	-
Charter school	47,307	-	-
Interest on long-term debt	545,646	-	-
Total governmental activities	<u>75,317,772</u>	<u>339,704</u>	<u>7,932,435</u>
Business-type activities:			
Food Service	<u>1,202,792</u>	<u>645,088</u>	<u>531,929</u>
Total business-type activities	<u>1,202,792</u>	<u>645,088</u>	<u>531,929</u>
Total primary government	<u>\$ 76,520,564</u>	<u>\$ 984,792</u>	<u>\$ 8,464,364</u>

General revenues:

Property Taxes Levied for:

 General purposes

 Debt service

Federal and State aid not restricted

Investment Earnings

Miscellaneous Income

Transfers in(out)

Total general revenues, special items,
extraordinary items and transfers

Change in Net Position

Net Position-beginning

Net Position-ending

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (28,518,170)	\$ -	\$ (28,518,170)
(7,194,920)	-	(7,194,920)
(1,785,758)	-	(1,785,758)
(1,504,725)	-	(1,504,725)
(4,020,710)	-	(4,020,710)
(7,995,186)	-	(7,995,186)
(2,705,860)	-	(2,705,860)
(1,211,949)	-	(1,211,949)
(1,498,314)	-	(1,498,314)
(6,276,639)	-	(6,276,639)
(3,618,195)	-	(3,618,195)
(122,254)	-	(122,254)
(47,307)	-	(47,307)
(545,646)	-	(545,646)
<u>(67,045,633)</u>	<u>-</u>	<u>(67,045,633)</u>
-	(25,775)	(25,775)
-	<u>(25,775)</u>	<u>(25,775)</u>
<u>\$ (67,045,633)</u>	<u>\$ (25,775)</u>	<u>\$ (67,071,408)</u>
\$ 57,501,584	\$ -	\$ 57,501,584
3,055,830	-	3,055,830
7,927,627	-	7,927,627
15,354	-	15,354
549,471	-	549,471
116	-	116
<u>69,049,982</u>	<u>-</u>	<u>69,049,982</u>
2,004,349	(25,775)	1,978,574
<u>28,684,042</u>	<u>120,454</u>	<u>28,804,496</u>
<u>\$ 30,688,391</u>	<u>\$ 94,679</u>	<u>\$ 30,783,070</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.

OCEAN TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2014

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 6,679,446	\$ -	\$ 175,322	\$ 1	\$ 6,854,769
Receivables, net	9,571	-	-	-	9,571
Due from other funds	69,685	-	-	-	69,685
Receivables from other governments	289,882	253,227	-	-	543,109
Restricted cash and cash equivalents	1,260,328	-	-	-	1,260,328
Total assets	<u>\$ 8,308,912</u>	<u>\$ 253,227</u>	<u>\$ 175,322</u>	<u>\$ 1</u>	<u>\$ 8,737,462</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 612,963	\$ 98,625	\$ -	\$ -	\$ 711,588
Contracts payable	106,496	4,891	-	-	111,387
Unearned Revenue	-	213	-	-	213
Interfund payable	-	69,569	116	-	69,685
Payable to state government	-	79,929	-	-	79,929
Total liabilities	<u>719,459</u>	<u>253,227</u>	<u>116</u>	<u>-</u>	<u>972,802</u>
Fund balances:					
Restricted for:					
Excess surplus - current year	2,139,672	-	-	-	2,139,672
Excess surplus - prior year - designated for subsequent year's expenditures	2,710,697	-	-	-	2,710,697
Capital reserve	1,260,328	-	-	-	1,260,328
Capital projects	-	-	130,091	-	130,091
Assigned to:					
Designated by the BOE for subsequent year's expenditures	1,132,226	-	-	1	1,132,227
Capital projects	-	-	45,115	-	45,115
Unassigned:					
General fund	346,530	-	-	-	346,530
Total fund balances	<u>7,589,453</u>	<u>-</u>	<u>175,206</u>	<u>1</u>	<u>7,764,660</u>
Total liabilities and fund balances	<u>\$ 8,308,912</u>	<u>\$ 253,227</u>	<u>\$ 175,322</u>	<u>\$ 1</u>	

Amounts reported for governmental activities in the statement of net position (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 position. The bond premium net of bond issuance costs is \$846,348 and accumulated amortization is \$378,469.

(467,880)

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$73,190,685 and the accumulated depreciation is \$31,115,667.

42,075,018

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.

(18,683,407)

\$ 30,688,391

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources:					
Local tax levy	\$ 57,501,584	\$ -	\$ -	\$ 3,055,830	\$ 60,557,414
Tuition charges	66,021	-	-	-	66,021
Rental fees	273,683	-	-	-	273,683
Interest earned on investments	15,354	-	116	-	15,470
Miscellaneous	356,402	-	-	-	356,402
Total - local sources	58,213,044	-	116	3,055,830	61,268,990
State sources	13,537,194	503,717	-	188,612	14,229,523
Federal sources	77,279	1,553,258	-	-	1,630,537
Total revenues	71,827,517	2,056,975	116	3,244,442	77,129,050
EXPENDITURES					
Current:					
Regular instruction	20,856,448	1,687,918	-	-	22,544,366
Special education instruction	5,619,296	-	-	-	5,619,296
Other special instruction	1,380,014	-	-	-	1,380,014
School sponsored activities	1,296,009	-	-	-	1,296,009
Support services and undistributed costs:					
Instruction	3,651,653	369,057	-	-	4,020,710
Student and instruction related services	6,279,647	-	-	-	6,279,647
General administrative services	1,107,952	-	-	-	1,107,952
School administrative services	2,160,457	-	-	-	2,160,457
Central services and Administrative Technology	1,244,786	-	-	-	1,244,786
Plant operations and maintenance	5,949,807	-	-	-	5,949,807
Pupil transportation	3,184,956	-	-	-	3,184,956
Employee benefits	17,981,726	-	-	-	17,981,726
Special schools	188,275	-	-	-	188,275
Transfer to charter school	47,307	-	-	-	47,307
Debt service:					
Principal	-	-	-	2,690,000	2,690,000
Interest and other charges	-	-	-	554,442	554,442
Capital outlay	2,276,211	-	3,258,728	-	5,534,939
Total expenditures	73,224,544	2,056,975	3,258,728	3,244,442	81,784,689
Excess (Deficiency) of revenues over expenditures	(1,397,027)	-	(3,258,612)	-	(4,655,639)
OTHER FINANCING SOURCES (USES)					
Transfers in	116	-	-	-	116
Transfers out	-	-	(116)	-	(116)
Proceeds from Energy Saving Lease	-	-	3,433,934	-	3,433,934
Capital leases (non-budgeted)	6,688	-	-	-	6,688
Sale of Assets	3,688	-	-	-	3,688
FEMA Reimbursement	83,042	-	-	-	83,042
Total other financing sources (uses)	93,534	-	3,433,818	-	3,527,352
Net change in fund balances	(1,303,493)	-	175,206	-	(1,128,287)
Fund balance - beginning	8,892,946	-	-	1	8,892,947
Fund balance - ending	\$ 7,589,453	\$ -	\$ 175,206	\$ 1	\$ 7,764,660

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2014

Total net change in fund balances - governmental funds (from B-2) **\$ (1,128,287)**

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	\$ (1,716,261)	
Capital outlays	<u>5,534,939</u>	3,818,678

Repayment of long-term debt, i.e. bond principal, is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

2,717,824

Proceeds from the financing of Energy Savings Improvement projects and capital leased equipment.

(3,440,622)

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.

89,639

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.

25,498

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.

(78,381)

Change in net position of governmental activities

\$ 2,004,349

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Fund Net Position
Proprietary Funds
June 30, 2014

	<u>Business-type Activities</u> <u>Enterprise Funds</u> <u>Food Service Fund</u>	<u>Internal Service</u> <u>Funds</u> <u>Self-Insurance Activities</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 101,049	\$ 549,043
Other receivables	82,035	-
Inventories	23,941	-
Total current assets	<u>207,025</u>	<u>549,043</u>
Capital assets:		
Furniture, machinery and equipment	497,070	-
Less: accumulated depreciation	(441,258)	-
Total capital assets	<u>55,812</u>	<u>-</u>
Total assets	<u>\$ 262,837</u>	<u>\$ 549,043</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 155,581	\$ 549,043
Unearned revenue	8,741	-
Total current liabilities	<u>164,322</u>	<u>549,043</u>
Deferred inflows	<u>3,836</u>	<u>-</u>
NET POSITION		
Invested in capital assets	55,812	-
Unrestricted	38,867	-
Total net position	<u>\$ 94,679</u>	<u>\$ -</u>

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Business-type Activities	Internal Service
	Enterprise Funds	Funds
	Food Service Fund	Self-Insurance Activities
Operating Revenues		
Charges for services:		
Daily sales - reimbursable program	\$ 319,706	\$ -
Daily sales - non-reimbursable program	314,075	-
Special functions	11,307	-
Services provided to other funds	-	2,415,000
Total operating revenues	<u>645,088</u>	<u>2,415,000</u>
Operating Expenses		
Cost of sales	617,614	-
Salaries	385,637	-
Employee benefits	137,991	2,415,000
Management fee	45,000	-
Insurance	7,441	-
Depreciation	9,109	-
Total operating expenses	<u>1,202,792</u>	<u>2,415,000</u>
Operating Income (loss)	<u>(557,704)</u>	<u>-</u>
Non-operating Revenues		
State sources:		
School lunch program	10,542	-
Federal sources:		
National school lunch program	380,593	-
Breakfast program	30,162	-
Special milk program	638	-
Food distribution program	64,994	-
Sodexo:		
Food service guarantee	45,000	-
Total non-operating revenues	<u>531,929</u>	<u>-</u>
Change in Net Position before transfers	<u>(25,775)</u>	<u>-</u>
Transfer In-general fund	<u>-</u>	<u>-</u>
Change in Net Position	<u>(25,775)</u>	<u>-</u>
Total Net Position - Beginning	<u>120,454</u>	<u>-</u>
Total Net Position - Ending	<u>\$ 94,679</u>	<u>\$ -</u>

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Business-type Activities	Internal Service
	Enterprise Funds	Funds
	Food Service Fund	Self-Insurance Activities
Cash Flows from Operating Activities		
Receipts from customers and other funds	\$ 642,316	\$ 2,415,000
Payments to employees	(385,637)	-
Payments for employee benefits	(137,991)	(2,401,221)
Payments to suppliers	(732,703)	-
Net cash provided by (used for) operating activities	(614,015)	13,779
Cash Flows from Non-capital Financing Activities		
Local sources	45,000	-
State sources	9,228	-
Federal sources	355,873	-
Net cash provided by non-capital financing activities	410,101	-
Cash flows from Capital and Related Financing activities		
Purchase of Capital Assets	-	-
Net cash used for capital and related financing activities	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(203,914)	13,779
Balance - Beginning of Year	304,963	535,264
Balance - End of Year	\$ 101,049	\$ 549,043
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:		
Operating loss	\$ (557,704)	\$ -
Adjustments to reconcile operating Income (loss) to net cash used for operating activities		
Depreciation	9,109	-
Donated Commodities	64,994	-
(Increase) decrease in accounts receivable, net	547	-
(Increase) decrease in inventories	(1,571)	-
Increase (decrease) in accounts payable	(126,069)	13,779
Increase (decrease) in prepaid school lunches	(3,321)	-
Increase (decrease) in deferred revenue	-	-
Total adjustments	(56,311)	13,779
Net Cash Provided by (Used for) Operating Activities	\$ (614,015)	\$ 13,779

Noncash noncapital financing activities:

The Board of Education received \$64,994 of food commodities from the US Department of Agriculture for the year ended June 30, 2014.

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and cash equivalents	\$ 337,900	\$ 26,726	\$ 1,509,271
Total Assets	<u>337,900</u>	<u>26,726</u>	<u>\$ 1,509,271</u>
LIABILITIES			
Payroll deductions and withholdings	16,948	-	\$ 1,509,271
Total Liabilities	<u>16,948</u>	<u>-</u>	<u>\$ 1,509,271</u>
NET POSITION			
Held in trust for unemployment claims and other purposes	<u>\$ 320,952</u>		
Reserved for scholarships		<u>\$ 26,726</u>	

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2014

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>
ADDITIONS		
Contributions:		
Plan member	\$ 115,340	\$ -
Scholarship donations	-	4,625
Total Contributions	<u>115,340</u>	<u>4,625</u>
Investment Earnings:		
Interest	<u>54</u>	<u>-</u>
Net Investment Earnings	<u>54</u>	<u>-</u>
Total Additions	<u>115,394</u>	<u>4,625</u>
DEDUCTIONS		
Quarterly contribution reports & assessment	50,982	-
Unemployment claims	44,150	-
Scholarships awarded	-	14,425
Total Deductions	<u>95,132</u>	<u>14,425</u>
Change in Net Position	20,262	(9,800)
Net Position - Beginning of Year	<u>300,680</u>	<u>36,526</u>
Net Position - End of Year	<u>\$ 320,942</u>	<u>\$ 26,726</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

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

B. District-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, service, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

The District has reported the following major government funds:

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

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

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

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

The District reports the following major proprietary fund:

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

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Additionally, the District reports the following fiduciary fund types:

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

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

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

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

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

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

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

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

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

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

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets/Budgetary Control

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

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

E. Cash and Cash Equivalents

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

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, 2014, the unused Food Donation Program commodities were \$3,836.

H. Capital Assets

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets (continued)

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

Property, plant and equipment of the District is depreciated using the straight-line method. The following estimated useful lives are used to compute depreciation:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School building	50
Building improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and computer equipment	5 - 10
Instructional equipment	10
Grounds equipment	15

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

I. Compensated Absences

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

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2014, no material liability existed for compensated absences in the food service fund.

J. Unearned Revenue

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Accrued Liabilities and Long-term Obligations

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

L. Unamortized Bond Premiums, Discounts and Bond Issuance Costs

Premiums, 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.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Fund Balance Reporting (continued)

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

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

- Restricted for Excess Surplus 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 \$6,110,697 and represented \$4,850,369 in excess surplus and \$1,260,328 in capital reserve.
- Assigned for District Operations and Capital Projects:
The District has set aside certain spendable fund balance for school operations and capital projects. At year end, the assigned fund balance is \$1,177,342, of which \$1,132,226 is for school operations, \$45,115 is for capital projects and \$1 is for debt service. The assigned fund balance for District operations includes \$1,032,226 for outstanding encumbrances.
- Unassigned:
The unassigned fund balance for the General Fund is \$346,530.

N. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for reserve fund balance - excess surplus is a required calculation pursuant to the New Jersey Comprehensive Education Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve fund balance of the general fund at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in the subsequent years' budget. The District has an excess fund balance generated during the 2014 fiscal year in the amount of \$2,139,672 which will be designated for tax relief in 2015-2016.

O. Net Position

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

P. Management Estimates

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The district has one item that qualifies for reporting in this category. It is the unamortized bond issuance costs. This amount is deferred and amortized over the life of the bonds.

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

R. Recent Accounting Pronouncements

In June 2012, the Government Accounting Standards Board (GASB) issued two new standards that will substantially change the accounting and financial reporting of public employee pension plans and the state and local governments that participate in such plans. GASB No. 67, *Financial Reporting for Pension Plans*, revises existing guidance for the financial reports of most governmental pension plans. GASB No. 68, *Accounting and Financial Reporting for Pensions*, revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. GASB No. 67 is effective for financial statements for periods beginning after June 15, 2013. GASB No. 68 is effective for financial statements for fiscal years beginning after June 15, 2014.

With the implementation of GASB No. 68, school districts will be required to recognize a liability as employees earn their pension benefits (that is, as they provide services to the government). School Districts (employers) participating in agent plans will recognize their specific pension amounts which include net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense.

The District is currently evaluating the effect that implementation of GASB No. 68 will have on its financial position and reporting in the Comprehensive Annual Financial Report. The New Jersey Department of the Treasury, Division of Pensions and Benefits, has not made available the financial reports of their pension plans under GASB No. 67.

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

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

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2014

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

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

The details of this \$18,683,407 difference are as follows:

Bonds payable	\$ 12,365,000
Capital leases payable	3,510,706
Accrued interest payable	225,349
Compensated absences	<u>2,582,352</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 18,683,407</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.

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.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2014

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Deposits (continued)

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, 2014, the carrying amount of the District's deposits was \$4,846,195 and the bank balance was \$5,413,844. The District also held \$1,400 in petty cash at June 30, 2014.

Based on levels of risk, \$500,000 of the District's cash deposits on June 30, 2014 were secured by federal depository insurance. The remaining bank balance of \$4,913,844 was covered by the New Jersey Governmental Unit Deposit Protection Act (GUDPA).

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

At June 30, 2014, 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.
- c. Bonds or other obligations of the District.
- d. New Jersey Cash Management Fund, New Jersey Arbitrage Rebate Management Fund and M.B.I.A. Class.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2014

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Investments (continued)

The District participates in the New Jersey Asset and Rebate Management Program which is a joint investment trust for local government units in the State of New Jersey. It was formed to make available comprehensive investment management, accounting and rebate calculation services for the issuers of tax exempt bonds and complies with all New Jersey statutes and regulations for the allowable investment of public funds. The District participates in the joint investment account which provides a convenient method for local governments to pool funds for temporary investing. These investments consist of United States Treasury Bills and notes and other obligations guaranteed by the United States of America, Federal agency bonds and notes with a maturity not greater than 397 days, and fully collateralized repurchase agreements. The carrying amount and fair value as of June 30, 2014 was \$3,267,503.

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

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

Interest Rate Risk: The District does not have a policy to limit interest rate risk. The weighted average maturity of the NJARM portfolio at December 31, 2013, was 53 days.

NOTE 4. RECEIVABLES

Receivables at June 30, 2014, consisted of accounts (rent and tuition), accrued interest, interfund, intergovernmental, and property taxes. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables are as follows:

	<u>Governmental Fund Financial Statements</u>	<u>Governmental Wide Financial Statements</u>
State Aid	\$ 114,347	\$ 116,295
Federal Aid	171,269	250,267
Other	<u>336,749</u>	<u>268,152</u>
Gross Receivables	622,365	634,714
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>
Total Receivables, net	<u>\$ 622,365</u>	<u>\$ 634,714</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2014

NOTE 5. CAPITAL ASSETS

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2014:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 984,968	\$ -	\$ -	\$ 984,968
Construction in process	-	3,258,728	-	3,258,728
Total capital assets not being depreciated	<u>984,968</u>	<u>3,258,728</u>	<u>-</u>	<u>4,243,696</u>
Capital assets being depreciated:				
Site improvements	1,937,022	802,045	-	2,739,067
Building and building improvements	51,793,662	818,207	-	52,611,869
Vehicles	4,177,699	221,788	(17,000)	4,382,487
Capital lease	139,314	6,688	-	146,002
Furniture and equipment	8,640,081	427,483	-	9,067,564
Totals at historical cost	<u>66,687,778</u>	<u>2,276,211</u>	<u>(17,000)</u>	<u>68,946,989</u>
Less accumulated depreciation for:				
Site improvements	1,202,290	67,730	-	1,270,020
Building and building improvements	17,959,566	993,500	-	18,953,066
Vehicles	3,461,169	226,268	(17,000)	3,670,437
Capital lease	41,794	28,532	-	70,326
Furniture and equipment	6,751,587	400,231	-	7,151,818
	<u>29,416,406</u>	<u>1,716,261</u>	<u>(17,000)</u>	<u>31,115,667</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>37,271,372</u>	<u>559,950</u>	<u>-</u>	<u>37,831,322</u>
Government Activity Capital Assets, Net	<u>\$ 38,256,340</u>	<u>\$ 3,818,678</u>	<u>\$ -</u>	<u>\$ 42,075,018</u>

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

Instruction	\$ 998,155
Student and instruction related services	215,015
General and Business Administrative Services	111,910
Plant Operations and Maintenance	132,430
Pupil Transportation	216,130
Support Services - Students and Staff	<u>42,621</u>
Total	<u>\$1,716,261</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2014

NOTE 5. CAPITAL ASSETS (continued)

The following is a summary of the business-type capital assets for the year ended June 30, 2014:

	<u>Beginning Balance</u>	<u>Transfers or Additions</u>	<u>Transfers or Retirements</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets being depreciated:				
Equipment	\$ 497,070	\$ -	\$ -	\$ 497,070
Less accumulated depreciation	<u>432,149</u>	<u>9,109</u>	<u>-</u>	<u>441,258</u>
Enterprise fund capital assets, net	<u>\$ 64,921</u>	<u>\$ (9,109)</u>	<u>\$ -</u>	<u>\$ 55,812</u>

NOTE 6. LONG-TERM LIABILITIES

Bonds Payable

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,290,000	274,504	1,564,504
2019	1,300,000	221,936	1,521,936
2020-2023	<u>4,490,000</u>	<u>356,404</u>	<u>4,846,404</u>
	<u>\$ 12,365,000</u>	<u>\$ 2,017,873</u>	<u>\$ 14,382,873</u>

Bonds Authorized But Not Issued

As of June 30, 2014, the District had no authorized but not issued bonds.

Capital Lease Payable

The District is leasing equipment totaling \$3,578,564 under capital leases. The capital leases are for terms of no more than five years except for the lease related to the Energy Savings Improvement Program which cannot exceed fifteen years.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2014

NOTE 6. LONG-TERM LIABILITIES (continued)

Capital Lease Payable (continued)

The following is a schedule of minimum lease payments under the capital leases and the present value of the net minimum lease payments at June 30, 2014.

Fiscal Year Ending June 30,	Amount
2015	\$ 467,008
2016	468,450
2017	273,850
2018	227,291
2019	231,277
Thereafter	<u>2,586,832</u>
Total	4,254,708
Less: Amount representing interest	<u>(744,002)</u>
Present value of minimum lease payments	<u><u>\$ 3,510,706</u></u>

Unamortized Bond Premium

Unamortized bond premium, net of bond issuance costs, as of June 30, 2014 and 2013, is \$467,879 and \$557,519, respectively.

Changes in Long-Term Liabilities

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2014</u>	<u>Within One Year</u>
Compensated absences payable	\$ 2,503,971	\$ 193,976	\$ 115,595	\$ 2,582,352	\$ 220,330
Capital leases payable	97,909	3,440,622	27,824	3,510,707	334,476
Serial bonds payable with interest rates of 3.5% to 4.25%	<u>15,055,000</u>	<u>-</u>	<u>2,690,000</u>	<u>12,365,000</u>	<u>2,745,000</u>
	<u><u>\$ 17,656,880</u></u>	<u><u>\$ 3,634,598</u></u>	<u><u>\$ 2,833,419</u></u>	<u><u>\$ 18,458,059</u></u>	<u><u>\$ 3,299,806</u></u>

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2014

NOTE 7. 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 District 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 $1/55^{\text{th}}$ 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 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).

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.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2014

NOTE 7. PENSION PLANS (continued)

Funding Policy (continued)

The Board's actuarially determined contributions to PERS for the years ended June 30, 2014, 2013 and 2012 were \$791,412, \$803,336 and \$861,400, respectively, equal to the required contributions for each year. During the year ended June 30, 2014, the State of New Jersey contributed \$3,356,821 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 \$2,252,746 during the fiscal year ended June 30, 2014 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 8. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws of 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Laws 2007 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2013, there were 100,134 retirees, statewide, eligible for post-retirement medical benefits and the State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in fiscal year 2013.

NOTE 9. RISK MANAGEMENT AND HEALTH INSURANCE

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

Property and Liability Insurance

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2014

NOTE 9. RISK MANAGEMENT AND HEALTH INSURANCE (continued)

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	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2013-2014	\$ 54	\$ -	\$ 115,350	\$ (95,132)	\$ 320,952
2012-2013	76	-	111,682	(91,604)	300,680
2011-2012	106	-	102,313	(198,008)	280,526

Health Insurance

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

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

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

Fiscal Year	Beginning of Fiscal year liability	Current year claims Changes in estimates	Claims Payments	Balance at fiscal Year end
2013-2014	\$ 535,264	\$ 2,415,000	\$ (2,401,221)	\$ 549,043
2012-2013	702,668	1,830,000	(1,997,404)	535,264
2011-2012	518,680	2,262,000	(2,078,012)	702,668

NOTE 10. DEFERRED COMPENSATION

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

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2014

NOTE 10. DEFERRED COMPENSATION (continued)

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

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

NOTE 11. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2014, 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>\$69,569</u>
Due to the General Fund from the Capital Projects fund for Interest earned	<u>\$ 116</u>

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

Interfund transfers during the year were as follows:

	<u>Transfers from Other funds</u>	<u>Transfers to Other funds</u>
General fund	\$ -	\$ 116
Capital projects	<u>116</u>	<u>-</u>
	<u>\$ 116</u>	<u>\$ 116</u>

NOTE 12. ECONOMIC DEPENDENCY

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

NOTE 13. CONTINGENT LIABILITIES

Litigation

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2014

NOTE 13. CONTINGENT LIABILITIES (continued)

Grant Programs

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

NOTE 14. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2013 to June 30, 2014 fiscal year is as follows:

Beginning balance, July 1, 2013	\$ 2,725,179
Interest earnings	149
Deposits per board resolution	450,000
Withdrawals per board resolution	
Board resolution (per approved budget)	<u>(1,915,000)</u>
Ending balance	<u><u>\$ 1,260,328</u></u>

The June 30, 2014 LRFP balance of local support costs of uncompleted capital projects is \$4,236,976. The withdrawals from Capital Reserve were for use in a DOE approved facilities project, consistent with the district's Long Range Facilities Plan.

NOTE 15. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2014, the district transferred \$ 1,915,000 to the capital outlay accounts. The transfer was made from the capital reserve account to supplement a project in the budget certified for taxes pursuant to *N.J.A.C. 6A:23A-8.4*.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2014

NOTE 16. DEFICIT FUND BALANCES

As reflected on Exhibit A-1, Statement of Net Position, a deficit in unrestricted net position of \$2,932,839 existed as of June 30, 2014 for governmental activities. The primary cause of this deficit is the District not recognizing the receivable for state aid payments and the recording of the long-term liability for compensated absences. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net Position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net position 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 \$7,589,453 General Fund balance in the fund financial statements at June 30, 2014, \$1,032,226 is reserved for encumbrances; \$2,139,672 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$2,710,697 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2015; \$1,260,328 has been reserved in the Capital Reserve Account, \$100,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2015 and \$346,530 is unreserved and undesignated.

Debt Service Fund

Of the Debt Service Fund balance at June 30, 2014, \$1 is reserved in accordance with N.J.S.A. 7F-41c(2).

NOTE 18. RELATED ORGANIZATIONS

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

NOTE 19. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2014 through November 12, 2014, the date that the financial statements were issued, for possible disclosure and recognition in the financial statements. The following items occurred subsequent to June 30, 2014.

Capital Lease

On July 30, 2014, the District entered into a lease agreement with TD Equipment Financing for the purchase of computers and transportation equipment. The principal amount deposited into an escrow account for the expenditures associated with the equipment purchase was \$1,200,000. The lease purchase is payable over 5 years with a stated annual interest rate of 1.42%.

NOTE 19. SUBSEQUENT EVENTS

Major renovations and Improvement Projects

On September 16, 2014, the Board resolved to authorize a special election to request that voters of the District authorize the issuance of bonds to finance certain capital improvement projects. The District's long range facilities plan is authorized to be amended, if necessary, in order to accommodate the capital improvements being contemplated by the bond referendum. The Business Administrator/Board Secretary was authorized to notify the appropriate parties regarding the special election.

Environmental liability

The District has engaged Management & Environmental Consulting Services Inc. (MECS) to perform compliance averaging associated with a suspected release from one 1,000-gallon heating oil underground storage tank which was removed from the Wanamassa School site in 1997. The release was reported to the New Jersey Department of Environmental Protection (DEP) on April 8, 1997. According to documents provided by Ocean Township, approximately 135 tons of contaminated soil was excavated and disposed of offsite when the tank was removed. The documents did not indicate whether soil samples were collected prior to or following the contaminated soil excavation. According to the 2009 Site Remediation Recovery Act, the Wanamassa School site is out of compliance and an environmental investigation is required. However, test results reflect that any contamination is within acceptable DEP criteria and no additional remediation is required. MECS will install one monitoring well, sample for the existence of volatile and semi-volatile organic compounds and prepare an unrestricted use response action outcome. The estimated cost is \$ 21,425.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

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OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers
REVENUES:		
Local sources:		
Local tax levy	\$ 57,501,584	\$ -
Tuition	-	-
Interest on investments	15,000	-
Capital reserve interest	1,000	-
Miscellaneous	60,000	-
Rental fee	272,000	-
Total - local sources	57,849,584	-
State sources:		
Categorical special education aid	2,305,733	-
Categorical security aid	410,359	-
Adjustment aid	3,426,175	-
Categorical transportation aid	1,326,538	-
Additional Adjustment Aid	149,709	-
Extraordinary aid	251,543	-
Aid in lieu adjustment	-	-
On-behalf post retirement medical (non-budgeted)	-	-
On-behalf TPAF pension contributions (non-budgeted)	-	-
Reimbursed TPAF social security contributions (non-budgeted)	-	-
Total - state sources	7,870,057	-
Federal sources:		
Medical assistance program	50,533	-
Total - federal sources	50,533	-
Total revenues	65,770,174	-
EXPENDITURES:		
CURRENT EXPENSE:		
Regular programs - instruction:		
Salaries of teachers:		
Preschool/kindergarten	948,575	(17,410)
Grades 1-5	6,804,802	60,000
Grades 6-8	5,061,603	-
Grades 9-12	6,556,573	(129,393)
Regular programs - home instruction:		
Salaries of teachers	43,000	5,000
Purchased professional-educational services	35,000	13,099
Regular programs - undistributed instruction:		
Other salaries for instruction	194,757	374
Purchased professional-educational services	7,000	950
Purchased technical services	207,324	(57,300)
Other purchased services (400 - 500 series)	49,544	8,480
General supplies	1,143,413	39,388
Textbooks	240,619	(9,470)
Other objects	22,092	(450)
Total regular programs	21,314,302	(86,732)

<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
\$ 57,501,584	\$ 57,501,584	\$ -
-	66,021	66,021
15,000	15,205	205
1,000	149	(851)
60,000	356,402	296,402
272,000	273,683	1,683
<u>57,849,584</u>	<u>58,213,044</u>	<u>363,460</u>
2,305,733	2,305,733	-
410,359	410,359	-
3,426,175	3,426,175	-
1,326,538	1,326,538	-
149,709	149,709	-
251,543	444,647	193,104
-	34,570	34,570
-	2,085,116	2,085,116
-	1,271,705	1,271,705
-	2,252,746	2,252,746
<u>7,870,057</u>	<u>13,707,298</u>	<u>5,837,241</u>
<u>50,533</u>	<u>77,279</u>	<u>26,746</u>
<u>50,533</u>	<u>77,279</u>	<u>26,746</u>
<u>65,770,174</u>	<u>71,997,621</u>	<u>6,227,447</u>
931,165	930,716	449
6,864,802	6,805,428	59,374
5,061,603	4,979,633	81,970
6,427,180	6,319,191	107,989
48,000	46,333	1,667
48,099	43,250	4,849
195,131	194,795	336
7,950	5,320	2,630
150,024	140,134	9,890
58,024	47,427	10,597
1,182,801	1,111,965	70,836
231,149	213,185	17,964
21,642	19,071	2,571
<u>21,227,570</u>	<u>20,856,448</u>	<u>371,122</u>

(Continued)

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>
Special education - instruction:		
Learning and/or language disabilities:		
Salaries of teachers	\$ 803,752	\$ (46,609)
Other salaries for instruction	269,511	55,157
Purchased professional-educational services	2,300	(2,300)
General supplies	12,085	(635)
Textbooks	3,635	500
	<u>1,091,283</u>	<u>6,113</u>
Total learning and/or language disabilities		
Behavioral disabilities:		
Salaries of teachers	125,260	750
Other salaries for instruction	73,456	5
General supplies	4,140	-
Textbooks	2,329	(700)
	<u>205,185</u>	<u>55</u>
Total behavioral disabilities		
Multiple disabilities:		
Salaries of teachers	284,226	(4,820)
Other salaries for instruction	152,872	(14,654)
Other Purchased Services (400-500 series)	8,050	-
General supplies	15,178	(2,500)
Textbooks	3,947	(1,000)
	<u>464,273</u>	<u>(22,974)</u>
Total multiple disabilities		
Resource room:		
Salaries of teachers	3,386,782	(81,297)
Other Salaries for Instruction	53,570	(762)
General supplies	25,870	1,580
Textbooks	7,554	6,985
	<u>3,473,776</u>	<u>(73,494)</u>
Total resource room		
Preschool disabilities - part-time:		
Salaries of teachers	460,425	(35,465)
Other salaries for instruction	114,776	9,191
Purchased Professional educational services	8,100	7,780
General supplies	9,191	(2,000)
	<u>592,492</u>	<u>(20,494)</u>
Total preschool disabilities - part-time		
Total special education - instruction	<u>5,827,009</u>	<u>(110,794)</u>
Basic skills/remedial - instruction:		
Salaries of teachers	664,916	(64,042)
Other salaries for instruction	14,406	140
Other purchased services (400 - 500 series)	200	342
General supplies	19,282	1,050
Textbooks	6,987	(794)
	<u>705,791</u>	<u>(63,304)</u>
Total basic skills/remedial - instruction		

<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
\$ 757,143	\$ 745,978	\$ 11,165
324,668	324,228	440
-	-	-
11,450	9,659	1,791
4,135	3,176	959
<u>1,097,396</u>	<u>1,083,041</u>	<u>14,355</u>
126,010	108,824	17,186
73,461	73,461	-
4,140	3,456	684
1,629	979	650
<u>205,240</u>	<u>186,720</u>	<u>18,520</u>
279,406	275,545	3,861
138,218	125,062	13,156
8,050	6,948	1,102
12,678	12,049	629
2,947	2,783	164
<u>441,299</u>	<u>422,387</u>	<u>18,912</u>
3,305,485	3,294,007	11,478
52,808	52,211	597
27,450	25,661	1,789
14,539	10,305	4,234
<u>3,400,282</u>	<u>3,382,184</u>	<u>18,098</u>
424,960	424,806	154
123,967	101,967	22,000
15,880	13,102	2,778
7,191	5,089	2,102
<u>571,998</u>	<u>544,964</u>	<u>27,034</u>
<u>5,716,215</u>	<u>5,619,296</u>	<u>96,919</u>
600,874	579,663	21,211
14,546	14,466	80
542	244	298
20,332	20,296	36
6,193	6,192	1
<u>642,487</u>	<u>620,861</u>	<u>21,626</u>

(Continued)

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>
Bilingual education - instruction:		
Salaries of teachers	\$ 694,370	\$ 24,937
Purchased professional educational services	-	229
General supplies	<u>42,519</u>	<u>(229)</u>
Total bilingual education - instruction	<u>736,889</u>	<u>24,937</u>
School sponsored cocurricular activities - instruction:		
Salaries	345,126	(6,000)
Purchased services (300 - 500 series)	32,095	6,000
Supplies and materials	8,825	-
Other objects	1,720	450
Transfers to cover deficit	<u>3,000</u>	<u>-</u>
Total school sponsored cocurricular activities - instruction	<u>390,766</u>	<u>450</u>
School sponsored athletics - instruction:		
Salaries	712,970	-
Purchased services (300 - 500 series)	170,055	-
Supplies and materials	66,854	3,500
Other objects	9,780	-
Transfers to cover deficit	<u>83,000</u>	<u>-</u>
Total school sponsored athletics - instruction	<u>1,042,659</u>	<u>3,500</u>
Total - instruction	30,017,416	(231,943)
Undistributed expenditures:		
Instruction:		
Tuition to other LEAs within state - regular	40,000	-
Tuition to other LEAs within state - special	562,917	(50,000)
Tuition to county vocational school districts - regular	684,990	(106,000)
Tuition to county vocational school districts - special	103,800	36,000
Tuition to CSSD and regional day schools	60,050	-
Tuition to private schools for disabled within state	2,811,523	(96,035)
Tuition state facilities	<u>80,429</u>	<u>-</u>
Total undistributed expenditures - instruction	<u>4,343,709</u>	<u>(216,035)</u>
Attendance and social work services:		
Salaries	82,394	-
Other purchased services	<u>20</u>	<u>200</u>
Total attendance and social work services	<u>82,414</u>	<u>200</u>
Health services:		
Salaries	463,495	-
Purchased professional and technical services	30,000	1,525
Supplies and materials	<u>18,922</u>	<u>-</u>
Total health services	<u>512,417</u>	<u>1,525</u>

<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
\$ 719,307	\$ 717,000	\$ 2,307
229	229	-
<u>42,290</u>	<u>41,925</u>	<u>365</u>
<u>761,826</u>	<u>759,154</u>	<u>2,672</u>
339,126	275,851	63,275
38,095	36,451	1,644
8,825	2,086	6,739
2,170	992	1,178
<u>3,000</u>	<u>3,000</u>	<u>-</u>
<u>391,216</u>	<u>318,380</u>	<u>72,836</u>
712,970	682,103	30,867
170,055	152,314	17,741
70,354	67,899	2,455
9,780	6,707	3,073
<u>83,000</u>	<u>68,604</u>	<u>14,396</u>
<u>1,046,159</u>	<u>977,627</u>	<u>68,532</u>
29,785,473	29,151,766	633,707
40,000	4,621	35,379
512,917	448,373	64,544
578,990	562,557	16,433
139,800	119,595	20,205
60,050	60,050	-
2,715,488	2,456,457	259,031
<u>80,429</u>	<u>-</u>	<u>80,429</u>
<u>4,127,674</u>	<u>3,651,653</u>	<u>476,021</u>
82,394	82,394	-
<u>220</u>	<u>191</u>	<u>29</u>
<u>82,614</u>	<u>82,585</u>	<u>29</u>
463,495	463,495	-
31,525	31,525	-
<u>18,922</u>	<u>14,807</u>	<u>4,115</u>
<u>513,942</u>	<u>509,827</u>	<u>4,115</u>

(Continued)

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>
Speech, occupational therapy, physical therapy, related services:		
Salaries	\$ 837,725	\$ 28,257
Purchased professional-educational services	171,100	(17,282)
Supplies and materials	6,664	700
Other objects	1,000	-
Total speech, occupational therapy, physical therapy, related services	<u>1,016,489</u>	<u>11,675</u>
Other support services - students - extra services:		
Salaries	281,420	(7,742)
Total other support services - students - extra services	<u>281,420</u>	<u>(7,742)</u>
Other support services - guidance:		
Salaries of other professional staff	1,011,862	(35,385)
Salaries of secretarial and clerical assistants	128,125	-
Other purchased services (400 - 500 series)	9,244	(1,500)
Supplies and materials	48,221	19,500
Other objects	7,885	-
Total other support services - guidance	<u>1,205,337</u>	<u>(17,385)</u>
Other support services - child study team:		
Salaries of other professional staff	1,429,740	(13,565)
Salaries of secretarial and clerical assistants	125,313	(11,640)
Purchased professional-educational services	32,500	(5,680)
Other purchased professional and technical services	22,455	-
Other purchased services (400 - 500 series)	17,075	(360)
Supplies and materials	38,946	9,000
Other objects	5,100	-
Total other support services - child study team	<u>1,671,129</u>	<u>(22,245)</u>
Improvement of instructional services:		
Salaries of supervisors of instruction	770,095	-
Salaries of other professional staff	95,314	3,060
Salaries of secretarial and clerical assistants	125,241	-
Other purchased services (400 - 500 series)	11,579	(921)
Supplies and materials	9,791	(950)
Other objects	3,000	1,000
Total improvement of instructional services	<u>1,015,020</u>	<u>2,189</u>
Educational media services/school library:		
Salaries	434,374	-
Purchased professional and technical services	3,750	-
Supplies and materials	82,002	(1,970)
Other objects	580	-
Total educational media services/school library	<u>520,706</u>	<u>(1,970)</u>

Final Budget	Actual	Variance Final to Actual
\$ 865,982	\$ 865,982	\$ -
153,818	128,815	25,003
7,364	5,113	2,251
1,000	879	121
<u>1,028,164</u>	<u>1,000,789</u>	<u>27,375</u>
 273,678	 273,166	 512
<u>273,678</u>	<u>273,166</u>	<u>512</u>
 976,477	 976,476	 1
128,125	127,925	200
7,744	6,645	1,099
67,721	58,562	9,159
7,885	7,734	151
<u>1,187,952</u>	<u>1,177,342</u>	<u>10,610</u>
 1,416,175	 1,411,444	 4,731
113,673	110,027	3,646
26,820	22,420	4,400
22,455	21,910	545
16,715	14,829	1,886
47,946	46,073	1,873
5,100	4,238	862
<u>1,648,884</u>	<u>1,630,941</u>	<u>17,943</u>
 770,095	 768,253	 1,842
98,374	91,227	7,147
125,241	125,240	1
10,658	10,263	395
8,841	6,165	2,676
4,000	3,294	706
<u>1,017,209</u>	<u>1,004,442</u>	<u>12,767</u>
 434,374	 434,301	 73
3,750	3,750	-
80,032	73,710	6,322
580	350	230
<u>518,736</u>	<u>512,111</u>	<u>6,625</u>

(Continued)

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers
Instructional staff training services:		
Salaries of other professional staff	\$ 55,210	\$ 2,040
Salaries of secretarial and clerical assistants	7,545	-
Purchased professional-educational services	4,700	-
Other purchased services (400 - 500 series)	<u>28,720</u>	<u>(2,500)</u>
Total instructional staff training services	<u>96,175</u>	<u>(460)</u>
Support services - general administration:		
Salaries	486,517	(572)
Legal services	102,972	100,000
Audit fees	34,000	4,000
Architectural/Engineering services	75,315	(19,000)
Other purchased professional services	122,500	(31,000)
Purchased technical services	18,500	8,000
Communications/telephone	291,000	(25,000)
BOE other purchased professional services	2,500	-
Other purchased services (400 - 500 series)	25,000	2,400
General supplies	17,028	(2,500)
BOE in-house training/meeting supplies	2,500	2,500
Miscellaneous expenditures	43,000	5,172
BOE membership dues and fees	<u>800</u>	<u>-</u>
Total support services - general administration	<u>1,221,632</u>	<u>44,000</u>
Support services - school administration:		
Salaries of principals/assistant principals	1,155,695	(10,629)
Salaries of other professional staff	219,870	-
Salaries of secretarial and clerical assistants	592,436	-
Other purchased services (400 - 500 series)	148,085	4,615
Supplies and materials	58,904	46,015
Other objects	<u>27,000</u>	<u>10,629</u>
Total support services - school administration	<u>2,201,990</u>	<u>50,630</u>
Central services:		
Salaries	523,440	-
Purchased professional services	70,300	10,000
Purchased technical services	86,000	-
Other purchased services (400 - 500 series)	22,515	(398)
Supplies and materials	15,400	(200)
Miscellaneous expenditures	<u>8,290</u>	<u>-</u>
Total central services	<u>725,945</u>	<u>9,402</u>
Administrative information technology:		
Salaries	567,649	9,351
Other purchased services (400 - 500 series)	<u>22,860</u>	<u>3,560</u>
Total administrative information technology	<u>590,509</u>	<u>12,911</u>

<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
\$ 57,250	\$ 56,285	\$ 965
7,545	7,544	1
4,700	1,442	3,258
<u>26,220</u>	<u>23,173</u>	<u>3,047</u>
95,715	88,444	7,271
485,945	485,743	202
202,972	173,373	29,599
38,000	34,500	3,500
56,315	38,304	18,011
91,500	77,534	13,966
26,500	20,487	6,013
266,000	220,905	45,095
2,500	1,360	1,140
27,400	11,080	16,320
14,528	4,707	9,821
5,000	4,107	893
48,172	35,851	12,321
<u>800</u>	<u>-</u>	<u>800</u>
<u>1,265,632</u>	<u>1,107,951</u>	<u>157,681</u>
1,145,066	1,145,065	1
219,870	219,870	-
592,436	584,642	7,794
152,700	139,727	12,973
104,919	49,850	55,069
<u>37,629</u>	<u>21,303</u>	<u>16,326</u>
<u>2,252,620</u>	<u>2,160,457</u>	<u>92,163</u>
523,440	523,071	369
80,300	64,540	15,760
86,000	40,659	45,341
22,117	16,082	6,035
15,200	6,646	8,554
<u>8,290</u>	<u>6,181</u>	<u>2,109</u>
<u>735,347</u>	<u>657,179</u>	<u>78,168</u>
577,000	561,193	15,807
<u>26,420</u>	<u>26,414</u>	<u>6</u>
<u>603,420</u>	<u>587,607</u>	<u>15,813</u>

(Continued)

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>
Required allowable maintenance for school facilities:		
Salaries	\$ 524,372	\$ (10,000)
Cleaning, repair and maintenance services	395,315	-
General supplies	<u>250,776</u>	<u>147,475</u>
Total required allowable maintenance for school facilities	<u>1,170,463</u>	<u>137,475</u>
Custodial services:		
Salaries	2,055,300	(3,101)
Salaries of non-instructional aids	80,500	10,000
Purchased professional and technical services	102,271	(3,250)
Cleaning, repair and maintenance services	209,823	(23,050)
Rental of land and buildings other than lease purchase agreements	17,500	-
Other purchased property services	279,550	(58,700)
Insurance	383,916	-
Miscellaneous Purchased Services	1,000	-
General supplies	377,529	(23,000)
Energy (natural gas)	508,650	46,000
Energy (electricity)	754,300	17,450
Other objects	<u>32,675</u>	<u>-</u>
Total custodial services	<u>4,803,014</u>	<u>(37,651)</u>
Care and upkeep of grounds:		
Salaries	164,989	(4,350)
Cleaning, repair and maintenance services	62,075	(38,500)
General supplies	<u>74,262</u>	<u>89,750</u>
Total care and upkeep of grounds	<u>301,326</u>	<u>46,900</u>
Security:		
Salaries	<u>142,101</u>	<u>-</u>
Total security	<u>142,101</u>	<u>-</u>
Student transportation services:		
Salaries of non-instructional aids	87,846	21,215
between home and school - regular	1,293,028	(32,215)
between home and school - special education	262,157	(4,000)
other than between home and school	70,000	(10,000)
Other purchased professional and technical services	43,000	13,000
Cleaning, repair and maintenance services	475,000	-
Contracted services (between home and school) - vendors	438,200	-
Contracted services (between home and school) - joint ventures	-	1,040
Contracted services (special education) - vendors	93,738	12,000
Contracted services (special education) - joint agreements	1,500	(1,040)
Contracted services - aid in lieu payments	125,000	(22,000)
Miscellaneous purchased services - transportation	138,141	(9,829)
General supplies	6,000	-
Transportation supplies	235,070	32,984
Other Objects	<u>20,000</u>	<u>-</u>
Total student transportation services	<u>3,288,680</u>	<u>1,155</u>

<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
\$ 514,372	\$ 484,111	\$ 30,261
395,315	291,313	104,002
398,251	162,588	235,663
<u>1,307,938</u>	<u>938,012</u>	<u>369,926</u>
2,052,199	1,987,766	64,433
90,500	87,660	2,840
99,021	82,073	16,948
186,773	125,806	60,967
17,500	9,311	8,189
220,850	208,591	12,259
383,916	378,701	5,215
1,000	355	645
354,529	321,693	32,836
554,650	539,052	15,598
771,750	768,929	2,821
32,675	23,804	8,871
<u>4,765,363</u>	<u>4,533,741</u>	<u>231,622</u>
160,639	158,429	2,210
23,575	15,285	8,290
164,012	162,670	1,342
<u>348,226</u>	<u>336,384</u>	<u>11,842</u>
142,101	141,671	430
<u>142,101</u>	<u>141,671</u>	<u>430</u>
109,061	106,437	2,624
1,260,813	1,258,679	2,134
258,157	242,182	15,975
60,000	59,535	465
56,000	55,896	104
475,000	447,172	27,828
438,200	435,445	2,755
1,040	1,031	9
105,738	94,593	11,145
460	-	460
103,000	102,008	992
128,312	111,262	17,050
6,000	5,306	694
268,054	251,572	16,482
20,000	13,837	6,163
<u>3,289,835</u>	<u>3,184,955</u>	<u>104,880</u>

(Continued)

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>
Personal services - employee benefits:		
Unallocated benefits:		
Group insurance	\$ 16,500	\$ 2,000
Social security contributions	800,000	43,000
Other retirement contribution - PERS	860,000	(45,300)
Other retirement contribution - ERIP	35,000	-
Other retirement contribution - regular	20,000	14,300
Workmen's compensation	700,866	(202,000)
Health benefits	10,064,500	200,000
Tuition reimbursement	100,000	(24,000)
Other employee benefits	106,700	24,000
Total unallocated benefits	<u>12,703,566</u>	<u>12,000</u>
On-behalf contributions:		
Post retirement medical(non-budgeted)	-	-
TPAF pension contributions (non-budgeted)	-	-
Reimbursed TPAF social security contributions (non-budgeted)	-	-
Total on-behalf contributions	<u>-</u>	<u>-</u>
Total personal services - employee benefits	<u>12,703,566</u>	<u>12,000</u>
Total undistributed expenditures	<u>37,894,042</u>	<u>26,574</u>
Total general current expense	<u>67,911,458</u>	<u>(205,369)</u>
CAPITAL OUTLAY:		
Undistributed expenditures:		
School-spons. & other instruction program	5,822	17,528
General administration	2,000	(2,000)
School administration	104,957	10,900
Required maintenance school facilities	158,503	26,495
Custodial services	26,352	(7,057)
Care and upkeep of grounds	64,544	(6,104)
School Buses Regular	319,669	(96,100)
Total equipment	<u>681,847</u>	<u>(56,338)</u>
Facilities acquisition and construction services:		
Construction services	1,915,000	290,395
Assessment for Debt Service	92,659	(32,567)
Transfer to capital projects	-	-
Total facilities acquisition and construction services	<u>2,007,659</u>	<u>257,828</u>
Interest Deposit to Capital Reserve	1,000	-
Assets acquired under capital leases (non-budgeted)		
School Administration	<u>-</u>	<u>-</u>
	<u>1,000</u>	<u>-</u>
Total capital outlay	<u>2,690,506</u>	<u>201,490</u>

<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
\$ 18,500	\$ 15,094	\$ 3,406
843,000	837,723	5,277
814,700	791,412	23,288
35,000	33,137	1,863
34,300	34,095	205
498,866	485,263	13,603
10,264,500	9,978,055	286,445
76,000	69,521	6,479
130,700	127,858	2,842
<u>12,715,566</u>	<u>12,372,158</u>	<u>343,408</u>
-	2,085,116	(2,085,116)
-	1,271,705	(1,271,705)
-	<u>2,252,746</u>	<u>(2,252,746)</u>
-	5,609,567	(5,609,567)
<u>12,715,566</u>	<u>17,981,725</u>	<u>(5,266,159)</u>
<u>37,920,616</u>	<u>41,560,982</u>	<u>(3,640,366)</u>
<u>67,706,089</u>	<u>70,712,748</u>	<u>(3,006,659)</u>
23,350	23,350	-
-	-	-
115,857	115,847	10
184,998	172,396	12,602
19,295	19,295	-
58,440	58,439	1
223,569	159,669	63,900
<u>625,509</u>	<u>548,996</u>	<u>76,513</u>
2,205,395	1,660,435	544,960
60,092	60,092	-
-	-	-
<u>2,265,487</u>	<u>1,720,527</u>	<u>544,960</u>
1,000	-	1,000
-	6,688	(6,688)
1,000	6,688	(5,688)
<u>2,891,996</u>	<u>2,276,211</u>	<u>615,785</u>

(Continued)

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>
SPECIAL SCHOOLS:		
Summer school - instruction:		
Salaries of teachers	\$ 91,730	\$ (6,025)
Other salaries for instruction	66,283	10,250
Purchased professional and technical services	26,250	(3,326)
General supplies	1,500	2,980
	<u>185,763</u>	<u>3,879</u>
Total special schools	<u>185,763</u>	<u>3,879</u>
Transfer of funds to Charter School	<u>60,000</u>	<u>-</u>
Total expenditures	<u>70,847,727</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,077,553)</u>	<u>-</u>
Other financing sources (uses):		
Operating transfers in:		
Transfer from capital projects	-	-
Capital lease proceeds	-	-
FEMA Reimbursement	-	-
Sale of Assets	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	<u>(5,077,553)</u>	<u>-</u>
Fund balance, July 1	<u>9,956,152</u>	<u>-</u>
Fund balance, June 30	<u><u>\$ 4,878,599</u></u>	<u><u>\$ -</u></u>
Recapitulation		
Restricted fund balance:		
Capital reserve		
Excess surplus - designated for subsequent year's expenditures		
Excess surplus - current year		
Assigned fund balances:		
Designated for subsequent year's expenditures		
Unassigned fund balances		
Reconciliation to governmental funds statements (GAAP)		
Last state aid payment not recognized on GAAP basis		
Fund Balance per governmental funds (GAAP)		

<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
\$ 85,705	\$ 85,705	\$ -
76,533	76,531	2
22,924	22,924	-
4,480	3,118	1,362
<u>189,642</u>	<u>188,278</u>	<u>1,364</u>
189,642	188,278	1,364
<u>60,000</u>	<u>47,307</u>	<u>12,693</u>
<u>70,847,727</u>	<u>73,224,544</u>	<u>(2,376,817)</u>
<u>(5,077,553)</u>	<u>(1,226,923)</u>	<u>3,850,630</u>
-	116	116
-	6,688	6,688
-	83,042	83,042
-	3,688	3,688
-	<u>93,534</u>	<u>93,534</u>
(5,077,553)	(1,133,389)	3,944,164
<u>9,956,152</u>	<u>9,956,152</u>	<u>-</u>
<u>\$ 4,878,599</u>	<u>\$ 8,822,763</u>	<u>\$ 3,944,164</u>
	\$ 1,260,328	
	2,710,697	
	2,139,672	
	1,132,226	
	<u>1,579,840</u>	
	8,822,763	
	<u>(1,233,310)</u>	
	<u>\$ 7,589,453</u>	

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>
REVENUES:		
State sources	\$ 436,977	\$ 146,668
Federal sources	<u>1,318,349</u>	<u>248,434</u>
Total Revenues	<u>1,755,326</u>	<u>395,102</u>
EXPENDITURES:		
Instruction		
Salaries of teachers	131,704	262,421
Other salaries for instruction	841,788	(325,350)
Purchased professional and technical services	53,106	24,796
General supplies	344,857	(320,745)
Textbooks	30,226	8,828
Tuition		240,509
Miscellaneous purchased services	<u>353,645</u>	<u>122,939</u>
Total Instruction	<u>1,755,326</u>	<u>13,398</u>
Support Services		
Salaries of secretaries and clerical assistants	-	72,000
Personal services - employee benefits	-	90,007
Purchased professional services	-	217,906
Travel	<u>-</u>	<u>1,791</u>
Total Support Services	<u>-</u>	<u>381,704</u>
Total Expenditures	<u>1,755,326</u>	<u>395,102</u>
Total Outflows	<u>1,755,326</u>	<u>395,102</u>
Excess (Deficiency) of Revenues Over (Under)		
Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>

Final Budget	Actual	Variance Final to Actual
\$ 583,645	\$ 503,717	\$ (79,928)
<u>1,566,783</u>	<u>1,553,258</u>	<u>(13,525)</u>
<u>2,150,428</u>	<u>2,056,975</u>	<u>(93,453)</u>
394,125	394,125	-
516,438	516,438	-
77,902	75,923	1,979
24,112	23,233	879
39,054	36,917	2,137
240,509	240,509	-
476,584	400,773	75,811
<u>1,768,724</u>	<u>1,687,918</u>	<u>80,806</u>
72,000	72,000	-
90,007	90,006	1
217,906	205,260	12,646
<u>1,791</u>	<u>1,791</u>	<u>-</u>
<u>381,704</u>	<u>369,057</u>	<u>12,647</u>
<u>2,150,428</u>	<u>2,056,975</u>	<u>93,453</u>
<u>2,150,428</u>	<u>2,056,975</u>	<u>93,453</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

OCEAN TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Budget-to-GAAP Reconciliation
Fiscal Year ended June 30, 2014

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 71,808,035	\$ 2,056,975
Difference - budget to GAAP:		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until subsequent year.	(1,233,310)	-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	<u>1,063,206</u>	<u>-</u>
 Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	 <u>\$ 71,637,931</u>	 <u>\$ 2,056,975</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 73,224,544	\$ 2,056,975
 Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	 <u>\$ 73,224,544</u>	 <u>\$ 2,056,975</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

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

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OCEAN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2014

	I.D.E.A. Part B		
	Regular		Preschool
	2012-2013	2013-2014	2013-2014
REVENUES:			
State sources	\$ -	\$ -	\$ -
Federal sources	27,532	953,790	38,029
Total revenues	<u>\$ 27,532</u>	<u>\$ 953,790</u>	<u>\$ 38,029</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers	\$ -	\$ -	\$ -
Other salaries for instruction	-	472,787	37,520
Purchased professional and technical services	-	-	-
General supplies	-	-	-
Textbooks	-	-	-
Tuition	-	240,000	509
Miscellaneous purchased services	-	-	-
Total instruction	<u>-</u>	<u>712,787</u>	<u>38,029</u>
Support services:			
Salaries of secretarial and clerical assistants	-	72,000	-
Personal services - employee benefits	-	-	-
Purchased professional and technical services	27,532	169,003	-
Travel	-	-	-
Total support services	<u>27,532</u>	<u>241,003</u>	<u>-</u>
Total expenditures	<u>\$ 27,532</u>	<u>\$ 953,790</u>	<u>\$ 38,029</u>

Title I Basic 2013-2014	Race to the Top 2013-2014	Total Other Special Projects (Ex. E-1a)	Total Nonpublic Programs (Ex. E-1b)	Totals 2014
\$ -	\$ -	\$ -	\$ 503,717	\$ 503,717
362,830	7,500	163,577	-	1,553,258
<u>\$ 362,830</u>	<u>\$ 7,500</u>	<u>\$ 163,577</u>	<u>\$ 503,717</u>	<u>\$ 2,056,975</u>
\$ 293,488	\$ -	\$ 100,637	\$ -	\$ 394,125
-	-	6,131	-	516,438
-	-	2,520	73,403	75,923
-	-	23,233	-	23,233
-	-	-	36,917	36,917
-	-	-	-	240,509
-	-	7,376	393,397	400,773
<u>293,488</u>	<u>-</u>	<u>139,897</u>	<u>503,717</u>	<u>1,687,918</u>
-	-	-	-	72,000
69,342	-	20,664	-	90,006
-	7,500	1,225	-	205,260
-	-	1,791	-	1,791
<u>69,342</u>	<u>7,500</u>	<u>23,680</u>	<u>-</u>	<u>369,057</u>
<u>\$ 362,830</u>	<u>\$ 7,500</u>	<u>\$ 163,577</u>	<u>\$ 503,717</u>	<u>\$ 2,056,975</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis (Continued)
For the Fiscal Year Ended June 30, 2014

	Title II, Part A Teacher and Principal Training & Recruiting		Title III Part A	Title III Immigrant	Carry forward to E-1 Total Other Special Projects
	2012-2013	2013-2014	2013-2014	2013-2014	
REVENUES:					
Federal sources	\$ 1,240	\$ 91,961	\$ 53,050	\$ 17,326	\$ 163,577
Total revenues	<u>\$ 1,240</u>	<u>\$ 91,961</u>	<u>\$ 53,050</u>	<u>\$ 17,326</u>	<u>\$ 163,577</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ -	\$ 63,000	\$ 37,637	\$ -	\$ 100,637
Other salaries for instruction	1,240	4,891	-	-	6,131
Purchased professional and technical services	-	-	2,520	-	2,520
General supplies	-	3,462	2,445	17,326	23,233
Miscellaneous purchased services	-	7,376	-	-	7,376
Total instruction	<u>1,240</u>	<u>78,729</u>	<u>42,602</u>	<u>17,326</u>	<u>139,897</u>
Support services:					
Personal services - employee benefits	-	12,007	8,657	-	20,664
Purchased professional and technical services	-	1,225	-	-	1,225
Travel	-	-	1,791	-	1,791
Total support services	<u>-</u>	<u>13,232</u>	<u>10,448</u>	<u>-</u>	<u>23,680</u>
Total expenditures	<u>\$ 1,240</u>	<u>\$ 91,961</u>	<u>\$ 53,050</u>	<u>\$ 17,326</u>	<u>\$ 163,577</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis (Continued)
For the Fiscal Year Ended June 30, 2014

	<u>N.J. Nonpublic Handicapped Services Ch. 193</u>			<u>N.J. Nonpublic Auxiliary Services Ch. 192</u>
	<u>Examination and Classification</u>	<u>Corrective Speech</u>	<u>Supplemental Instruction</u>	<u>Compensatory</u>
REVENUES:				
State sources	\$ 104,818	\$ 32,811	\$ 85,966	\$ 167,772
Total revenues	<u>\$ 104,818</u>	<u>\$ 32,811</u>	<u>\$ 85,966</u>	<u>\$ 167,772</u>
EXPENDITURES:				
Instruction:				
Purchased professional and technical services	\$ -	\$ -	\$ -	\$ -
Textbooks	-	-	-	-
Other purchased services	104,818	32,811	85,966	167,772
Total instruction	<u>104,818</u>	<u>32,811</u>	<u>85,966</u>	<u>167,772</u>
Total expenditures	<u>\$ 104,818</u>	<u>\$ 32,811</u>	<u>\$ 85,966</u>	<u>\$ 167,772</u>

<u>Nonpublic Nursing</u>	<u>Nonpublic Textbooks</u>	<u>Nonpublic Technology</u>	<u>Home Instruction</u>	<u>Carry forward to E-1 Total Nonpublic Programs</u>
\$ 59,188	\$ 36,917	\$ 14,215	\$ 2,030	\$ 503,717
<u>\$ 59,188</u>	<u>\$ 36,917</u>	<u>\$ 14,215</u>	<u>\$ 2,030</u>	<u>\$ 503,717</u>
\$ 59,188	\$ -	\$ 14,215	\$ -	\$ 73,403
-	36,917	-	-	36,917
-	-	-	2,030	393,397
<u>59,188</u>	<u>36,917</u>	<u>14,215</u>	<u>2,030</u>	<u>503,717</u>
<u>\$ 59,188</u>	<u>\$ 36,917</u>	<u>\$ 14,215</u>	<u>\$ 2,030</u>	<u>\$ 503,717</u>

CAPITAL PROJECTS FUND DETAIL STATEMENTS

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2014

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>GAAP Expenditures to Date</u>		<u>Unexpended Appropriations June 30, 2014</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Energy Savings Improvement Plan	5/21/2013	\$ 3,433,934	\$ -	\$ 3,258,728	\$ 175,206
Totals		<u>\$ 3,433,934</u>	<u>\$ -</u>	<u>\$ 3,258,728</u>	<u>\$ 175,206</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, 2014

Revenues and Other Financing Sources

State sources	\$ -
Capital lease proceeds	3,433,934
Total revenues	<u>3,433,934</u>

Expenditures and Other Financing Uses

Purchased professional and technical services	26,934
Construction services	3,182,680
Other objects	49,114
Total expenditures	<u>3,258,728</u>

Excess (deficiency) of revenues over (under) expenditures 175,206

Fund balance - beginning -

Fund balance - ending \$ 175,206

OCEAN TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Energy Savings Improvement Plan
From Inception and for the Fiscal Year Ended June 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Capital lease proceeds and transfers	\$ -	\$ 3,433,934	\$ 3,433,934	\$ 3,433,934
Total revenues	-	3,433,934	3,433,934	3,433,934
Expenditures and Other Financing Uses				
Purchased professional and technical services	-	26,934	26,934	66,139
Construction services	-	3,182,680	3,182,680	3,227,795
Other objects	-	49,114	49,114	140,000
Total expenditures	-	3,258,728	3,258,728	3,433,934
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 175,206</u>	<u>\$ 175,206</u>	<u>\$ -</u>
Additional project information				
Lease number	40102702			
Escrow Number	76-8183-01-4			
Agreement Date	8/1/2013			
Original authorized cost	\$ 3,433,934			
Revised authorized cost	\$ 3,433,934			
Percentage increase over original authorized cost	0%			
Percentage completion	95%			
Original target completion date	September 2014			
Revised target completion date	September 2014			

PROPRIETARY FUNDS DETAIL STATEMENTS

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

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

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

FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

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

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

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

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

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OCEAN TOWNSHIP SCHOOL DISTRICT
Combining Statement of Fiduciary Net Position
Trust and Agency Funds
June 30, 2014

	<u>Unemployment Compensation</u>	<u>Trust Private Purpose</u>	<u>Total Trust Fund</u>
ASSETS:			
Cash and cash equivalents	\$ 337,900	\$ 26,726	\$ 364,626
Total assets	<u>337,900</u>	<u>26,726</u>	<u>364,626</u>
LIABILITIES:			
Payroll deductions and withholdings	16,948	-	16,948
Due to student groups	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>16,948</u>	<u>-</u>	<u>16,948</u>
NET POSITION:			
Reserved	<u>320,952</u>	<u>26,726</u>	<u>347,678</u>
Total net position	<u>\$ 320,952</u>	<u>\$ 26,726</u>	<u>\$ 347,678</u>

<u>Student Activity</u>	<u>Agency</u>	
	<u>Payroll</u>	<u>Total Agency Fund</u>
\$ 356,758	\$ 1,509,271	\$ 1,866,029
<u>\$ 356,758</u>	<u>\$ 1,509,271</u>	<u>\$ 1,866,029</u>
\$ -	\$ 1,509,271	\$ 1,509,271
356,758	-	356,758
<u>\$ 356,758</u>	<u>\$ 1,509,271</u>	<u>\$ 1,866,029</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2014

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Total Trusts</u>
ADDITIONS:			
Contributions			
Plan member	\$ 115,350	\$ -	\$ 115,350
Other	-	4,625	4,625
Total contributions	<u>115,350</u>	<u>4,625</u>	<u>119,975</u>
Investment earnings			
Interest	54	-	54
Net investment earnings	<u>54</u>	<u>-</u>	<u>54</u>
Total Additions	<u>115,404</u>	<u>4,625</u>	<u>120,029</u>
DEDUCTIONS:			
Quarterly contribution reports	50,982	-	50,982
Unemployment claims	44,150	-	44,150
Scholarships awarded	-	14,425	14,425
Total Deductions	<u>95,132</u>	<u>14,425</u>	<u>109,557</u>
Change in Net Position	20,272	(9,800)	10,472
Net Position - Beginning of Year	<u>300,680</u>	<u>36,526</u>	<u>337,206</u>
Net Position - End of Year	<u>\$ 320,952</u>	<u>\$ 26,726</u>	<u>\$ 347,678</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2014</u>
ELEMENTARY SCHOOLS:				
Ocean Township Elementary	\$ 4,235	\$ 6,730	\$ 8,269	\$ 2,696
Wayside Elementary	9,258	7,509	6,191	10,576
Wanamassa Elementary	<u>6,854</u>	<u>2,868</u>	<u>4,163</u>	<u>5,559</u>
Total elementary schools	<u>20,347</u>	<u>17,107</u>	<u>18,623</u>	<u>18,831</u>
INTERMEDIATE SCHOOL	<u>67,648</u>	<u>84,238</u>	<u>79,112</u>	<u>72,774</u>
HIGH SCHOOL	<u>296,748</u>	<u>491,331</u>	<u>522,926</u>	<u>265,153</u>
Total all schools	<u><u>\$ 384,743</u></u>	<u><u>\$ 592,676</u></u>	<u><u>\$ 620,661</u></u>	<u><u>\$ 356,758</u></u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2014

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
ASSETS:				
Cash and cash equivalents	\$ 1,342,140	\$ 21,964,633	\$ 21,797,502	\$ 1,509,271
Total assets	<u>\$ 1,342,140</u>	<u>\$ 21,964,633</u>	<u>\$ 21,797,502</u>	<u>\$ 1,509,271</u>
LIABILITIES:				
Payroll deductions and withholdings	\$ 1,342,140	\$ 21,964,633	\$ 21,797,502	\$ 1,509,271
Total liabilities	<u>\$ 1,342,140</u>	<u>\$ 21,964,633</u>	<u>\$ 21,797,502</u>	<u>\$ 1,509,271</u>

LONG-TERM DEBT SCHEDULES

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

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OCEAN TOWNSHIP SCHOOL DISTRICT
Long Term Debt
Schedule of Serial Bonds
As of June 30, 2014

Issue	Date of Issue	Amount of Issue	Annual Maturities	
			Date	Amount
School renovations and additions (Refunding Issue 1999)	5/1/1999	\$ 8,275,000	6/1/2015	1,490,000
School renovations and additions (Refunding Issue 2010)	10/20/2010	8,585,000	3/1/2015	865,000
			3/1/2016	860,000
			3/1/2017	850,000
			3/1/2018	845,000
			3/1/2019	835,000
			3/1/2020	830,000
			3/1/2021	825,000
			3/1/2022	820,000
School bonds - Energy project	9/1/2007	6,113,000	9/1/2014	390,000
			9/1/2015	405,000
			9/1/2016	425,000
			9/1/2017	445,000
			9/1/2018	465,000
			9/1/2019	485,000
			9/1/2020	505,000
			9/1/2021	510,000
			9/1/2022	515,000

<u>Interest Rate</u>	<u>Balance July 1, 2013</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2014</u>
3.50%	\$ 2,930,000	\$ -	\$ 1,440,000	\$ 1,490,000
4.000%	7,605,000	-	875,000	6,730,000
4.000%				
4.000%				
4.000%				
4.000%				
4.000%				
4.000%				
4.125%	4,520,000	-	375,000	4,145,000
4.125%				
4.125%				
4.125%				
4.125%				
4.125%				
4.200%				
4.250%				
	<u>\$ 15,055,000</u>	<u>\$ -</u>	<u>\$ 2,690,000</u>	<u>\$ 12,365,000</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Long Term Debt
Schedule of Obligations under Capital Lease
As of June 30, 2014

<u>Description</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2013</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2014</u>
Savin Copiers	\$ 137,942	\$ 97,909	\$ -	\$ 26,957	\$ 70,952
Savin Copiers	\$ 6,688	-	6,688	868	5,820
Energy Saving Improvement Project	\$ 3,433,934	-	3,433,934	-	3,433,934
		<u>\$ 97,909</u>	<u>\$ 3,440,622</u>	<u>\$ 27,825</u>	<u>\$ 3,510,706</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 3,055,830	\$ -	\$ 3,055,830	\$ 3,055,830	\$ -
State sources:					
Debt service aid - Type II	188,612	-	188,612	188,612	-
Total revenues	<u>3,244,442</u>	<u>-</u>	<u>3,244,442</u>	<u>3,244,442</u>	<u>-</u>
EXPENDITURES:					
Regular debt service:					
Interest	554,442	-	554,442	554,442	-
Redemption of principal	2,690,000	-	2,690,000	2,690,000	-
Total expenditures	<u>3,244,442</u>	<u>-</u>	<u>3,244,442</u>	<u>3,244,442</u>	<u>-</u>
Fund balances, July 1	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund balances, June 30	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>
<u>Recapitulation of Excess (Deficiency)</u>					
<u>of Revenues Over (Under) Expenditures</u>					
Budgeted fund balance	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>

Ocean Township School District Statistical Section (Unaudited)

Contents

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Financial Trends

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

Revenue Capacity

84 - 89

These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

Debt Capacity

90 - 93

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

Demographic and Economic Information

94 - 95

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information

96 - 102

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

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

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 26,199,311	\$ 23,103,432	\$ 20,862,685	\$ 18,865,230
Restricted	7,421,919	8,599,305	7,896,093	5,283,098
Unrestricted	(2,932,839)	(3,018,695)	(3,165,792)	(3,049,861)
Total governmental activities net position	<u>\$ 30,688,391</u>	<u>\$ 28,684,042</u>	<u>\$ 25,592,986</u>	<u>\$ 21,098,467</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 55,812	\$ 64,921	\$ 76,535	\$ 64,236
Restricted	-	-	-	-
Unrestricted	38,867	55,533	(34,970)	25,685
Total business-type activities net position	<u>\$ 94,679</u>	<u>\$ 120,454</u>	<u>\$ 41,565</u>	<u>\$ 89,921</u>
District-wide				
Invested in capital assets, net of related debt	\$ 26,255,123	\$ 23,168,353	\$ 20,939,220	\$ 18,929,466
Restricted	7,421,919	8,599,305	7,896,093	5,283,098
Unrestricted	(2,893,972)	(2,963,162)	(3,200,762)	(3,024,176)
Total district-wide net position	<u>\$ 30,783,070</u>	<u>\$ 28,804,496</u>	<u>\$ 25,634,551</u>	<u>\$ 21,188,388</u>

Source: District records

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

<u>June 30, 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>
\$ 17,705,236	\$ 15,953,571	\$ 12,398,864	\$ 13,212,935	\$ 12,141,494	\$ 10,977,152
3,534,807	5,976,604	8,712,095	3,296,371	3,298,375	4,455,473
(2,549,999)	(3,078,273)	(2,223,231)	766,275	(890,211)	(1,016,536)
<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>
\$ 77,390	\$ 92,319	\$ 109,160	\$ 126,232	\$ 139,309	\$ 136,124
(7,461)	17,751	(62,448)	(31,374)	(20,121)	8,992
<u>\$ 69,929</u>	<u>\$ 110,070</u>	<u>\$ 46,712</u>	<u>\$ 94,858</u>	<u>\$ 119,188</u>	<u>\$ 145,116</u>
\$ 17,782,626	\$ 16,045,890	\$ 12,508,024	\$ 13,339,167	\$ 12,280,803	\$ 11,113,276
3,534,807	5,976,604	8,712,095	3,296,371	3,298,375	4,455,473
(2,557,460)	(3,060,522)	(2,285,679)	734,901	(910,332)	(1,007,544)
<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>

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

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Expenses			
Governmental activities			
Instruction			
Regular	\$ 32,519,106	\$ 31,710,830	\$ 31,201,908
Special education	8,250,188	7,949,249	7,304,546
Other special education	2,057,503	1,779,028	1,601,960
Other instruction	1,644,512	1,568,092	1,545,146
Support Services			
Instruction	4,020,710	4,702,295	3,265,613
Student & instruction related services	9,144,162	9,073,914	9,260,790
School administrative services	3,071,142	3,022,176	2,943,430
General administrative services	1,300,236	1,217,809	1,130,936
Central services and administrative information technology	1,668,114	1,555,888	1,475,749
Plant operations and maintenance	6,952,515	6,580,843	6,786,929
Pupil transportation	3,908,356	4,245,998	3,917,781
Special Schools	188,275	159,880	156,620
Charter schools	47,307	43,184	21,473
Interest on long-term debt	545,646	627,280	716,154
Total governmental activities expenses	<u>75,317,772</u>	<u>74,236,466</u>	<u>71,329,035</u>
Business-type activities:			
Food service	1,202,792	1,173,646	1,237,158
Total business-type activities expense	<u>1,202,792</u>	<u>1,173,646</u>	<u>1,237,158</u>
Total district expenses	<u>\$ 76,520,564</u>	<u>\$ 75,410,112</u>	<u>\$ 72,566,193</u>
Program Revenues			
Governmental activities:			
Charges for services:			
Instruction (tuition)	\$ -	\$ -	\$ -
Support services	273,683	259,327	267,470
Special schools	66,021	6,813	20,698
Operating grants and contributions	7,932,435	9,107,433	8,276,785
Total governmental activities program revenues	<u>8,272,139</u>	<u>9,373,573</u>	<u>8,564,953</u>
Business-type activities			
Charges for services:			
Food service	645,088	634,851	710,173
Operating grants and contributions	531,929	467,684	478,629
Total business-type activities program revenues	<u>1,177,017</u>	<u>1,102,535</u>	<u>1,188,802</u>
Total district program revenues	<u>\$ 9,449,156</u>	<u>\$ 10,476,108</u>	<u>\$ 9,753,755</u>
Net (Expense) Revenue			
Governmental activities	\$ (67,045,633)	\$ (64,862,893)	\$ (62,764,082)
Business-type activities	(25,775)	(71,111)	(48,356)
Total district-wide net expense	<u>\$ (67,071,408)</u>	<u>\$ (64,934,004)</u>	<u>\$ (62,812,438)</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>
\$ 30,672,356	\$ 30,869,776	\$ 29,853,090	\$ 31,403,830	\$ 30,493,052	\$ 28,727,656	\$ 27,139,122
6,672,604	6,760,065	6,685,215	6,787,935	6,641,597	5,702,888	4,847,330
1,345,531	1,988,821	2,017,043	2,062,716	1,688,817	1,608,853	1,544,172
1,457,112	1,455,524	1,397,145	1,536,734	1,506,792	1,459,389	1,738,116
3,992,315	3,434,045	3,292,240	2,971,655	2,396,367	2,482,940	2,157,695
8,252,664	8,335,122	7,943,866	6,745,992	6,807,909	6,356,887	5,509,657
2,820,723	3,370,056	3,372,965	3,086,920	3,023,913	2,336,634	2,623,838
1,164,642	1,146,016	1,161,748	1,086,689	1,173,956	1,919,276	1,297,524
1,432,837	1,557,977	1,218,126	848,343	606,651	725,358	726,953
7,004,447	6,924,274	7,338,569	7,668,599	7,001,421	7,027,307	6,103,272
3,908,346	3,918,662	3,913,472	3,745,741	3,672,414	3,559,049	3,112,889
164,599	187,863	190,883	179,677	194,374	83,692	76,322
30,545	57,636	15,348	2,793	-	-	-
1,460,077	1,007,071	1,308,884	1,245,843	1,107,017	1,172,100	1,231,377
<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>
1,192,783	1,141,723	1,132,607	1,105,399	1,077,716	1,105,246	1,140,614
1,192,783	1,141,723	1,132,607	1,105,399	1,077,716	1,105,246	1,140,614
<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>
\$ -	\$ 24,968	\$ 53,793	\$ -	\$ 36,343	\$ 33,833	\$ 46,343
263,729	227,401	194,755	174,100	-	-	-
19,600	-	15,175	23,075	-	-	-
7,569,905	7,219,481	6,961,117	8,861,298	-	-	-
<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>
689,179	710,072	739,032	782,304	796,280	834,191	870,329
423,596	391,510	356,933	274,949	257,106	245,127	246,321
1,112,775	1,101,582	1,095,965	1,057,253	1,053,386	1,079,318	1,116,650
<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>
\$ (62,525,564)	\$ (63,541,058)	\$ (62,483,754)	\$ (60,314,994)	\$ (66,277,937)	\$ (63,128,196)	\$ (58,061,924)
(80,008)	(40,141)	(36,642)	(48,146)	(24,330)	(25,928)	(23,964)
<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>

(Continued)

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

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
General Revenues and Other Changes in Net Position			
Governmental activities			
Property taxes levied for general purposes, net	\$ 57,501,584	\$ 56,734,353	\$ 55,724,474
Taxes levied for debt service	3,055,830	3,092,317	3,093,434
Federal and state aid not restricted	7,927,627	7,983,334	8,117,177
Investment earnings	15,354	18,898	13,824
Transfers	116	(150,000)	-
Gain on disposal of capital assets	-	-	17,982
Miscellaneous income	549,471	275,047	291,709
Total governmental activities	<u>69,049,982</u>	<u>67,953,949</u>	<u>67,258,600</u>
Business-type activities:			
Investment earnings	-	-	-
Transfers	-	150,000	-
Total business-type activities	<u>-</u>	<u>150,000</u>	<u>-</u>
Total district-wide	<u><u>\$ 69,049,982</u></u>	<u><u>\$ 68,103,949</u></u>	<u><u>\$ 67,258,600</u></u>
Change in Net Position			
Governmental activities	\$ 2,004,349	\$ 3,091,056	\$ 4,494,518
Business-type activities	(25,775)	78,889	(48,356)
Total district	<u><u>\$ 1,978,574</u></u>	<u><u>\$ 3,169,945</u></u>	<u><u>\$ 4,446,162</u></u>

Source: District records

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

<u>June 30, 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>
\$ 54,408,683	\$ 52,051,910	\$ 50,344,384	\$ 49,485,090	\$ 47,642,573	\$ 44,143,259	\$ 42,722,698
3,118,052	3,111,333	2,583,653	2,213,751	2,844,064	2,767,546	2,669,748
7,204,310	8,105,252	9,334,996	9,481,032	17,700,801	15,879,559	14,974,249
16,408	25,053	216,587	683,044	550,626	279,564	168,451
(100,000)	-	(100,000)	-	-	-	-
18,093	-	-	-	-	-	-
268,441	85,652	68,308	64,222	265,796	191,836	256,117
<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>
-	-	-	-	-	-	698
100,000	-	100,000	-	-	-	-
100,000	-	100,000	-	-	-	698
<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>
\$ 2,408,423	\$ (161,858)	\$ (35,826)	\$ 1,612,145	\$ 2,725,923	\$ 133,568	\$ 2,729,339
19,992	(40,141)	63,358	(48,146)	(24,330)	(25,928)	(23,266)
<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>

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

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
General Fund				
Reserved	\$ 7,242,923	\$ 8,599,304	\$ 7,896,091	\$ 5,226,328
Unreserved	346,530	293,642	217,629	304,658
Total general fund	<u>\$ 7,589,453</u>	<u>\$ 8,892,946</u>	<u>\$ 8,113,720</u>	<u>\$ 5,530,986</u>
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved				
Special revenue fund	-	-	-	-
Capital projects fund	175,206	-	-	-
Debt service fund	1	1	2	56,770
Permanent fund	-	-	-	-
Total all other governmental funds	<u>\$ 175,207</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 56,770</u>

Source: District records

<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>
\$ 3,143,340	\$ 5,181,541	\$ 5,524,096	\$ 3,981,396	\$ 2,635,632	\$ 3,107,174
366,564	657,209	944,332	839,919	743,859	1,415,253
<u>\$ 3,509,904</u>	<u>\$ 5,838,750</u>	<u>\$ 6,468,428</u>	<u>\$ 4,821,315</u>	<u>\$ 3,379,491</u>	<u>\$ 4,522,427</u>
\$ 86,685	\$ -	\$ 1,840,890	\$ 21,038	\$ 28,637	\$ -
-	-	(5,522)	(8,628)	(7,419)	(8,309)
-	295,061	1,097,108	1,758,053	1,812,461	1,884,695
94,781	2	1	1	1	1
-	-	-	-	-	-
<u>\$ 181,466</u>	<u>\$ 295,063</u>	<u>\$ 2,932,477</u>	<u>\$ 1,770,464</u>	<u>\$ 1,833,680</u>	<u>\$ 1,876,387</u>

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

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Revenues				
Tax levy	\$ 60,557,414	\$ 59,826,670	\$ 58,817,908	\$ 57,526,735
Tuition charges	66,021	6,813	20,698	19,600
Transportation fee	-	-	-	8,840
Interest earnings	15,470	18,898	13,824	16,408
Miscellaneous	630,085	428,034	452,838	402,607
State sources	14,229,523	15,227,408	13,806,616	12,275,813
Federal sources	1,630,537	1,863,358	2,587,346	2,498,402
Total revenue	<u>77,129,050</u>	<u>77,371,181</u>	<u>75,699,230</u>	<u>72,748,405</u>
Expenditures				
Instruction:				
Regular Instruction	22,544,366	21,787,047	21,843,058	21,897,306
Special education instruction	5,619,296	5,308,236	5,001,480	4,582,938
Other special instruction	1,380,015	1,187,303	1,071,086	919,375
Other instruction	1,296,007	1,251,072	1,218,492	1,150,970
Support Services:				
Instruction	4,020,710	4,702,295	3,265,613	3,992,315
Student & inst. related services	6,279,647	6,224,530	6,595,331	5,816,263
General & business administrative services	1,107,951	1,033,549	946,485	992,083
School administrative services	2,160,457	2,120,028	2,088,832	2,036,891
Central services	657,179	646,807	658,153	649,609
Administrative information technology	587,607	532,987	455,117	437,484
Plant operations and maintenance	5,949,808	5,663,134	5,835,371	6,134,451
Pupil transportation	3,184,955	3,236,620	3,151,643	3,115,311
Unallocated benefits	17,981,725	18,004,332	16,491,099	15,192,995
Special Schools	188,278	159,880	156,620	164,599
Transfer to Charter Schools	47,307	43,184	21,473	30,545
Capital outlay	5,534,939	1,261,704	1,193,799	344,535
Debt service:				
Principal	2,690,000	2,645,000	2,610,000	2,530,000
Interest and other charges	554,442	634,248	726,908	812,332
Total expenditures	<u>81,784,689</u>	<u>76,441,956</u>	<u>73,330,560</u>	<u>70,800,002</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>(4,655,639)</u>	<u>929,225</u>	<u>2,368,670</u>	<u>1,948,403</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>
\$ 55,163,243	\$ 52,928,037	\$ 51,698,841	\$ 50,486,637	\$ 46,910,805	\$ 45,392,446
24,968	68,967	23,075	36,343	33,833	46,343
-	-	-	-	-	-
25,053	216,587	683,044	550,626	279,564	168,451
267,337	532,621	238,322	265,796	191,836	256,117
13,113,096	14,640,564	16,885,039	16,371,322	14,368,278	13,611,036
2,211,637	1,655,549	1,457,291	1,329,479	1,511,281	1,363,213
<u>70,805,334</u>	<u>70,042,325</u>	<u>70,985,612</u>	<u>69,040,203</u>	<u>63,295,597</u>	<u>60,837,606</u>
22,670,152	21,799,901	21,006,552	20,402,035	20,075,584	19,500,440
4,781,510	4,707,955	4,306,544	4,210,778	3,809,545	3,328,671
1,393,079	1,404,080	1,310,956	1,071,315	1,075,322	1,059,567
1,180,325	1,125,096	1,049,647	1,023,338	1,034,728	1,267,385
3,434,045	3,292,240	2,971,655	2,396,367	2,482,940	2,157,695
6,019,791	5,718,458	5,200,921	5,370,346	5,027,233	4,451,300
998,428	1,014,555	960,522	884,872	1,583,275	1,712,380
2,472,397	2,475,110	2,389,780	2,350,113	1,646,778	1,954,109
749,994	742,919	673,691	606,651	725,358	726,953
476,244	228,003	-	-	-	-
6,078,561	6,453,715	6,725,919	6,154,093	6,300,025	5,403,522
3,134,340	3,113,502	2,979,135	2,900,206	2,743,880	2,347,673
15,146,095	14,278,209	16,608,192	16,350,526	13,981,833	12,444,503
187,863	190,882	179,677	194,374	83,692	76,322
57,636	15,348	2,793	-	-	-
1,024,887	2,700,609	5,009,751	902,517	1,306,501	3,758,868
2,420,000	2,343,000	1,865,000	1,725,000	1,585,000	1,425,000
<u>1,022,430</u>	<u>1,421,769</u>	<u>1,048,751</u>	<u>1,119,064</u>	<u>1,182,546</u>	<u>1,244,748</u>
<u>73,247,777</u>	<u>73,025,351</u>	<u>74,289,486</u>	<u>67,661,595</u>	<u>64,644,240</u>	<u>62,859,136</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>

(Continued)

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

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Other Financing sources (uses)				
Capital leases (non-budgeted)	\$ 6,688	\$ -	\$ 139,314	\$ -
Proceeds from bonds	3,433,934	-	-	8,585,000
Payments to refunding bond escrow	-	-	-	(9,199,528)
Premium on sale of bonds	-	-	-	692,118
Cost of issuance	-	-	-	(47,700)
FEMA Reimbursement	83,042	-	-	-
Sale of assets	3,688	-	17,982	18,093
Transfers in	116	-	-	29,892
Transfers out	(116)	(150,000)	-	(129,892)
Total other financing sources (uses)	<u>3,527,352</u>	<u>(150,000)</u>	<u>157,296</u>	<u>(52,017)</u>
Net change in fund balances	<u>\$ (1,128,287)</u>	<u>\$ 779,225</u>	<u>\$ 2,525,966</u>	<u>\$ 1,896,386</u>
Debt service as a percentage of noncapital expenditures	<u>4.26%</u>	<u>4.36%</u>	<u>4.63%</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 Service was combined in school administrative services.

<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>
\$ -	\$ -	\$ -	\$ -	\$ 163,000	\$ -
-	8,275,000	6,113,000	-	-	-
-	(8,459,066)	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
497,332	888,505	899,804	84,531	324,286	14,387
<u>(497,332)</u>	<u>(988,505)</u>	<u>(899,804)</u>	<u>(84,531)</u>	<u>(324,286)</u>	<u>(14,387)</u>
-	<u>(284,066)</u>	<u>6,113,000</u>	-	<u>163,000</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>4.77%</u>	<u>5.35%</u>	<u>4.21%</u>	<u>4.26%</u>	<u>4.37%</u>	<u>4.52%</u>

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

<u>Description</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Sale of energy	\$ 3,884	\$ 3,990	\$ 17,085	\$ 18,360
FEMA Reimbursement	83,042	-	-	-
Grants and Donations	193,279	-	31,628	44,149
Facility charge	273,683	259,327	267,470	254,889
Prior year insurance refunds	-	-	-	-
Prior year miscellaneous refunds	74,840	85,174	66,826	39,582
Sponsorship	24,250	27,250	27,950	30,950
Sale of assets	3,688	-	17,982	18,093
Tuition	66,021	6,813	20,698	19,600
Transportation fees	21,055	25,223	-	8,840
Interest	15,354	17,625	13,824	16,406
Cancellation of prior year checks	-	-	-	-
Shared services	38,584	26,233	38,939	11,141
Miscellaneous	510	2,110	2,940	3,535
Total other local revenue	\$ 798,190	\$ 453,745	\$ 505,342	\$ 465,545

Source: District Records

<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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
227,401	194,755	174,099	241,444	147,550	126,675
-	-	10,071	-	-	77,233
8,026	31,991	26,232	6,455	7,310	45,410
23,950	22,000	23,650	3,000	22,100	-
-	-	-	-	-	-
24,968	68,967	23,075	36,343	33,833	-
-	-	-	1,947	9,792	-
24,997	195,946	483,240	466,095	263,278	-
-	-	-	7,271	-	-
-	-	-	-	-	-
7,960	5,769	4,270	5,679	5,084	1,180
<u>\$ 317,302</u>	<u>\$ 519,428</u>	<u>\$ 744,637</u>	<u>\$ 768,234</u>	<u>\$ 488,947</u>	<u>\$ 250,498</u>

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qualified Farm	Commercial	Industrial
2005	\$ 128,139,000	\$ 3,540,957,600	\$ 1,008,800	\$ 3,200	\$ 636,902,500	\$ 7,047,700
2006	137,653,400	3,557,304,600	1,008,800	3,200	646,551,200	7,047,700
2007	115,614,800	3,647,007,700	1,008,800	3,200	657,156,600	-
2008	108,809,100	3,701,801,300	1,008,800	3,200	650,095,600	-
2009	99,774,500	3,731,125,700	1,008,800	3,200	653,898,600	-
2010	94,206,500	3,405,982,600	864,200	3,000	646,389,100	-
2011	93,051,700	3,418,789,500	864,200	3,000	626,100,600	-
2012	88,166,100	3,427,805,400	864,200	3,000	613,228,750	-
2013	83,425,400	3,425,911,290	1,196,900	4,800	596,484,760	-
2014	84,477,500	3,378,704,730	1,196,900	4,800	580,553,450	-

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

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

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

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

b Tax rates are per \$100

Apartment	Total Assessed Value	Less : Tax Exempt Property	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
\$ 194,035,400	\$ 4,508,094,200	\$ -	\$ 4,230,419	\$ 4,512,324,619	\$ 3,704,615,768	1.016
192,513,400	4,542,082,300	-	3,737,125	4,545,819,425	4,751,591,624	1.065
174,312,600	4,595,103,700	-	3,370,995	4,598,474,695	5,440,101,338	1.105
174,312,600	4,636,030,600	-	3,335,276	4,639,365,876	5,821,430,884	1.105
174,312,600	4,660,123,400	-	4,425,876	4,664,549,276	5,622,766,306	1.121
167,082,500	4,314,527,900	-	5,730,952	4,320,258,852	5,535,729,615	1.263
157,266,300	4,296,075,300	-	4,068,768	4,300,144,068	5,118,942,495	1.305
157,266,300	4,287,333,750	-	4,391,570	4,291,725,320	4,803,080,497	1.331
157,243,600	4,264,266,750	-	4,531,727	4,268,798,477	4,566,355,552	1.362
152,764,100	4,197,701,480	-	3,778,433	4,201,479,913	4,473,944,524	1.408

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qualified Farm	Commercial	Industrial
2005	\$ 1,233,400	\$ 66,770,000	\$ -	\$ -	\$ 3,576,000	\$ -
2006	1,233,400	67,834,400	-	-	3,576,000	-
2007	1,233,400	68,026,900	-	-	3,598,900	-
2008	3,823,600	191,110,900	-	-	9,058,600	-
2009	3,523,600	191,079,900	-	-	9,058,600	-
2010	3,083,600	190,882,000	-	-	8,278,600	-
2011	2,366,900	147,663,700	-	-	6,483,900	-
2012	2,366,900	147,928,700	-	-	6,483,900	-
2013	6,686,800	142,559,600	-	-	4,571,400	-
2014	6,686,800	139,605,300	-	-	4,521,400	-

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

<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Less : Tax Exempt Property</u>	<u>Public Utilities ^a</u>	<u>Net Valuation Taxable</u>	<u>Estimated Actual (County Equalized) Value</u>	<u>Total Direct School Tax Rate ^b</u>
\$ 263,400	\$ 71,842,800	\$ -	\$ 48,774	\$ 71,891,574	98,997,671	0.417
263,400	72,907,200	-	31,547	72,938,747	137,889,910	0.412
263,400	73,122,600	-	24,272	73,146,872	179,473,339	0.410
803,200	204,796,300	-	68,604	204,864,904	187,038,594	0.410
803,200	204,465,300	-	72,171	204,537,471	172,470,574	0.146
753,200	202,997,400	-	91,363	203,088,763	194,726,874	0.871
587,300	157,101,800	-	77,150	157,178,950	195,940,278	1.320
587,300	157,366,800	-	63,558	157,430,358	181,236,975	1.390
587,300	154,405,100	-	86,745	154,491,845	154,450,686	1.331
587,300	151,400,800	-	63,364	151,464,164	151,880,984	1.303

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

Township of Ocean

Fiscal Year Ended June 30,	Township of Ocean Board of Education Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct School Tax Rate	Township of Ocean	Monmouth County	
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
2013	1.292	0.070	1.362	0.470	0.323	2.155
2014	1.339	0.069	1.408	0.492	0.321	2.221

Village of Loch Arbour

Fiscal Year Ended June 30,	Township of Ocean Board of Education Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct School Tax Rate	Village of Loch Arbour	Monmouth County	
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
2013	1.262	0.069	1.331	0.403	0.298	2.032
2014	1.239	0.064	1.303	0.411	0.299	2.013

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.

OCEAN TOWNSHIP SCHOOL DISTRICT
Principal Property Taxpayers - Township of Ocean
Current Year and Nine Years Ago
Unaudited

	2014	
	Taxable Assessed Value	% of Total District Net Assessed Value
Seaview Square LLC c/o Linque Management	\$ 53,000,000	1.26%
Woodshire Apartments	48,393,500	1.15%
Ocean Seniors, LLC	23,987,300	0.57%
Westwood Oaks Associates	23,107,100	0.55%
Cold Indian Springs Corp	20,046,600	0.48%
Gold Enterprises c/o Salem Management	19,200,000	0.46%
Continental Land Developers, LLC	16,453,000	0.39%
Hollywood Golf Club	15,398,300	0.37%
Sears, Roebuck & Co.	14,097,900	0.34%
Sunset Arcadia Center, Inc.	11,970,000	0.28%
TOTAL	\$ 245,653,700	5.85%

	2005	
	Taxable Assessed Value	% of Total District Net Assessed Value
Starwood Heller Seaview	\$ 57,117,600	3.03%
Woodshire Apartments	22,198,000	1.18%
Continental Land Development	12,000,000	0.64%
Gold Enterprises	10,346,000	0.55%
Sears, Roebuck & Co.	9,643,000	0.51%
Cold Indian Spring Corp.	9,174,000	0.49%
Westwood Oaks Associates	8,636,200	0.46%
Continental Enterprises	6,300,000	0.33%
Cobblestone Village Equ.	5,850,000	0.31%
Hollywood Golf Club	4,961,500	0.26%
TOTAL	\$ 146,226,300	7.76%

Source: Municipal Tax Assessor

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

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

	2014	
	Taxable Assessed Value	% of Total District Net Assessed Value
Individual Taxpayer #1	\$ 3,400,000	2.20%
Individual Taxpayer #2	2,500,000	1.62%
Individual Taxpayer #3	2,216,700	1.44%
Individual Taxpayer #4	2,131,900	1.38%
Individual Taxpayer #5	2,112,200	1.37%
Individual Taxpayer #6	2,097,800	1.36%
Individual Taxpayer #7	1,894,680	1.23%
Individual Taxpayer #8	1,888,200	1.22%
Individual Taxpayer #9	1,814,200	1.17%
TOTAL	\$ 20,055,680	12.99%

	2005	
	Taxable Assessed Value	% of Total District Net Assessed Value
Individual Taxpayer #1	\$ 1,574,100	2.19%
Individual Taxpayer #2	1,295,900	1.80%
Individual Taxpayer #3	1,185,600	1.65%
Individual Taxpayer #4	1,047,200	1.46%
Individual Taxpayer #5	1,035,800	1.44%
Individual Taxpayer #6	1,019,200	1.42%
Individual Taxpayer #7	919,000	1.28%
Gabcar, LLC	899,400	1.25%
Individual Taxpayer #8	840,200	1.17%
Individual Taxpayer #9	804,300	1.12%
TOTAL	\$ 10,620,700	14.78%

Source: Municipal Tax Assessor

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

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

Township of Ocean

Year Ended December 31,	Total Tax Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	1,316,960
2012	93,607,386	91,733,414	98.00%	1,868,353
2013	95,024,840	92,408,816	97.25%	N/A

Village of Loch Arbour

Year Ended December 31,	Total Tax Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	\$ 1,013,569	\$ 1,013,569	100.00%	N/A
2005	1,053,140	1,053,140	100.00%	N/A
2006	1,151,600	1,151,600	100.00%	N/A
2007	1,279,521	1,230,648	96.18%	N/A
2008	1,284,839	1,254,533	97.64%	N/A
2009	2,287,687	1,968,996	86.07%	N/A
2010	3,289,763	2,718,793	82.64%	18,597
2011	3,393,546	3,306,248	97.43%	18,587
2012	3,366,983	3,245,610	96.40%	13,860
2013	2,917,902	2,917,902	100.00%	N/A

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

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

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

Year Ended June 30,	Governmental Activities		Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	Capital Leases				
2005	\$ 26,807,000	\$ -	\$ -	\$ -	\$ 26,807,000	1.90%	960
2006	25,222,000	148,721	-	-	25,370,721	1.66%	905
2007	23,497,000	120,784	-	-	23,617,784	1.44%	842
2008	27,745,000	90,151	-	-	27,835,151	1.65%	992
2009	25,217,000	56,561	-	-	25,273,561	1.56%	888
2010	22,797,000	19,729	-	-	22,816,729	1.40%	801
2011	20,310,000	-	-	-	20,310,000	1.24%	738
2012	17,700,000	123,561	-	-	17,823,561	1.06%	648
2013	15,055,000	97,909	-	-	15,152,909	N/A	553
2014	12,365,000	3,510,707	-	-	15,875,707	N/A	578

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

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

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

Township of Ocean

Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property ^a	Net Bonded Debt Per Capita ^b
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
2013	14,513,020	-	14,513,020	0.34%	N/A
2014	11,959,428	-	11,959,428	0.28%	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 ^a	Net Bonded Debt Per Capita ^b
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
2013	541,980	-	541,980	0.35%	N/A
2014	405,572	-	405,572	0.27%	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.

^a See Exhibit J-6 for property tax data

^b Population data can be found in Exhibit J-14

OCEAN TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Government Activities Debt
For the Year Ended December 31, 2013
Unaudited

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Ocean	\$ 34,474,817	100.000%	\$ 34,474,817
Village of Loch Arbour	2,454,791	100.000%	2,454,791
Monmouth County General Obligation Debt	452,960,720	4.244%	19,223,653
Other debt			-
Subtotal overlapping debt			56,153,261
Township of Ocean Board of Education Direct Debt			14,680,000
Total Direct and Overlapping Debt			<u>\$ 70,833,261</u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2013

Equalized valuation basis

2014
2013
2012

Average equalized valuation of taxable property

Debt limit (4% of average equalization value)

Total Net Debt Applicable to Limit

Legal debt margin

	Fiscal Year			
	2014	2013	2012	2011
Debt limit	\$ 189,054,243	\$ 200,266,753	\$ 213,728,756	\$ 204,231,014
Total net debt applicable to limit	12,365,000	15,055,000	17,700,000	20,310,000
Legal debt margin	<u>\$ 176,689,243</u>	<u>\$ 185,211,753</u>	<u>\$ 196,028,756</u>	<u>\$ 183,921,014</u>
Total net debt applicable to the limit as a percentage of debt limit	6.54%	7.52%	8.28%	9.94%

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.

\$ 4,473,944,524
 4,720,806,238
4,984,317,472
\$ 14,179,068,234

\$ 4,726,356,078

189,054,243 ^a
 12,365,000
\$ 176,689,243

Fiscal Year					
2010	2009	2008	2007	2006	2005
\$ 233,788,839	\$ 232,310,414	\$ 220,233,676	\$ 190,838,595	\$ 159,420,312	\$ 131,045,645
22,979,000	25,217,000	27,745,000	23,497,000	25,222,000	26,807,000
<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>
9.83%	10.85%	12.60%	12.31%	15.82%	20.46%

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

Township of Ocean

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2005	27,628	\$ 1,395,241,628	\$ 50,501	3.50%
2006	27,746	1,517,650,708	54,698	3.50%
2007	27,789	1,622,043,930	58,370	3.40%
2008	28,219	1,667,150,301	59,079	4.50%
2009	28,202	1,602,635,054	56,827	8.30%
2010	28,204	1,614,707,204	57,251	8.40%
2011	27,314	1,629,799,066	59,669	8.80%
2012	27,319	1,678,096,894	61,426	8.70%
2013	27,213	N/A	N/A	7.00%
2014	27,254	N/A	N/A	N/A

Village of Loch Arbour

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2005	282	14,241,282	50,501	6.20%
2006	280	15,315,440	54,698	6.30%
2007	277	16,168,490	58,370	5.70%
2008	275	16,246,725	59,079	7.40%
2009	274	15,570,598	56,827	11.90%
2010	273	15,629,523	57,251	12.00%
2011	194	11,106,694	57,251	12.10%
2012	194	11,106,694	57,251	12.60%
2013	193	N/A	N/A	3.00%
2014	193	N/A	N/A	N/A

Sources:

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

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

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

TOWNSHIP OF OCEAN				
Employer	2014		2005	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
Township of Ocean Board of Education	683	4.65%	N/A	N/A
Costco	360	2.45%	N/A	N/A
Township of Ocean	221	1.50%	N/A	N/A
Target	205	1.39%	N/A	N/A
Hillel School - Shore Area	200	1.36%	N/A	N/A
Sears, Roebuck & Company	185	1.26%	N/A	N/A
Schroth School	170	1.16%	N/A	N/A
Pepsi Bottling Group	110	0.75%	N/A	N/A
Applebee's	100	0.68%	N/A	N/A
Ladacin Network Monmouth	100	0.68%	N/A	N/A
	2,334	15.88%		

VILLAGE OF LOCH ARBOUR				
Employer	2014		2005	
	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.

Sources:

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

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

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

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

Source: District records

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
263.7	285.1	284.0	281.8	290.6	283.0	277.7
105.5	95.5	95.5	90.5	92.5	86.5	75.0
27.6	51.6	54.5	55.0	49.1	49.6	55.5
3.0	3.0	3.0	3.0	3.0	3.0	8.0
76.6	76.1	76.4	80.6	65.6	72.6	70.0
7.0	8.0	8.0	8.0	8.0	8.0	8.0
25.0	33.0	37.0	36.0	37.0	42.0	42.6
8.0	9.5	9.5	9.5	10.5	11.0	11.0
8.0	9.0	3.0	-	-	-	-
57.0	59.5	66.5	65.5	68.5	65.5	63.5
49.0	51.0	54.0	53.0	59.0	60.0	60.0
<u>630.4</u>	<u>681.3</u>	<u>691.4</u>	<u>682.9</u>	<u>683.8</u>	<u>681.2</u>	<u>671.3</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures ^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff ^b</u>
2005	4,458	\$ 56,430,520	12,658	N/A	418
2006	4,386	60,570,193	13,810	9.10%	361
2007	4,339	63,915,014	14,730	6.66%	358
2008	4,233	66,365,984	15,678	6.44%	364
2009	4,170	66,559,974	15,962	1.81%	369
2010	4,106	68,780,460	16,751	4.94%	370
2011	4,010	67,113,135	16,736	-0.09%	358
2012	3,931	68,799,854	17,502	4.58%	358
2013	3,852	71,901,004	18,666	6.65%	375
2014	3,816	70,948,333	18,592	-0.40%	371

Sources: District Records

Note: Enrollment based on annual October district count.

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

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

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

Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
Elementary	Middle School	Senior High School				
13.1:1	11.3:1	11.9:1	4,456	4,278	N/A	96.01%
12.3:1	11.6:1	12.4:1	4,372	4,179	-1.89%	95.59%
12.7:1	11.3:1	12.4:1	4,312	4,119	-1.37%	95.52%
12.3:1	10.6:1	12.0:1	4,232	4,051	-1.86%	95.72%
11.7:1	10.5:1	11.7:1	4,158	3,980	-1.75%	95.72%
11.3:1	10.6:1	11.5:1	4,076	3,905	-1.97%	95.80%
11.6:1	10.4:1	11.7:1	3,942	3,821	-3.29%	96.93%
11.3:1	10.2:1	11.6:1	3,935	3,777	-0.18%	95.98%
11.3:1	9.8:1	11.3:1	3,811	3,645	-3.15%	95.64%
10.3:1	9.4:1	11.4:1	3,781	3,618	-0.79%	95.69%

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

	2014	2013	2012	2011
<u>District Building</u>				
Elementary				
Wanamassa Elementary School				
Square feet	59,580	59,580	59,580	59,580
Capacity (students)	477	477	477	477
Enrollment	325	342	371	383
Ocean Township Elementary School				
Square feet	76,160	76,160	76,160	76,160
Capacity (students)	609	609	609	609
Enrollment	460	440	459	473
Wayside Elementary School				
Square feet	147,375	147,375	147,375	147,375
Capacity (students)	713	713	713	713
Enrollment	630	602	581	591
Middle School				
Ocean Township Intermediate School				
Square feet	257,400	257,400	257,400	257,400
Capacity (students)	1,951	1,951	1,951	1,951
Enrollment	1,175	1,230	1,284	1,284
High School				
Ocean Township High School				
Square feet	200,215	200,215	200,215	200,215
Capacity (students)	1,326	1,326	1,326	1,326
Enrollment	1,226	1,238	1,236	1,279

Number of Schools at June 30, 2014

Elementary = 3

Middle = 1

High = 1

Source: District records.

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

2010	2009	2008	2007	2006	2005
59,580	59,580	59,580	59,580	59,580	59,580
477	477	477	477	477	477
410	371	372	369	369	386
76,160	76,160	76,160	76,160	76,160	76,160
609	609	609	609	609	609
446	461	469	477	466	506
147,375	147,375	147,375	147,375	147,375	147,375
713	713	713	713	713	713
608	658	677	680	702	720
257,400	257,400	257,400	257,400	257,400	257,400
1,951	1,951	1,951	1,951	1,951	1,951
1,323	1,314	1,292	1,363	1,412	1,424
200,215	200,215	200,215	200,215	200,215	200,215
1,326	1,326	1,326	1,326	1,326	1,326
1,319	1,366	1,423	1,450	1,410	1,430

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

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

	Gross Square Footage	2014	2013	2012	2011
School facilities					
Ocean Township Elementary School	76,160	\$ 124,610	\$ 93,120	\$ 94,390	\$ 93,678
Ocean Township High School	200,215	308,456	305,615	391,314	319,582
Ocean Township Intermediate School	257,400	276,040	376,229	305,409	291,724
Wanamassa Elementary School	59,580	75,967	69,039	83,580	80,522
Wayside Elementary School	147,375	152,939	156,815	154,798	136,485
Total School Facilities		<u>938,012</u>	<u>1,000,818</u>	<u>1,029,491</u>	<u>921,991</u>
Grand Total		<u>\$ 938,012</u>	<u>\$ 1,000,818</u>	<u>\$ 1,029,491</u>	<u>\$ 921,991</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.

2010	2009	2008	2007	2006	2005
\$ 81,679	\$ 92,484	\$ 95,160	\$ 108,159	\$ 122,998	\$ 74,010
307,507	294,898	257,241	238,305	324,152	227,661
259,333	331,928	300,467	272,087	320,662	260,259
74,366	114,077	133,480	71,059	74,600	74,569
<u>152,552</u>	<u>159,307</u>	<u>168,952</u>	<u>149,424</u>	<u>182,212</u>	<u>128,170</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><u>\$ 875,437</u></u>	<u><u>\$ 992,694</u></u>	<u><u>\$ 955,300</u></u>	<u><u>\$ 839,034</u></u>	<u><u>\$ 1,024,624</u></u>	<u><u>\$ 764,669</u></u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2014
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Commercial Property - Monmouth Ocean Counties Shared Services Insurance Fund		
Property		
Blanket real and personal property, per occurrence NJSBAIG Limit	\$ 350,000,000	\$ 5,000
Extra Expense, per occurrence NJSBAIG Limit	50,000,000	5,000
Valuable papers and records, per occurrence NJSBAIG Limit	10,000,000	5,000
Demolition and increased cost of construction, per occurrence NJSBAIG Limit	10,000,000	
Fire department service charge, per occurrence	10,000	
Arson rewards, per occurrence	10,000	
Pollutant cleanup and removal, per occurrence	250,000	
Sublimits: Special Flood Hazard Area Flood Zones, per occurrence/NJSBAIG annual aggregate	10,000,000	
Deductible per building/building contents		500,000
Accounts receivable, per occurrence	250,000	
All Flood Zones, per occurrence/NJSBAIG annual aggregate	50,000,000	
Deductible per member/occurrence		10,000
Earthquake, per occurrence/NJSBAIG annual aggregate	50,000,000	
Terrorism, per occurrence/NJSBAIG annual aggregate	1,000,000	
Deductibles:		
Electronic Data Processing		
Blanket hardware/software, per occurrence	1,750,000	1,000
Coverage extensions:		
Transit	25,000	
Loss of income	10,000	
Special flood hazard area flood deductible, per building contents		500,000
All other flood zones deductible, per member/per occurrence		10,000
Equipment Breakdown		
Combined single limit per accident for property damage and business income	100,000,000	5,000
Sublimits:		
Off premises property damage	100,000	
Extra expense	10,000,000	
Service interruption	10,000,000	
Perishable goods	500,000	
Data restoration	100,000	
Contingent business income	100,000	
Demolition	1,000,000	
Ordinance or law	1,000,000	
Expediting expenses	500,000	
Hazardous substances	500,000	
Newly acquired locations - 120 days notice	250,000	
Crime		
Public employee dishonesty with faithful performance	1,000,000	1,000
Theft, Disappearance and destruction - loss of money & security on or off premises	25,000	500
Theft, disappearance and destruction - money orders & counterfeit paper currency	100,000	500
Forgery & alteration	250,000	1,000
Computer fraud	1,000,000	1,000
Public officials bond - Board Treasurer	350,000	1,000
Comprehensive General Liability		
Bodily injury and property damage, per occurrence	11,000,000	
Bodily injury from products and completed operations, annual aggregate	11,000,000	
Sexual abuse		
Per occurrence	11,000,000	
Annual NJSBAIG aggregate	17,000,000	
Personal injury and advertising injury, per occurrence/annual aggregate	11,000,000	
Employee benefits liability, per occurrence/annual aggregate	11,000,000	1,000
Premises medical payments		
Per accident	10,000	
Limit per person	5,000	
Terrorism, per occurrence/NJSBAIG annual aggregate	1,000,000	

OCEAN TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2014
Unaudited

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2014
Unaudited

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

SINGLE AUDIT SECTION

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ocean Township School District, in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the Ocean Township School District's basic financial statements, and have issued our report dated November 12, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



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



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

Red Bank, New Jersey
November 12, 2014

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
REQUIRED BY NEW JERSEY OMB CIRCULAR LETTER 04-04**

Independent Auditor's Report

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

Report on Compliance for each Major Federal and State Program

We have audited the Ocean Township School District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey OMB Circular Letter 04-04 State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Ocean Township School District's major federal and state programs for the fiscal year ended June 30, 2014. The Ocean Township School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Ocean Township School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB 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 Circular Letter 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 Ocean Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Ocean Township School District, in the County of Monmouth, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Ocean Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the Ocean Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 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 Ocean Township School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Smolin Lupin

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. OMB Circular A -133 and New Jersey OMB Circular Letter 04-04. Accordingly, this report is not suitable for any other purpose.

Smolin, Lupin & Co., P.A.

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

Laura DiTommaso

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

Red Bank, New Jersey
November 12, 2014

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OCEAN TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2013	
				From	To	Deferred	Due to Grantor
						Revenue (Accts. Rec.)	
U.S. Department of Education							
General Fund:							
Education Jobs Fund	84.410A	ARRA	\$ 840	7/1/12	9/30/12	\$ (840)	\$ -
Medical Assistance Program (SEMI)	93.778	N/A	77,279	7/1/13	6/30/14	-	-
Total General Fund						(840)	-
U.S. Department of Education							
Passed-through State Department of Education:							
Special Revenue Fund:							
Title I, Part A, Improving Basic Skills	84.010A	NCLB-13	431,070	9/1/12	8/31/13	(156,892)	-
Title I, Part A, Improving Basic Skills	84.010A	NCLB-14	362,830	9/1/13	6/30/14	-	-
Title II, Part A, Improving Teacher Quality	84.281A	NCLB-13	89,103	9/1/12	8/31/13	(48,010)	-
Title II, Part A, Improving Teacher Quality	84.281A	NCLB-14	90,466	9/1/13	8/31/14	-	-
Title IIIA, English Language Enhancement	84.294	NCLB-13	50,664	9/1/12	8/31/13	(20,394)	-
Title IIIA, English Language Enhancement	84.294	NCLB-14	53,050	9/1/13	8/31/14	-	-
Title IIIA, Immigrant	84.294	NCLB-13	24,863	9/1/12	8/31/13	(5,325)	-
Title IIIA, Immigrant	84.294	NCLB-14	17,326	9/1/13	8/31/14	-	-
IDEA, Part B, Basic Regular	84.027	FT-13	1,009,749	9/1/12	8/31/13	(175,823)	-
IDEA, Part B, Basic Regular	84.027	FT-14	935,109	9/1/13	6/30/14	-	-
IDEA, Preschool	84.173	PS-13	42,484	9/1/12	8/31/13	(9,446)	-
IDEA, Preschool	84.173	PS-14	39,753	9/1/13	8/31/14	-	-
Race to the Top	84.413A	N/A	38,332	9/1/12	8/31/14	-	-
Total Special Revenue Fund						(415,890)	-
U.S. Department of Agriculture							
Passed-through State Department of Education:							
Enterprise Fund:							
Food Distribution Program	10.550	N/A	58,347	7/1/12	6/30/13	5,184	-
Food Distribution Program	10.550	N/A	64,994	7/1/13	6/30/14	-	-
School Breakfast Program	10.553	N/A	22,613	7/1/12	6/30/13	(2,229)	-
School Breakfast Program	10.553	N/A	30,162	7/1/13	6/30/14	-	-
National School Lunch Program	10.555	N/A	329,202	7/1/12	6/30/13	(21,184)	-
National School Lunch Program	10.555	N/A	380,593	7/1/13	6/30/14	-	-
Special Milk Program	10.556	N/A	655	7/1/12	6/30/13	(66)	-
Total Enterprise Fund						(18,295)	-
Total Federal Awards						\$ (435,025)	\$ -

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

Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2014		
					Accounts Receivable	Deferred Revenue	Due to Grantor
\$ -	\$ 840	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	77,279	(77,279)	-	-	-	-	-
-	78,119	(77,279)	-	-	-	-	-
-	156,892	-	-	-	-	-	-
-	362,830	(362,830)	-	-	-	-	-
(2,375)	49,250	(1,240)	-	-	-	-	-
2,375	91,241	(91,961)	-	-	(720)	-	-
-	20,394	-	-	-	-	-	-
-	53,050	(53,050)	-	-	-	-	-
-	5,325	-	-	-	-	-	-
-	17,326	(17,326)	-	-	-	-	-
(21,070)	203,355	(27,532)	-	-	-	-	-
21,070	790,745	(953,790)	-	-	(163,045)	-	-
(1,033)	9,446	-	-	-	-	-	-
1,033	30,525	(38,029)	-	-	(7,504)	-	-
-	7,500	(7,500)	-	-	-	-	-
-	1,797,879	(1,553,258)	-	-	(171,269)	-	-
-	-	(5,184)	-	-	-	-	-
-	64,994	(61,159)	-	-	-	3,835	-
-	2,229	-	-	-	-	-	-
-	22,769	(30,162)	-	-	(7,393)	-	-
-	21,822	-	(638)	-	-	-	-
-	308,988	(380,593)	-	-	(71,605)	-	-
-	66	-	-	-	-	-	-
-	420,868	(477,098)	(638)	-	(78,998)	3,835	-
\$ -	\$ 2,296,866	\$ (2,107,635)	\$ (638)	\$ -	\$ (250,267)	\$ 3,835	\$ -

OCEAN TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2014

Balance at June 30, 2013							
State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Deferred	Due to	Carryover /
			From	To	Revenue (Accts. Rec.)	Grantor	(Walkover) Amount
State Department of Education							
General Fund:							
Categorical Special Education Aid	14-495-034-5120-089	\$ 2,305,733	7/1/13	6/30/14	\$ -	\$ -	\$ -
Categorical Security Aid	14-495-034-5120-084	410,359	7/1/13	6/30/14	-	-	-
Adjustment Aid	14-495-034-5120-085	3,426,175	7/1/13	6/30/14	-	-	-
Additional Adjustment Aid	14-495-034-5120-085	149,709	7/1/13	6/30/14	-	-	-
Categorical Transportation Aid	14-495-034-5120-014	1,326,538	7/1/13	6/30/14	-	-	-
Extraordinary Special Education Costs Aid	14-495-034-5120-473	444,647	7/1/13	6/30/14	-	-	-
Nonpublic Transportation Cost Aid	14-100-034-5120-068	34,570	7/1/13	6/30/14	-	-	-
Reimbursed TPAF Social Security Contributions	13-495-034-5095-002	2,304,043	7/1/12	6/30/13	(104,981)	-	-
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	2,252,746	7/1/13	6/30/14	-	-	-
TPAF pension- non contributory insurance	14-495-034-5095-007	103,145	7/1/13	6/30/14	-	-	-
TPAF pension- normal costs	14-495-034-5095-006	1,168,560	7/1/13	6/30/14	-	-	-
TPAF pension- post retirement medical	14-495-034-5095-001	2,085,116	7/1/13	6/30/14	-	-	-
Total General Fund					(104,981)	-	-
Special Revenue Fund:							
NJ Nonpublic Aid:							
Textbook Aid	13-100-034-5120-064	37,782	7/1/12	6/30/13	-	2,247	-
Textbook Aid	14-100-034-5120-064	39,054	7/1/13	6/30/14	-	-	-
Nursing	13-100-034-5120-070	52,437	7/1/12	6/30/13	-	2,095	-
Nursing	13-100-034-5120-070	61,142	7/1/13	6/30/14	-	-	-
Technology Initiative	13-100-034-5120-373	13,945	7/1/12	6/30/13	-	342	-
Technology Initiative	14-100-034-5120-373	14,240	7/1/13	6/30/14	-	-	-
Auxiliary Services:							
Compensatory Education	13-100-034-5120-067	201,495	7/1/12	6/30/13	-	6,688	-
Compensatory Education	14-100-034-5120-067	220,843	7/1/13	6/30/14	-	-	-
Home Instruction	13-100-034-5120-067	204	7/1/12	6/30/13	(204)	-	-
Home Instruction	14-100-034-5120-067	2,029	7/1/13	6/30/14	-	-	-
Handicapped Services:							
Examination and Classification	13-100-034-5120-066	116,589	7/1/12	6/30/13	-	16,710	-
Examination and Classification	14-100-034-5120-066	118,186	7/1/13	6/30/14	-	-	-
Corrective Speech	13-100-034-5120-066	41,404	7/1/12	6/30/13	-	6,250	-
Corrective Speech	14-100-034-5120-066	42,185	7/1/13	6/30/14	-	-	-
Supplemental Instruction	13-100-034-5120-066	82,567	7/1/12	6/30/13	-	4,163	-
Supplemental Instruction	14-100-034-5120-066	85,966	7/1/13	6/30/14	-	-	-
Total Special Revenue Fund					(204)	38,495	-
Debt Service Fund:							
Debt Service Aid- Type II	14-495-034-5120-017	188,612	7/1/13	6/30/14	-	-	-
State Department of Agriculture							
Enterprise Fund:							
National School Lunch Program (State share)	13-100-010-3350-023	10,067	7/1/12	6/30/13	(634)	-	-
National School Lunch Program (State share)	14-100-010-3350-023	10,542	7/1/13	6/30/14	-	-	-
Total Enterprise Fund					(634)	-	-
Total State Financial Assistance					(105,819)	38,495	-
State Financial Assistance Not Subject to Single Audit Determination							
TPAF pension- noncontributory insurance	14-495-034-5095-007	103,145	7/1/13	6/30/14	-	-	-
TPAF pension- normal costs	14-495-034-5095-006	1,168,560	7/1/13	6/30/14	-	-	-
TPAF pension- post retirement medical	14-495-034-5095-001	2,085,116	7/1/13	6/30/14	-	-	-
Total State Financial Assistance Subject to Single Audit					\$ (105,819)	\$ 38,495	\$ -

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

GAAP Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2014			Memo	
			Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
\$ 2,075,160	\$ (2,305,733)	\$ -	\$ -	\$ -	\$ -	\$ 230,573	\$ 2,305,733
369,323	(410,359)	-	-	-	-	41,036	410,359
3,091,316	(3,426,175)	-	-	-	-	334,859	3,426,175
134,738	(149,709)	-	-	-	-	14,971	149,709
1,193,884	(1,326,538)	-	-	-	-	132,654	1,326,538
-	(444,647)	-	-	-	-	444,647	444,647
-	(34,570)	-	-	-	-	34,570	34,570
104,981	-	-	-	-	-	-	-
2,140,428	(2,252,746)	-	(112,318)	-	-	-	2,252,746
103,145	(103,145)	-	-	-	-	-	103,145
1,168,560	(1,168,560)	-	-	-	-	-	1,168,560
2,085,116	(2,085,116)	-	-	-	-	-	2,085,116
12,466,651	(13,707,298)	-	(112,318)	-	-	1,233,310	13,707,298
-	-	(2,247)	-	-	-	-	-
39,054	(36,917)	-	-	-	2,137	-	36,917
-	-	(2,095)	-	-	-	-	-
61,142	(59,188)	-	-	-	1,954	-	59,188
-	-	(342)	-	-	-	-	-
14,240	(14,215)	-	-	-	25	-	14,215
-	-	(6,688)	-	-	-	-	-
220,843	(167,772)	-	-	-	53,071	-	167,772
204	-	-	-	-	-	-	-
-	(2,029)	-	(2,029)	-	-	-	2,029
-	-	(16,710)	-	-	-	-	-
118,186	(104,818)	-	-	-	13,368	-	104,818
-	-	(6,250)	-	-	-	-	-
42,185	(32,811)	-	-	-	9,374	-	32,811
-	-	(4,163)	-	-	-	-	-
85,966	(85,966)	-	-	-	-	-	85,966
581,820	(503,716)	(38,495)	(2,029)	-	79,929	-	503,716
188,612	(188,612)	-	-	-	-	-	188,612
634	-	-	-	-	-	-	-
8,594	(10,542)	-	(1,948)	-	-	-	10,542
9,228	(10,542)	-	(1,948)	-	-	-	10,542
13,246,311	(14,410,168)	(38,495)	(116,295)	-	79,929	1,233,310	14,410,168
(103,145)	103,145	-	-	-	-	-	(103,145)
(1,168,560)	1,168,560	-	-	-	-	-	(1,168,560)
(2,085,116)	2,085,116	-	-	-	-	-	(2,085,116)
\$ 9,889,490	\$ (11,053,347)	\$ (38,495)	\$ (116,295)	\$ -	\$ 79,929	\$ 1,233,310	\$ 11,053,347

**Ocean Township School District
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
June 30, 2014**

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and New Jersey OMB's Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$170,104 for the general fund and \$0 for the special revenue fund. See C-3 (Notes to the Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as presented below:

Ocean Township School District
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
June 30, 2014

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 77,279	\$ 13,537,194	\$ 13,614,473
Special Revenue Fund	1,553,258	503,717	2,056,975
Capital Projects Fund	-	-	-
Debt Service Fund	-	188,612	188,612
Food Service Fund	476,387	10,542	486,929
	<u> </u>	<u> </u>	<u> </u>
Total Awards and Assistance	<u>\$ 2,106,924</u>	<u>\$ 14,240,065</u>	<u>\$ 16,346,989</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the food distribution program represent current year value received and current year distributions, respectively. The amount reported as TPAF pension contributions represent the amount paid by the State on behalf of the District for the year ended June 30, 2014. 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, 2014.

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2014 amounted to \$3,356,821.

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

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

NOTE 7. ADJUSTMENTS

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

**TOWNSHIP OF OCEAN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Part I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

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

Federal Awards

Internal Control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? ☐ yes ☒ no

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010A</u>	<u>NCLB Title I, Part A</u>
<u>84.027</u>	<u>IDEA, Part B</u>
<u>84.173</u>	<u>IDEA, Preschool</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, 2014
(continued)**

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

State Awards

Internal Control over major programs:

- | | | | | |
|--|--------------------------|-----|-------------------------------------|---------------|
| 1. Material weakness(es) identified? | <input type="checkbox"/> | yes | <input checked="" type="checkbox"/> | no |
| 2. Significant deficiencies identified that are not considered to be material weaknesses | <input type="checkbox"/> | yes | <input checked="" type="checkbox"/> | none reported |

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

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

Identification of Major Programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>14-495-034-5120-089</u>	<u>Categorical Special Education Aid</u>
<u>14-495-034-5120-014</u>	<u>Transportation Aid</u>
<u>14-495-034-5120-085</u>	<u>Adjustment Aid</u>
<u>14-495-034-5095-002</u>	<u>Reimbursed TPAF Social Security Contributions</u>
<u>14-495-034-5120-084</u>	<u>Categorical Security Aid</u>
<u>14-495-034-5120-473</u>	<u>Extraordinary Special Education Aid</u>

Dollar threshold used to distinguish between type A and type B programs: \$ 325,939

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

**TOWNSHIP OF OCEAN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)**

Part II – Schedule of Financial Statement Findings

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

None were reported.

**TOWNSHIP OF OCEAN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)**

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

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

No matters were reported.

**TOWNSHIP OF OCEAN BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

STATUS OF PRIOR-YEAR FINDINGS

There were no prior-year audit findings for the fiscal year ended June 30, 2013 that we were required to report on.