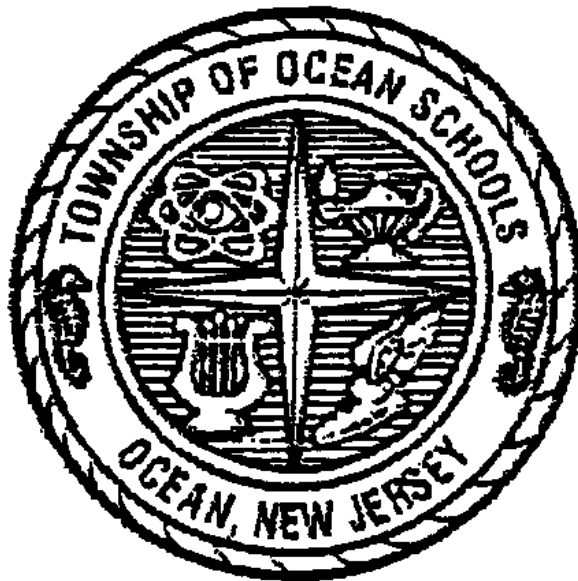


TOWNSHIP OF OCEAN SCHOOL DISTRICT



TOWNSHIP OF OCEAN
BOARD OF EDUCATION
OAKHURST, NEW JERSEY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF OCEAN BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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INTRODUCTORY SECTION



TOWNSHIP OF OCEAN SCHOOL DISTRICT

KENNETH JANNARONE

SCHOOL BUSINESS ADMINISTRATOR

October 16, 2009

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, 2009, is hereby submitted. This CAFR includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards, Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, 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 2008-2009 fiscal year with an enrollment of 4,170 students, which is 63 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.

STUDENT ENROLLMENT

Fiscal Year	Student Enrollment	Percent Change
2008-2009	4,170	<1.497%>
2007-2008	4,233	<2.443%>
2006-2007	4,339	<1.077%>
2005-2006	4,386	<1.62%>
2004-2005	4,458	<.06%>

2) ECONOMIC CONDITION AND OUTLOOK: Housing in Ocean Township has been affected by the economy and the conversion of former year round residences to summer living and winter rentals. The real estate market continues to be depressed as there are many more homes for sale in Ocean Township than ever before. Though the average price of homes has come down there are fewer homes being sold. Additionally there are an ever increasing number of homes that are used for summer living only resulting in a student enrollment decrease. Our building projects which have added classroom space and mechanical upgrades can now be repurposed for state mandated full day preschool for economically disadvantaged children and full day kindergarten.

3) MAJOR INITIATIVES: The Township of Ocean Schools continues to meet the educational needs of all students. Our technology initiatives have progressed incrementally with our teacher laptop distribution now extending pr-k through 8 and the high school distribution slated for 2010-2011. Smartboards, Elmos, and data projectors continue to be added to classrooms, computer labs, and school libraries.

Planning for state mandated full day preschool and full day kindergarten as well as preparing for the New Jersey Quality Single Accountability Continuum will be a key focus for the 2009-2010 school year. This in-depth planning includes modifying existing classrooms to accommodate younger children to be housed in them next year.

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

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the 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, 2009.

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

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial statements", Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories

protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.


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

9) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board's audit committee selected the accounting firm of Paduano, DiTomasso, and Golda, LLC. In addition to meeting the requirements of the Single Audit Act of 1996, as amended, and the related OMB Circular A-133 and New Jersey OMB's Circular 04-04. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

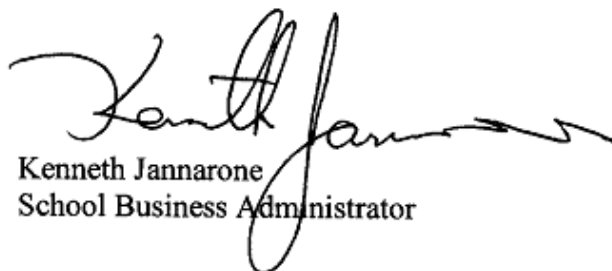
10) ACKNOWLEDGEMENTS:

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

Respectfully submitted,

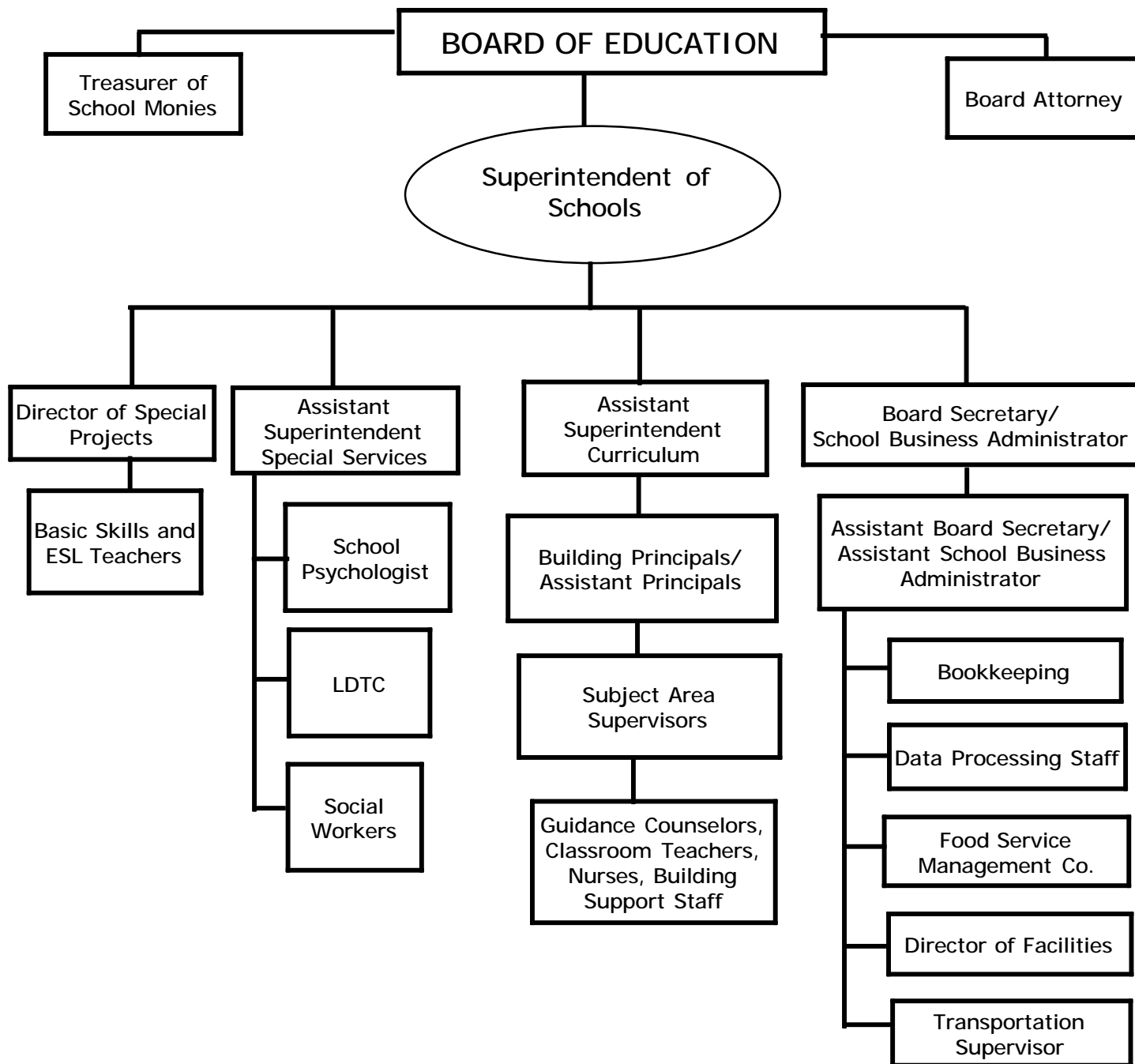


Thomas M. Pagano
Superintendent of Schools



Kenneth Jannarone
School Business Administrator

Township of Ocean School District
Organizational Chart



TOWNSHIP OF OCEAN BOARD OF EDUCATION
OAKHURST, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2009

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Janet Surmonte, President	2011
Angela Hollis Finch, Vice President	2010
Michael Beson	2012
Denise Parlamas	2012
Anne Marie Sparaco	2012
Leslie Dorsett	2011
Raymond J. Menell	2010
Sean Moore	2010
Cheri Roebuck	2010
Marcus Leibowitz – Student Representative	
Tyler Lyster – Student Representative	
<u>Other Officials</u>	
Thomas M. Pagano, Superintendent	
Kenneth Jannarone, Board Secretary/School Business Administrator	
George Stone, Assistant School Business Administrator	
Stephen Gallagher, Treasurer	
Michael J. Gross, Esq., Board Attorney	

TOWNSHIP OF OCEAN BOARD OF EDUCATION
OAKHURST, NEW JERSEY

CONSULTANTS AND ADVISORS
JUNE 30, 2009

Board Attorney

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

Board Auditor

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

Official Depository

Sovereign Bank
Monmouth Road
Oakhurst, NJ 07755

FINANCIAL SECTION

PADUANO, DiTOMMASO & GOLDA, LLC

Certified Public Accountants and Consultants

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Township of Ocean School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Ocean Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Township of Ocean Board of Education, in the County of Monmouth, State of New Jersey, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2009 on our consideration of the Township of Ocean Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

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

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

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

Paduano, DiTommaso & Golda, LLC

Paduano, DiTommaso & Golda, LLC
October 14, 2009

Laura DiTommaso

Certified Public Accountant
Licensed Public School Accountant #CS00164

REQUIRED SUPPLEMENTARY
INFORMATION

PART I

TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
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, 2009. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic annual financial statements and notes to enhance their understanding of the School District's financial performance. Certain comparative information between the current fiscal year (2008-2009) and the prior fiscal year (2007-2008) is presented in the Management's Discussion and Analysis.

Financial Highlights

Key financial highlights for 2009 are as follows:

- ◆ In total, net assets increased \$27,532, which represents a .1 percent increase from 2008.
- ◆ General revenues accounted for \$62,547,928 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 \$8,320,805 or 12 percent of total revenues of \$70,868,733.
- ◆ Total assets of governmental activities decreased by \$4,357,548 as cash and cash equivalents decreased by \$5,830,441, receivables increased by \$479,776, and net capital assets increased by \$993,117. The increase in net capital assets represents the completed construction for the energy projects in our schools which were completed in June 2009.
- ◆ The School District had \$70,841,201 in expenses; only \$8,320,805 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$62,547,928 were adequate to provide for these programs.
- ◆ Among major funds, the General Fund had \$64,467,686 in revenues and \$65,035,869 in expenditures. The General Fund's balance decreased \$629,678 from 2008.
- ◆ Fund Balance for the General Fund as of the fiscal year end was \$6,943,751. The undesignated portion of surplus was \$3,048,810. Based on our calculation of excess surplus, the maximum of undesignated fund balance (2%) is \$1,262,210. The excess \$1,786,600 must be utilized for tax relief in the succeeding year's budget.
- ◆ The revenues for operating grants and contributions were recorded as an offset to expenses in this current year rather than as a general revenue on Schedule A-2.

Using this Comprehensive Annual Financial Report (CAFR)

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

TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2009?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 23. Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED

Governmental Funds

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

Proprietary Funds

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

Long Term Debt

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 31 to 49 of this report.

The School District as a Whole

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

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

TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED

Table 1 provides a summary of the School District's net assets for 2009 and 2008.

Table 1 Net Assets		
	2009	2008
Assets		
Current and other assets	\$ 7,264,369	\$ 12,595,440
Capital assets	<u>41,319,451</u>	<u>40,343,174</u>
Total Assets	<u>48,583,820</u>	<u>52,938,614</u>
Liabilities		
Long-term liabilities	25,221,992	27,672,694
Other liabilities	<u>4,399,856</u>	<u>6,331,480</u>
Total Liabilities	<u>29,621,848</u>	<u>34,004,174</u>
Net Assets		
Invested in capital assets, net of debt	16,045,890	12,508,024
Restricted	5,976,604	8,712,095
Unrestricted	<u>(3,060,522)</u>	<u>(2,285,679)</u>
Total Net Assets	<u>\$ 18,961,972</u>	<u>\$ 18,934,440</u>

The District's combined net assets of \$18,961,972 on June 30, 2009 results in an increase of .1 percent from the prior year.

TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ

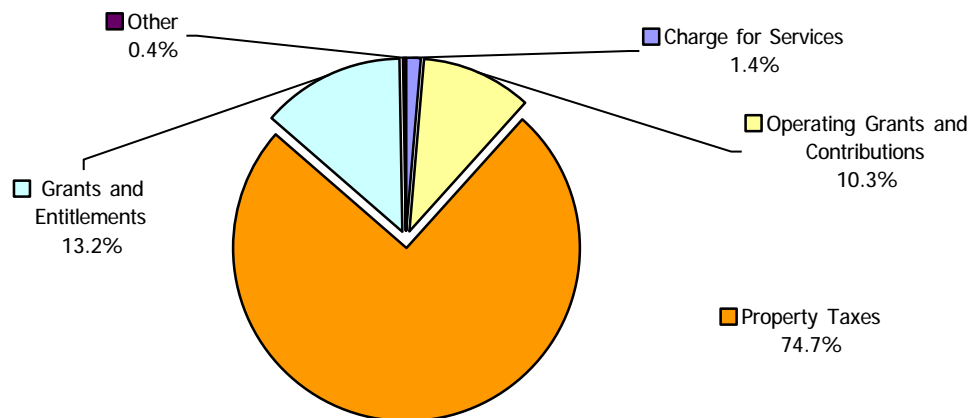
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED

Table 2 shows the changes in net assets for fiscal year 2009 and 2008.

Table 2
Change In Net Assets

	2009	2008
Revenues		
Program revenues:		
Charge for services	\$ 1,002,755	\$ 979,479
Operating grants and contributions	7,318,050	9,136,247
General revenues:		
Property taxes	52,928,037	51,698,841
Grants and entitlements	9,334,996	9,481,032
Other	284,895	747,266
Total revenues	<u>70,868,733</u>	<u>72,042,865</u>
Program Expenses		
Instruction	39,952,493	41,791,215
Support Services:		
Pupils and instructional staff	11,236,106	9,717,647
General and School Administration	5,752,839	5,021,952
Business Operations and Maintenance of Facilities	7,338,569	7,668,599
Pupil transportation	3,913,472	3,745,741
Interest on debt	1,308,884	1,245,843
Food service	1,132,607	1,105,399
Other	206,231	182,470
Total expenses	<u>70,841,201</u>	<u>70,478,866</u>
Increase in Net Assets	<u>\$ 27,532</u>	<u>\$ 1,563,999</u>

SOURCES OF REVENUES FOR FISCAL YEAR 2009



TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ

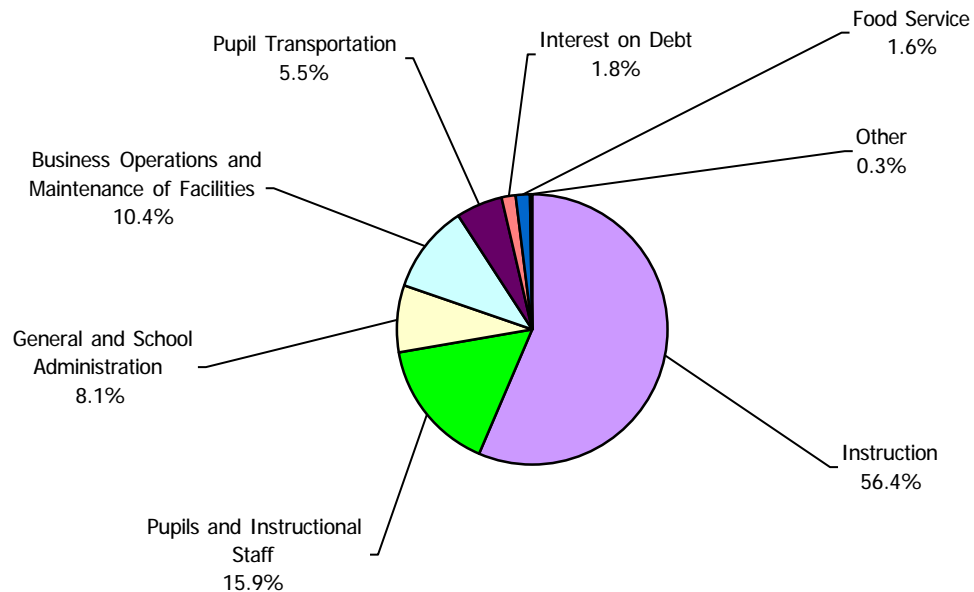
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED

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 75 percent of revenues for governmental activities for the Township of Ocean School District for fiscal year 2009 and 72 percent for fiscal year 2008. Property tax revenues increased by \$1,229,196, which is a 2 percent increase over the prior year. The increase was needed to fund the additional expenditures associated with higher operating costs and no increase in state aid. Federal and state grants accounted for another 13 percent of revenues.

Total expenses for the fiscal year were \$70,841,201.

EXPENSES FOR THE FISCAL YEAR 2009



Program expenses include instruction that comprises 56 percent of total expenses. Support services comprise 40 percent of total expenses.

Business-type Activities are shown above. Revenues for the Food Service Fund totaled \$1,095,965 which were comprised of charges for services in the amount of \$739,032 and federal and state reimbursements in the amount of \$356,933. Total operating expenses totaled \$1,132,607.

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

TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED

Table 3

	<u>Total Cost of Services 2009</u>	<u>Net Cost of Services 2009</u>	<u>Total Cost of Services 2008</u>	<u>Net Cost of Services 2008</u>
Instruction	\$ 39,952,493	\$ 34,963,765	\$ 41,791,215	\$ 33,908,283
Support services:				
Pupils and instructional staff	11,236,106	10,244,241	9,717,647	9,407,836
General and school administration	5,752,839	5,265,692	5,021,952	4,820,017
Business operations and maintenance of facilities	7,338,569	6,966,384	7,668,599	7,137,983
Pupil transportation	3,913,472	3,798,673	3,745,741	3,635,637
Interest and fiscal charges	1,308,884	1,053,943	1,245,843	1,245,843
Other	<u>206,231</u>	<u>191,056</u>	<u>182,470</u>	<u>159,395</u>
 Total expenses	 <u>\$ 69,708,594</u>	 <u>\$ 62,483,754</u>	 <u>\$ 69,373,467</u>	 <u>\$ 60,314,994</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 and school administration include expenses associated with administrative and financial supervision of the district.
- ◆ Business operations and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.
- ◆ Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.
- ◆ Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.
- ◆ Other includes special schools.

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

TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED

The School District's Funds

Information about the School District's governmental funds starts on page 23. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$70,042,325 and expenditures of \$73,025,351. The net change in fund balance for the year was most significant in the General Fund, a decrease of \$629,678. 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.

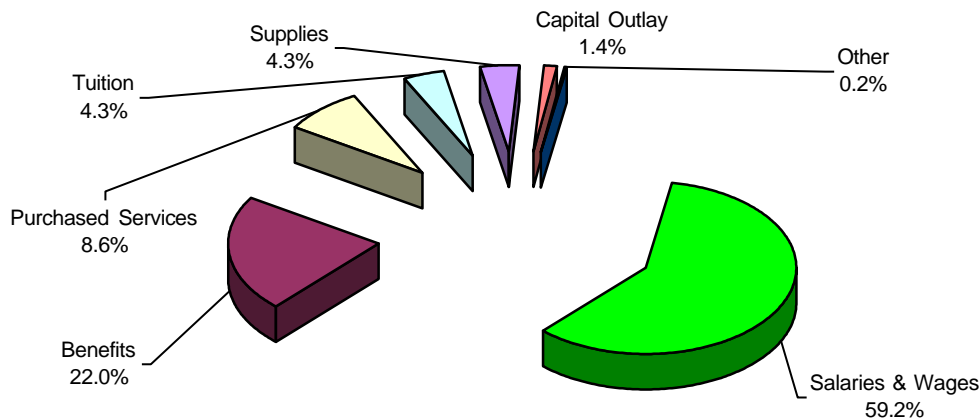


Table 4
Expenditures by Object for the Fiscal Year Ended June 30,

	2009	2008	% Change
Salaries and wages	\$ 38,526,252	\$ 36,834,824	4.59%
Benefits	14,278,209	16,608,192	-14.03%
Purchased services	5,625,568	5,431,219	3.58%
Tuition	2,770,279	2,445,325	13.29%
Supplies	2,785,515	2,544,183	9.49%
Capital outlay	907,672	752,564	20.61%
Other	142,374	136,301	4.46%
Total	<u>\$ 65,035,869</u>	<u>\$ 64,752,608</u>	<u>0.44%</u>

Expenditures are up \$283,000 or .44 percent over the prior year mostly due to salary increases and increased utility costs.

TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED

General Fund Budgeting Highlights

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

During the course of the fiscal 2009 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Revisions in the budget were made to recognize revenues and expenditures that were not anticipated and to prevent over expenditures in specific expense accounts. Significant revisions are noted below.

- ◆ Unallocated benefits decreased due to a change in the NJ State Health Benefits Plan based on a new negotiated contract.
- ◆ School and General administrative costs increased due to additional professional and other purchased services.
- ◆ Special education salaries increased due to new positions hired.
- ◆ Health service salaries decreased due to breakage.
- ◆ There were excess funds in out of district tuition placements as several anticipated placements were brought in house or moved out of the district.
- ◆ Operation and Maintenance costs decreased due to decreased utility costs which were from realized energy savings as a result of completing the energy projects in our schools.
- ◆ Transportation capital costs increased as we purchased additional buses from excess funds we had in health benefits.
- ◆ Various Instructional Aide salary lines were adjusted due to employee movement.
- ◆ There was a new appropriation and expenditure added this year for a transfer to enterprise fund as we needed to supplement the food service fund retained earnings through a board contribution.

Capital Assets

At the end of the fiscal year 2009, the School District had \$41,227,134 invested in land, buildings, furniture and equipment, and vehicles. Table 5 shows fiscal 2009 balances compared to 2008.

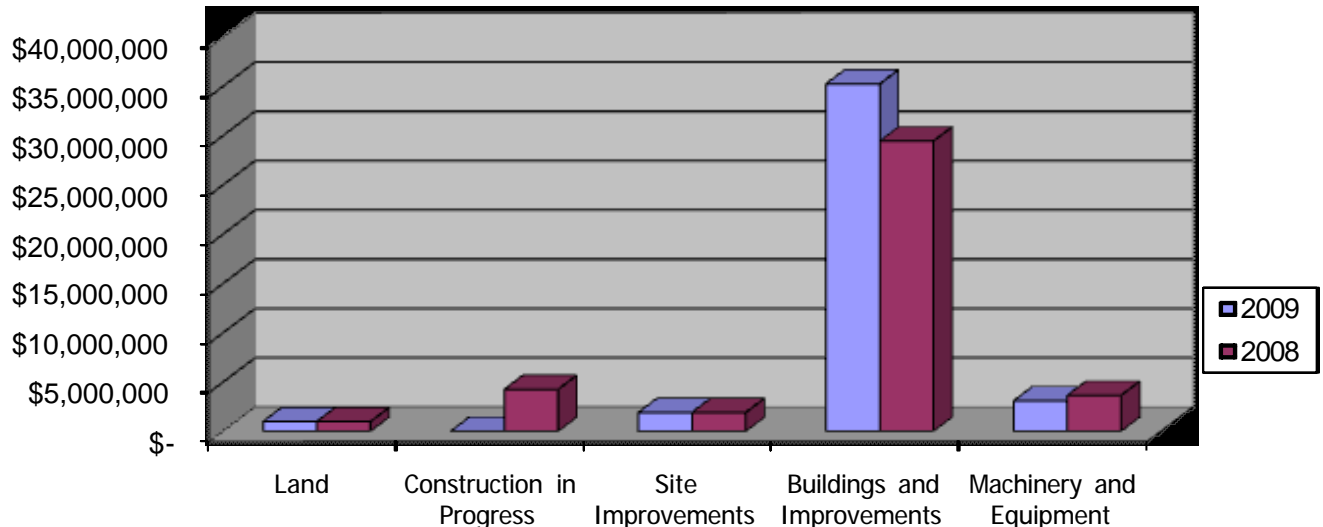
Table 5
Capital Assets (Net of Depreciation) at June 30,

	2009	2008
Governmental Activities		
Land	\$ 984,968	\$ 984,968
Construction in progress	-	4,254,094
Site improvements	1,910,696	1,910,696
Buildings and improvements	35,243,494	29,442,914
Machinery and equipment	3,087,976	3,641,343
	<u>\$ 41,227,134</u>	<u>\$ 40,234,015</u>

TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED

Capital assets increased \$993,119 from fiscal year 2008 to fiscal year 2009. The increase in capital assets is due to construction in progress. For more detailed information, please refer to the Notes to Financial Statements.



Debt Administration

At June 30, 2009, the School District had \$27,923,115 as outstanding debt. Of this amount \$2,599,554 is for compensated absences, \$56,561 is for a capital lease payable at 9.25%, \$50,000 is for environmental remediation and the balance of \$25,217,000 is for bonds for school construction.

At June 30, 2009, the School District's overall legal debt margin was \$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 2009-2010 was defeated by vote. The contributing factors are thought to be the new tax basis for the Village of Loch Arbour and the change in the economy.

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

The labor agreement for teachers, administrators, and several other employee groups has been negotiated through June 30, 2011. Each year of this contract will have an impact on the District's future operating budgets.

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

TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED

The School District approved a capital improvement project in 2009. Work begins in August, 2009. The School District has completed all other capital improvement projects in the prior year. It is one of the School District's goals and a budget priority to continue to upgrade and maintain the school facilities.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Kenneth Jannarone, School Business Administrator/Board Secretary at the Township of Ocean Board of Education, 163 Monmouth Road, Oakhurst, NJ 07755 or email kjannarone@ocean.k12.nj.us.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Statement of Net Assets
June 30, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,029,790	\$ 145,297	\$ 5,175,087
Receivables, net	172,800	50,009	222,809
Inventory	-	14,769	14,769
Bond issuance costs	74,089	-	74,089
Restricted assets:			
Cash and cash equivalents	137,485	-	137,485
Capital reserve account - cash	1,010,718	-	1,010,718
Intergovernmental receivable	629,412	-	629,412
Capital assets, net	41,227,132	92,319	41,319,451
Total assets	48,281,426	302,394	48,583,820
LIABILITIES			
Accounts payable	771,305	185,252	956,557
Contracts payable	51,020	-	51,020
Bond premium	270,487	-	270,487
Accrued interest	389,530	-	389,530
Payable to state government	23,572	-	23,572
Deferred revenue	495	7,072	7,567
Noncurrent liabilities:			
Due within one year	2,701,123	-	2,701,123
Due beyond one year	25,221,992	-	25,221,992
Total liabilities	29,429,524	192,324	29,621,848
NET ASSETS			
Invested in capital assets, net of related debt	15,953,571	92,319	16,045,890
Restricted for:			
Debt service	2	-	2
Capital projects	1,305,779	-	1,305,779
Other purposes	4,670,823	-	4,670,823
Unrestricted	(3,078,273)	17,751	(3,060,522)
Total net assets	\$ 18,851,902	\$ 110,070	\$ 18,961,972

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction:						
Regular	\$ 29,853,090	\$ -	\$ 3,708,398	\$ (26,144,692)	\$ -	\$ (26,144,692)
Special education	6,685,215	53,793	877,398	(5,754,024)	-	(5,754,024)
Other special instruction	2,017,043	-	286,822	(1,730,221)	-	(1,730,221)
Other instruction	1,397,145	-	62,317	(1,334,828)	-	(1,334,828)
Support services:						
Instruction	3,292,240	-	-	(3,292,240)	-	(3,292,240)
Student and instruction related services	7,943,866	-	991,865	(6,952,001)	-	(6,952,001)
School administrative services	3,372,965	-	363,258	(3,009,707)	-	(3,009,707)
General administrative services	1,161,748	-	55,307	(1,106,441)	-	(1,106,441)
Central services	929,609	-	55,905	(873,704)	-	(873,704)
Administrative information technology	288,517	-	12,677	(275,840)	-	(275,840)
Plant operations and maintenance	7,338,569	194,755	177,430	(6,966,384)	-	(6,966,384)
Pupil transportation	3,913,472	-	114,799	(3,798,673)	-	(3,798,673)
Special schools	190,883	15,175	-	(175,708)	-	(175,708)
Charter school	15,348	-	-	(15,348)	-	(15,348)
Interest on long-term debt	1,308,884	-	254,941	(1,053,943)	-	(1,053,943)
	<u>69,708,594</u>	<u>263,723</u>	<u>6,961,117</u>	<u>(62,483,754)</u>	<u>-</u>	<u>(62,483,754)</u>
Business-type activities:						
Food Service	<u>1,132,607</u>	<u>739,032</u>	<u>356,933</u>	<u>-</u>	<u>(36,642)</u>	<u>(36,642)</u>
Total business-type activities	<u>1,132,607</u>	<u>739,032</u>	<u>356,933</u>	<u>-</u>	<u>(36,642)</u>	<u>(36,642)</u>
Total primary government	<u>\$ 70,841,201</u>	<u>\$ 1,002,755</u>	<u>\$ 7,318,050</u>	<u>\$ (62,483,754)</u>	<u>\$ (36,642)</u>	<u>\$ (62,520,396)</u>
General revenues:						
Property Taxes Levied for:						
General purposes				\$ 50,344,384	\$ -	\$ 50,344,384
Debt service				2,583,653	-	2,583,653
Federal and State aid not restricted				9,334,996	-	9,334,996
Investment Earnings				216,587	-	216,587
Miscellaneous Income				68,308	-	68,308
Transfers out				(100,000)	100,000	-
Total general revenues, special items, extraordinary items and transfers				<u>62,447,928</u>	<u>100,000</u>	<u>62,547,928</u>
Change in Net Assets				(35,826)	63,358	27,532
Net Assets—beginning				<u>18,887,728</u>	<u>46,712</u>	<u>18,934,440</u>
Net Assets—ending				<u>\$ 18,851,902</u>	<u>\$ 110,070</u>	<u>\$ 18,961,972</u>

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

FUND FINANCIAL STATEMENTS

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2009

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 4,696,704	\$ -	\$ 137,483	\$ 2	\$ 4,834,189
Receivables, net	8,881	-	-	-	8,881
Due from other funds	364,809	-	-	-	364,809
Receivables from other governments	163,919	451,193	178,219	-	793,331
Restricted cash and cash equivalents	<u>1,010,718</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,010,718</u>
Total assets	<u>\$ 6,245,031</u>	<u>\$ 451,193</u>	<u>\$ 315,702</u>	<u>\$ 2</u>	<u>\$ 7,011,928</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 355,261	\$ 82,958	\$ -	\$ -	\$ 438,219
Contracts payable	51,020	-	-	-	51,020
Interfund payable	-	344,168	20,641	-	364,809
Payable to state government	-	23,572	-	-	23,572
Deferred revenue	-	495	-	-	495
Total liabilities	<u>406,281</u>	<u>451,193</u>	<u>20,641</u>	<u>-</u>	<u>878,115</u>
Fund balances:					
Reserved for:					
Encumbrances	324,312	-	-	-	324,312
Capital reserve account	1,010,718	-	-	-	1,010,718
Excess surplus	1,786,600	-	-	-	1,786,600
Excess surplus - designated for subsequent year's expenditures	2,059,911	-	-	-	2,059,911
Unreserved:					
Designated for subsequent year's expenditures	500,000	-	-	1	500,001
Unreserved, undesignated reported in:					
General fund	157,209	-	-	-	157,209
Special revenue fund	-	-	-	-	-
Debt service fund	-	-	-	1	1
Capital projects fund	-	-	295,061	-	295,061
Total fund balances	<u>5,838,750</u>	<u>-</u>	<u>295,061</u>	<u>2</u>	<u>6,133,813</u>
Total liabilities and fund balances	<u>\$ 6,245,031</u>	<u>\$ 451,193</u>	<u>\$ 315,702</u>	<u>\$ 2</u>	

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

The premiums and costs associated with the issuance of the various bonds are reflected as income and expense in the year the bonds are issued but are capitalized on the statement of net assets. The bond premium net of bond issuance costs is \$201,930 and accumulated amortization is \$5,532.

(196,398)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$64,770,832 and the accumulated depreciation is \$23,543,700.

41,227,132

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.

(28,312,645)

\$ 18,851,902

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources:					
Local tax levy	\$ 50,344,384	\$ -	\$ -	\$ 2,583,653	\$ 52,928,037
Tuition charges	68,967	-	-	-	68,967
Interest earned on investments	195,946	-	20,641	-	216,587
Miscellaneous	254,515	-	-	278,106	532,621
Total - local sources	50,863,812	-	20,641	2,861,759	53,746,212
State sources	13,603,874	781,749	-	254,941	14,640,564
Federal sources	-	1,655,549	-	-	1,655,549
Total revenues	64,467,686	2,437,298	20,641	3,116,700	70,042,325
EXPENDITURES					
Current:					
Regular instruction	19,905,434	1,894,467	-	-	21,799,901
Special education instruction	4,707,955	-	-	-	4,707,955
Other special instruction	1,404,080	-	-	-	1,404,080
Other instruction	1,125,096	-	-	-	1,125,096
Support services and undistributed costs:					
Instruction	2,754,931	537,309	-	-	3,292,240
Student and instruction related services	5,718,458	-	-	-	5,718,458
General administrative services	1,014,555	-	-	-	1,014,555
School administrative services	2,475,110	-	-	-	2,475,110
Central services	742,919	-	-	-	742,919
Administrative information technology	228,003	-	-	-	228,003
Plant operations and maintenance	6,453,715	-	-	-	6,453,715
Pupil transportation	3,113,502	-	-	-	3,113,502
Unallocated benefits	14,278,209	-	-	-	14,278,209
Special schools	190,882	-	-	-	190,882
Transfer to charter school	15,348	-	-	-	15,348
Debt service:					
Principal	-	-	-	2,343,000	2,343,000
Interest and other charges	-	-	-	1,345,593	1,345,593
Bond issuance costs	-	-	-	76,176	76,176
Capital outlay	907,672	-	1,792,937	-	2,700,609
Total expenditures	65,035,869	2,431,776	1,792,937	3,764,769	73,025,351
Excess (Deficiency) of revenues over expenditures	(568,183)	5,522	(1,772,296)	(648,069)	(2,983,026)
OTHER FINANCING SOURCES (USES)					
Transfers in	38,505	-	-	850,000	888,505
Transfers out	(100,000)	-	(870,641)	(17,864)	(988,505)
Refunding bonds issued	-	-	-	8,275,000	8,275,000
Payment to refunding bond escrow agent	-	-	-	(8,459,066)	(8,459,066)
Total other financing sources (uses)	(61,495)	-	(870,641)	648,070	(284,066)
Net change in fund balances	(629,678)	5,522	(2,642,937)	1	(3,267,092)
Fund balance - July 1	6,468,428	(5,522)	2,937,998	1	9,400,905
Fund balance - June 30	\$ 5,838,750	\$ -	\$ 295,061	\$ 2	\$ 6,133,813

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2009

Total net change in fund balances - governmental funds (from B-2) \$ (3,267,092)

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	\$ (1,707,489)	
Capital outlays	<u>2,700,609</u>	993,120

Repayment of long-term debt, i.e. bond principal, is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 10,836,587

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. (196,398)

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets. (8,275,000)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in accrued interest is an addition in the reconciliation. (+) 38,796

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 reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation. (+) (165,839)

Change in net assets of governmental activities \$ (35,826)

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Statement of Fund Net Assets
Proprietary Funds
June 30, 2009

	Business Type Activities Enterprise Funds Food Service Fund	Internal Service Funds Self-Insurance Activities
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 145,297	\$ 333,086
Other receivables	50,009	-
Inventories	14,769	-
Total current assets	<u>210,075</u>	<u>333,086</u>
Non-current assets:		
Furniture, machinery and equipment	471,256	-
Less: accumulated depreciation	<u>(378,937)</u>	<u>-</u>
Total non-current assets	<u>92,319</u>	<u>-</u>
Total assets	<u>\$ 302,394</u>	<u>\$ 333,086</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 185,252	\$ 333,086
Deferred revenue	7,072	-
Total current liabilities	<u>192,324</u>	<u>333,086</u>
NET ASSETS		
Unrestricted	<u>110,070</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 302,394</u>	<u>\$ 333,086</u>

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2009

	Business Type Activities Enterprise Funds Food Service Fund	Internal Service Funds Self-Insurance Activities
Operating Revenues		
Charges for services:		
Daily sales - reimbursable program	\$ 325,569	\$ -
Daily sales - non-reimbursable program	405,756	-
Special functions	7,707	-
Services provided to other funds	-	1,685,000
Total operating revenues	<u>739,032</u>	<u>1,685,000</u>
Operating Expenses		
Cost of sales	638,248	-
Salaries	351,704	-
Employee benefits	105,485	1,361,128
Management fee	-	-
Insurance	20,238	-
Office supplies	91	-
Depreciation	16,841	-
Total operating expenses	<u>1,132,607</u>	<u>1,361,128</u>
Operating Income (loss)	<u>(393,575)</u>	<u>323,872</u>
Non-operating Revenues		
State sources:		
State school lunch program	14,492	-
Federal sources:		
National school lunch program	239,525	-
Special milk program	806	-
Food distribution program	43,310	-
Sodexo:		
Food service guarantee	58,800	-
Total non-operating revenues	<u>356,933</u>	<u>-</u>
Change in Net Assets before transfers	(36,642)	323,872
Transfer In	<u>100,000</u>	<u>-</u>
Change in Net Assets	63,358	323,872
Total Net Assets - Beginning	<u>46,712</u>	<u>9,214</u>
Total Net Assets - Ending	<u>\$ 110,070</u>	<u>\$ 333,086</u>

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2009

	Business Type Activities Enterprise Funds Food Service Fund	Internal Service Funds Self-Insurance Activities
Cash Flows from Operating Activities		
Receipts from customers and other funds	\$ 736,291	\$ 1,685,000
Payments to employees	(351,704)	-
Payments for employee benefits	(105,485)	(1,361,128)
Payments to suppliers	<u>(652,287)</u>	<u>-</u>
Net cash used for operating activities	<u>(373,185)</u>	<u>323,872</u>
Cash Flows from Non-capital Financing Activities		
Interfund transfers	100,000	-
State sources	12,537	-
Federal sources	<u>249,287</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>361,824</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	<u>-</u>	<u>-</u>
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities		
Interest and dividends	<u>-</u>	<u>-</u>
Net cash provided by investing activities	<u>-</u>	<u>-</u>
Net Decrease in Cash and Cash Equivalents	(11,361)	323,872
Balance - Beginning of Year	<u>156,658</u>	<u>9,214</u>
Balance - End of Year	<u><u>\$ 145,297</u></u>	<u><u>\$ 333,086</u></u>
Reconciliation of Operating Loss to Net Cash		
Used for Operating Activities:		
Operating loss	\$ (393,575)	\$ -
Adjustments to reconcile operating income (loss) to net cash used for operating activities		
Depreciation	16,841	-
Decrease in accounts receivable, net	(2,741)	-
(Increase) decrease in inventories	8,094	-
Increase (decrease) in accounts payable	525	333,086
Increase (decrease) in deferred revenue	<u>(2,329)</u>	<u>-</u>
Total adjustments	<u>20,390</u>	<u>333,086</u>
Net Cash Used for Operating Activities	<u><u>\$ (373,185)</u></u>	<u><u>\$ 333,086</u></u>

Noncash noncapital financing activities:

The Board of Education received \$43,310 of food commodities from the US Department of Agriculture for the year ended June 30, 2009.

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Unemployment Compensation Trust	Agency Fund
ASSETS		
Cash and cash equivalents	\$ 670,073	\$ 791,916
Total Assets	<u>\$ 670,073</u>	<u>\$ 791,916</u>
LIABILITIES		
Payroll deductions and withholdings	\$ 14,722	\$ -
Due to student groups	<u>-</u>	<u>791,916</u>
Total Liabilities	<u>14,722</u>	<u>\$ 791,916</u>
NET ASSETS		
Held in trust for unemployment claims and other purposes	<u>\$ 655,351</u>	

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2009

	Unemployment Compensation Trust
ADDITIONS	
Contributions:	
Plan Member	<u>\$ 105,783</u>
Total Contributions	<u>105,783</u>
Investment Earnings:	
Interest	<u>9,977</u>
Net Investment Earnings	<u>9,977</u>
Total Additions	<u>115,760</u>
DEDUCTIONS	
Quarterly Contribution Reports	42,221
Unemployment Claims	<u>33,288</u>
Total Deductions	<u>75,509</u>
Change in Net Assets	40,251
Net Assets - Beginning of Year	<u>615,100</u>
Net Assets - End of Year	<u><u>\$ 655,351</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Notes to the Financial Statements
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of the Township of Ocean School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The 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 made up its legal entity. It is also financially accountable for legally separate organization 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:

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

Based on the aforementioned criteria, the District has no component units.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Notes to the Financial Statements
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. District -Wide and Fund Financial Statements

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenue 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 which the proceeds of specific revenue sources (other than fiduciary funds or major capital projects) that 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.

Continued

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Notes to the Financial Statements
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

Additionally, the District reports the following fiduciary fund types:

Fiduciary Funds of the District include the unemployment compensation and agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. The following is a description of the fiduciary funds of the District.

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 fund is 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.

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

Internal Service Fund accounts for risk management and health insurance costs provided to the Board of Education employees.

In its accounting and financial reporting, the District follows the pronouncements of the GASB and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by the FASB after November 30, 1989.

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.

Continued

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Notes to the Financial Statements
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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 in to the accounting system is employed as a management control devise 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 last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

E. Cash, Cash Equivalents and Investments

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

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools."

Continued

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Notes to the Financial Statements
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2009, the unused Food Donation Program commodities of \$7,072 are reported as deferred revenue in the Enterprise Fund.

H. Capital Assets

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

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

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

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

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

I. Compensated Absences

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Notes to the Financial Statements
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Compensated Absences (continued)

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 Assets, 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, 2009, no material liability existed for compensated absences in the Food Service Fund.

J. Deferred Revenue

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

K. Accrued Liabilities and Long-term Obligations

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

L. Unamortized bond premiums, discounts and bond issuance costs

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

M. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose that are subject to change. Components of fund equity are presented at B-1.

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 excess fund balance generated during the 2009 fiscal year in the amount of \$1,786,600, which will be designated for tax relief in 2010-2011.

Continued

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Notes to the Financial Statements
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Net Assets

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

P. Management Estimates

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

Q. On-Behalf Payments

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

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

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

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net asset – governmental activities as reported in the district-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, capital leases and compensated absences, are not due and payable in the current period and therefore are not reported in the funds. The details of this \$28,312,645 difference are as follows:

Capital leases payable	\$ 56,561
Bonds payable	25,217,000
Accrued interest payable	389,530
Claims and judgments	50,000
Compensated absences	<u>2,599,554</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u><u>\$ 28,312,645</u></u>

NOTE 3. DEPOSITS AND INVESTMENTS

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statue 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Notes to the Financial Statements
June 30, 2009

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

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. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Deposits

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

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

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

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

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

Operating cash, in the form of Negotiable Order of Withdrawal ("NOW") accounts, is held in the District's name by a commercial banking institution. At June 30, 2009, the carrying amount of the District's deposits was \$4,266,132 and the bank balance was \$5,354,530.

Based on levels of risk, \$250,000 of the District's cash deposits on June 30, 2009 were secured by federal depository insurance. The remaining bank balance of \$5,104,530 was covered by the New Jersey Governmental Unit Deposit Protection Act (GUDPA).

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

Continued

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Notes to the Financial Statements
June 30, 2009

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Deposits (continued)

At June 30, 2009, 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 school District.
- d. New Jersey Cash Management Fund, New Jersey Arbitrage Rebate Management Fund and MBIA Class.

The Board of Education participates in the New Jersey Asset and Rebate Management Program which is a joint investment trust for local government units in the State of New Jersey. It was formed to make available comprehensive investment management, accounting and rebate calculation services for the issuers of tax exempt bonds and complies with all New Jersey statutes and regulations for the allowable investment of public funds. The Board participates in the joint investment account which provides a convenient method for Local Governments to pool funds for temporary investing. These investments consist of United States Treasury Bills and notes and other obligations guaranteed by the United States of America, Federal agency bonds and notes with a maturity not greater than 397 days, and fully collateralized repurchase agreements. The carrying amount and fair value as of June 30, 2009 was \$1,481,927.

Additionally, the Board has invested in the Morgan Stanley Institutional Liquidity Funds Government Securities Portfolio (MSILF). This fund seeks preservation of capital, daily liquidity, and maximum current income. The portfolio seeks to maintain a stable net asset value of \$1 per share by investing all of its assets in US Treasury obligations and US Government Securities. The fund is a money market fund in compliance with SEC rule 2a-7. At June 30, 2009, the District's balance was \$95,448.

Custodial Credit Risk: Pursuant to GASB 40, the NJARM and MSILF, which are pooled investments, are 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 required 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 not rated by a rating agency. The MSILF is rated AAA by Standard and Poor's and Aaa by Moody's Investors Service.

Interest Rate Risk: The District does not have policy to limit interest risk. The weighted average maturity of the NJARM portfolio at December 31, 2008, was 57 days and MSILF at July 31, 2009, was 24 days.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Notes to the Financial Statements
June 30, 2009

NOTE 4. RECEIVABLES

Receivables at June 30, 2009, 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>Government Wide Financial Statements</u>
State Aid	\$ 288,345	\$ 290,962
Federal Aid	427,621	472,271
Other	<u>451,055</u>	<u>88,988</u>
Gross Receivables	1,167,021	852,221
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>
Total Receivables, net	<u><u>\$ 1,167,021</u></u>	<u><u>\$ 852,221</u></u>

NOTE 5. RESTRICTED ASSETS

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

NOTE 6. CAPITAL ASSETS

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2009:

	<u>Beginning Balance</u>	<u>Transfers or Additions</u>	<u>Transfers or Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 984,968	\$ -	\$ -	\$ 984,968
Construction in progress	<u>4,254,094</u>	<u>1,792,936</u>	<u>6,047,030</u>	<u>-</u>
Total capital assets not being depreciated	<u>5,239,062</u>	<u>1,792,936</u>	<u>6,047,030</u>	<u>984,968</u>
Capital assets being depreciated:				
Site improvements	1,910,696	-	-	1,910,696
Building and building improvements	44,197,545	6,148,710	-	50,346,255
Machinery and equipment	<u>10,799,187</u>	<u>805,992</u>	<u>76,264</u>	<u>11,528,915</u>
Totals at historical cost	<u>56,907,428</u>	<u>6,954,702</u>	<u>76,264</u>	<u>63,785,866</u>
Less accumulated depreciation for:				
Building and improvements	14,754,631	348,130	-	15,102,761
Equipment	<u>7,157,844</u>	<u>1,359,359</u>	<u>76,264</u>	<u>8,440,939</u>
	<u>21,912,475</u>	<u>1,707,489</u>	<u>76,264</u>	<u>23,543,700</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>34,994,953</u>	<u>5,247,213</u>	<u>-</u>	<u>40,242,166</u>
Government activity capital assets, net	<u><u>\$ 40,234,015</u></u>	<u><u>\$ 7,040,149</u></u>	<u><u>\$ 6,047,030</u></u>	<u><u>\$ 41,227,134</u></u>

Continued

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Notes to the Financial Statements
June 30, 2009

NOTE 6. CAPITAL ASSETS (continued)

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

Instruction	\$ 1,094,139
General and business administrative services	66,109
Plant operations and maintenance	144,125
Pupil transportation	320,706
School administrative services	82,410
	<hr/>
Total	<u>\$ 1,707,489</u>

The following is a summary of the business-type capital assets for the year ended June 30, 2009:

	<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	\$ 471,256	\$ -	\$ -	\$ 471,256
Less accumulated depreciation	362,096	16,841	-	378,937
	<hr/>	<hr/>	<hr/>	<hr/>
Enterprise fund capital assets, net	<u>\$ 109,160</u>	<u>\$ (16,841)</u>	<u>\$ -</u>	<u>\$ 92,319</u>

NOTE 7. LONG-TERM LIABILITIES

Bonds Payable

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	2,420,000	1,022,429	3,442,429
2011	2,485,000	914,099	3,399,099
2012	2,570,000	824,959	3,394,959
2013	2,600,000	733,099	3,333,099
2014	2,665,000	637,943	3,302,943
2015 -2020	9,225,000	2,131,225	11,356,225
2021 - 2023	3,252,000	223,234	3,475,234
	<hr/>	<hr/>	<hr/>
	<u>\$ 25,217,000</u>	<u>\$ 6,486,988</u>	<u>\$ 31,703,988</u>

Bonds Authorized But Not Issued

As of June 30, 2009, the District had no authorized but not issued bonds.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Notes to the Financial Statements
June 30, 2009

NOTE 7. LONG-TERM LIABILITIES (continued)

Defeasance

The Board adopted a refunding bond ordinance and a resolution on March 17, 2009, for the purpose of issuing Refunding Bonds (the Refunding Bonds) in order to advance refund a portion of the outstanding 1999 Bond Issuance dated February 15, 1999, (the Prior Bonds) which were issued to finance the construction of additions to and renovations of the existing schools.

Approval was obtained from the New Jersey Local Finance Board of the Department of Community Affairs on March 11, 2009.

On May 1, 2009 the Board issued \$8,275,000 in general obligation bonds with an interest rate of 3.08% to advance refund \$ 8,460,000 of outstanding 1999 series bonds with an average interest rate of 4.42%. The net proceeds of \$8,180,960 (after payment of costs of issuance of \$94,040) plus an additional \$ 278,106 of 2009 bond premium and accrued interest were used to purchase US government securities. These securities were deposited in an irrevocable trust with and escrow agent to provide for all future debt service payments on the 1999 series bonds. As a result, the 1999 bonds are considered to be defeased and the liability for these bonds has been removed from net assets.

This refunding resulted in an economic gain as well as savings from refunding. The economic gain realized from this refunding was \$17,864 and the savings resulting from the refunding was as follows:

Cash flow requirements to service old debt	\$ 9,840,090
Cash flow requirements for new debt	<u>9,233,208</u>
Net savings from refunding	<u><u>\$ 606,882</u></u>

Unamortized Bond Premium

Unamortized bond premium as of June 30, 2009 and 2008 is \$196,398 and \$0, respectively.

Capital Leases Payable

The District is leasing equipment totaling \$163,000 under capital leases. All capital leases are for terms of no more than five years. The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2009.

<u>Year Ending June 30,</u>	<u>Amount</u>
2010	40,529
2011	<u>20,263</u>
Total minimum lease payments	60,792
Less: amount representing interest	<u>4,231</u>
Present value of net minimum lease payments	<u><u>\$ 56,561</u></u>

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Notes to the Financial Statements
June 30, 2009

NOTE 7. LONG-TERM LIABILITIES (continued)

Changes in Long-Term Liabilities

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009	Amounts Due within One Year
Compensated absences payable	\$ 2,433,715	\$ 229,105	\$ 63,266	\$ 2,599,554	\$ 244,291
Serial bonds payable with interest rates ranging from 4.10% to 4.875%	27,745,000	8,275,000	10,803,000	25,217,000	2,420,000
Capital lease payable with interest rate of 9.25%	90,151	-	33,590	56,561	36,832
Environmental remediation	50,000	-	-	50,000	-
	<u>\$ 30,318,866</u>	<u>\$ 8,504,105</u>	<u>\$ 10,899,856</u>	<u>\$ 27,923,115</u>	<u>\$ 2,701,123</u>

Compensated absences and capital leases liabilities are liquidated by expenditures charges to the general fund. Bonds payable are liquidated by expenditures charged to the debt service fund.

NOTE 8. PENSION PLANS

Plan Descriptions

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

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66, to provide coverage including post-retirement health care to substantially all full-time public employees of the State.. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be $1/55^{\text{th}}$ 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 services. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

Continued

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Notes to the Financial Statements
June 30, 2009

NOTE 8. PENSION PLANS (continued)

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide coverage including post-retirement health care to substantially all full-time employees of the State or any county, municipality, school district, or public agency, provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of services and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be $1/55^{\text{th}}$ of the average annual compensation for the highest three fiscal years compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above formula, but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55)

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

Funding Policy

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

The Board's actuarially determined contributions to PERS for the years ended June 30, 2009, 2008 and 2007 were \$539,268, \$406,646 and \$220,031, respectively, equal to the required contributions for each year. During the ended June 30, 2009, the State of New Jersey contributed \$1,966,200 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 \$2,302,678 during the fiscal year ended June 30, 2009 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the district-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

NOTE 9. POST-RETIREMENT BENEFITS

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, 2008, there were 80,181 retirees, statewide, eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve of one half of 1% of the active State payroll.

Continued

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Notes to the Financial Statements
June 30, 2009

NOTE 9. POST-RETIREMENT BENEFITS (continued)

The State made post-retirement (PRM) contributions of \$592.7 million for TPAF and \$224.3 million for PERS in Fiscal Year 2008.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$116.0 million toward Chapter 126 benefits for 12,545 eligible retired members in Fiscal Year 2008.

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

NOTE 10. RISK MANAGEMENT AND HEALTH INSURANCE

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

Property and Liability Insurance

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

New Jersey Unemployment Compensation Insurance

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

Health Insurance

Beginning in the fiscal year 2009, the District's 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 amount of settlements have not exceeded insurance coverage in any of the past three fiscal years.

Exhibits B-4 and B-5 reflect the activity of the Internal Service Fund.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Notes to the Financial Statements
June 30, 2009

NOTE 11. DEFERRED COMPENSATION

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the District and 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.

Participants' rights under the plans are equal to those of general creditors in an amount equal to the fair market value of the deferred account of each participant. The District has no liability for losses under the plan.

NOTE 12. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2009, the interfund receivables and payables that resulted from regularly recurring operational transfers are detailed below:

Due to the General Fund from the Capital Projects Fund for interest income	\$ 20,641
Due to the General Fund from the Special Revenue Fund to cover cash overdraft	<u>344,168</u>
	<u><u>\$ 364,809</u></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 special revenue fund represents loans between the funds.

Interfund transfers during the year were as follows:

	<u>Transfers from Other Funds</u>	<u>Transfers to Other Funds</u>
General Fund	\$ 38,505	\$ 100,000
Capital Projects	-	870,641
Debt Service	850,000	17,864
Proprietary Fund	<u>100,000</u>	<u>-</u>
	<u><u>\$ 988,505</u></u>	<u><u>\$ 988,505</u></u>

The general fund transferred \$100,000 to the food service fund to cover operational deficit. The district budgeted \$850,000 of unused capital projects funds to the debt service account. New Jersey statute requires that interest earned on the investments in the capital projects fund be credited to the general or debt service fund.

NOTE 13. ECONOMIC DEPENDENCY

The School District is dependent on the State of New Jersey for a substantial portion of its operating funds. Due to funding uncertainties at the State level, funding for school districts may be reduced. The ultimate effect of this possible reduction in funding on the District's future operation is not yet determinable.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Notes to the Financial Statements
June 30, 2009

NOTE 14. CONTINGENT LIABILITIES

Litigation

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

Grant Programs

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

Construction Commitments

The undesignated funds in the Capital Projects Fund of \$295,061 include an excess remaining from prior completed projects of which \$215,300 has been budgeted as a transfer to the Debt Service Fund during 2009-2010. The balance will be transferred to either the Debt Service Fund or the Capital Reserve Fund consistent with the source of the original funds or utilized for energy system upgrades in accordance with the approved referendum dated May 15, 2007.

NOTE 15. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year end 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, 2008 to June 30, 2009 fiscal year is as follows:

Beginning balance, July 1, 2008	\$ 502,589
Interest earnings	8,129
Deposits (per board resolution June 2009)	500,000
Withdrawals	
Board resolution (per approved budget)	<u>-</u>
Ending balance, June 30, 2009	<u><u>\$ 1,010,718</u></u>

The June 30, 2009 LRFP balance of local support costs of uncompleted capital projects is \$4,414,751.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Notes to the Financial Statements
June 30, 2009

NOTE 16. DEFICIT FUND BALANCES

As reflected on Exhibit A-1, Statement of Net Assets, a deficit in unrestricted net assets of \$(3,078,273) existed as of June 30, 2009 for governmental activities. The primary cause of this deficit is the District not recognizing the receivable for the last state aid payment and the recording of the long-term liability for compensated absences. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net Assets, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences that relate to future services, or that are contingent on a specific event outside the control of the District and its employees are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net assets for governmental activities does not indicate that the District is facing financial difficulties.

NOTE 17. FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1)

Of the \$5,838,750 General Fund balance in the fund financial statements at June 30, 2009, \$324,312 is reserved for encumbrances, \$1,786,600 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), \$2,059,911 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2010; \$1,010,718 has been reserved in the Capital Reserve Account, \$500,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2010; and \$157,209 is unreserved and undesignated.

Debt Service Fund

The Debt Service Fund fund balance at June 30, 2009 of \$2 consists of \$1 appropriated and included as anticipated revenue for the year ended June 30, 2010 and \$1 is unreserved and undesignated.

NOTE 18. SUBSEQUENT EVENT

On June 30, 2009 the Board approved \$481,500 of capital improvement projects associated with Boiler replacement and HVAC upgrades at the Wanamassa Elementary School and Unit ventilator branch piping replacement at the Intermediate School. Funding for these projects will be provided by a budgeted withdrawal from capital reserve of \$288,900 in addition to State Aid of \$192,600.

NOTE 19. ENVIRONMENTAL MATTERS

The Whitman Companies, Inc. (Whitman) initiated site investigations at the Ocean Township High School Bus Compound in May 2000. Whitman was retained due to the presence of petroleum-contaminated soils identified during the removal of two (2) 5,000-gallon underground storage tanks (USTs) performed by another consultant in August 1999. The USTs contained gasoline and diesel fuel. The UST removals and subsequent site investigation were reported to the New Jersey Department of Environmental Protection -Bureau of Underground Storage Tanks (NJDEP-BUST) on October 20, 2000.

As a result of chlorinated compounds detected in several private wells located near the Bus Compound, the Board of Education retained Whitman to perform further site investigations at the Bus Compound and perform Preliminary Assessments (PAs) for both the High School and Bus Compound properties to determine if any potential areas of environmental concern (AECs) exist.

Based on the results of further ground water and soil investigations and findings of the Preliminary Assessment Reports, Whitman identified other potential AECs at the High School and adjacent Bus Compound that required further remedial investigations and remedial actions.

Continued

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Notes to the Financial Statements
June 30, 2009

NOTE 19. ENVIRONMENTAL MATTERS (continued)

A Site Investigation Report, Soil Remedial Action Report, Ground Water Investigation Report and Remedial Investigation Report for ground water and soil at the Bus Compound property were also submitted to NJDEP.

Whitman submitted the PA Report associated with the High School including a completed Memorandum of Agreement (MOA) to NJDEP. The High School remedial investigations and actions were being performed under a MOA, which is part of the NJDEP's Voluntary Cleanup Program. The MOA is the regulatory mechanism for obtaining NJDEP oversight and approvals in instances where environmental investigations and/or remedial actions are not governed by a specific regulatory program. The High School remedial investigations and actions were completed and since have received a No Further Action (NFA) on February 27, 2006.

Based on the information compiled to date on soil and ground water for the Bus Compound, the Bus Compound ground water investigation is still ongoing and is close to completion. NJDEP has agreed to the scope for delineation and has indicated that this portion of the property would be a likely candidate for monitored natural attenuation. A remedial action report proposing natural attenuation with a Classification Exception Area for ground water contamination was submitted to the NJDEP on November 29, 2007. The Board of Education has reflected \$50,000 as a liability in the General Long Term Debt account group to provide for these estimated costs.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF OCEAN BOARD OF EDUCATION
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 50,344,384	\$ -	\$ 50,344,384	\$ 50,344,384	\$ -
Tuition	23,200	-	23,200	68,967	45,767
Interest on investments	400,000	-	400,000	187,817	(212,183)
Capital reserve interest	100	-	100	8,129	8,029
Miscellaneous	55,000	-	55,000	59,760	4,760
Rental fee	168,000	-	168,000	194,755	26,755
Total - local sources	50,990,684	-	50,990,684	50,863,812	(126,872)
State sources:					
Categorical special education aid	2,231,845	-	2,231,845	2,231,845	-
Categorical security aid	346,576	-	346,576	346,576	-
Adjustment aid	6,450,479	-	6,450,479	6,220,714	(229,765)
Categorical transportation aid	819,916	-	819,916	819,916	-
Adult education aid	-	-	-	46,872	46,872
Extraordinary aid	121,589	-	121,589	121,589	-
Aid in lieu adjustment	-	-	-	44,870	44,870
On-behalf TPAF pension contributions (non-budgeted)	-	-	-	1,966,200	1,966,200
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	2,302,678	2,302,678
Total - state sources	9,970,405	-	9,970,405	14,101,260	4,130,855
Total revenues	60,961,089	-	60,961,089	64,965,072	4,003,983
EXPENDITURES:					
CURRENT EXPENSE:					
Regular programs - instruction:					
Salaries of teachers:					
Preschool/kindergarten	463,411	26,396	489,807	486,805	3,002
Grades 1-5	6,700,810	(100,407)	6,600,403	6,527,147	73,256
Grades 6-8	4,496,882	15,639	4,512,521	4,504,813	7,708
Grades 9-12	6,728,338	(16,796)	6,711,542	6,557,922	153,620
Regular programs - home instruction:					
Salaries of teachers	38,000	8,000	46,000	36,285	9,715
Purchase professional educational services	38,000	(8,000)	30,000	18,562	11,438
Regular programs - undistributed instruction:					
Other salaries for instruction	132,941	2,177	135,118	128,930	6,188
Purchased professional educational services	10,500	(6,500)	4,000	-	4,000
Purchased technical services	139,347	(650)	138,697	109,823	28,874
Other purchased services (400 - 500 series)	56,866	(5,370)	51,496	30,671	20,825
General supplies	1,214,346	9,774	1,224,120	1,169,501	54,619
Textbooks	354,680	(10,030)	344,650	330,358	14,292
Other objects	10,440	730	11,170	4,617	6,553
Total regular programs	20,384,561	(85,037)	20,299,524	19,905,434	394,090

(Continued)

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special education - instruction:					
Learning and/or language disabilities:					
Salaries of teachers	\$ 914,034	\$ 39,381	\$ 953,415	\$ 903,067	\$ 50,348
Other salaries for instruction	370,353	28,421	398,774	376,861	21,913
General supplies	7,952	(858)	7,094	6,351	743
Textbooks	3,195	1,148	4,343	4,292	51
Total learning and/or language disabilities	1,295,534	68,092	1,363,626	1,290,571	73,055
Behavioral disabilities:					
Salaries of teachers	364,980	(10,329)	354,651	353,649	1,002
Other salaries for instruction	32,946	24,688	57,634	43,423	14,211
General supplies	1,454	610	2,064	1,933	131
Textbooks	940	600	1,540	1,489	51
Total behavioral disabilities	400,320	15,569	415,889	400,494	15,395
Multiple disabilities:					
Salaries of teachers	193,798	(97)	193,701	191,645	2,056
Other salaries for instruction	120,855	7,742	128,597	123,290	5,307
General supplies	3,879	310	4,189	4,136	53
Textbooks	1,200	(310)	890	858	32
Total multiple disabilities	319,732	7,645	327,377	319,929	7,448
Resource room:					
Salaries of teachers	2,191,365	14,908	2,206,273	2,204,508	1,765
General supplies	8,720	(900)	7,820	7,660	160
Textbooks	3,535	870	4,405	4,298	107
Total resource room	2,203,620	14,878	2,218,498	2,216,466	2,032
Preschool disabilities - part-time:					
Salaries of teachers	328,434	6,824	335,258	333,262	1,996
Other salaries for instruction	121,989	32,693	154,682	142,736	11,946
General supplies	3,500	420	3,920	3,881	39
Textbooks	1,000	(380)	620	616	4
Total preschool disabilities - part-time	454,923	39,557	494,480	480,495	13,985
Total special education - instruction	4,674,129	145,741	4,819,870	4,707,955	111,915
Basic skills/remedial - instruction:					
Salaries of teachers	872,919	(129,452)	743,467	733,103	10,364
Other salaries for instruction	14,310	2,436	16,746	16,746	-
General supplies	11,935	1,566	13,501	13,163	338
Textbooks	3,600	(1,366)	2,234	731	1,503
Total basic skills/remedial - instruction	902,764	(126,816)	775,948	763,743	12,205
Bilingual education - instruction:					
Salaries of teachers	637,351	(4,840)	632,511	632,511	-
Other salaries for instruction	-	1,840	1,840	1,839	1
Other purchased services (400 - 500 series)	240	180	420	414	6
General supplies	5,075	740	5,815	5,573	242
Total bilingual education - instruction	642,666	(2,080)	640,586	640,337	249

(Continued)

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School sponsored cocurricular activities - instruction:					
Salaries	\$ 318,995	\$ 4,010	\$ 323,005	\$ 284,482	\$ 38,523
Purchased services (300 - 500 series)	28,584	2,400	30,984	29,025	1,959
Supplies and materials	11,412	-	11,412	3,698	7,714
Other objects	1,621	-	1,621	80	1,541
Transfers to cover deficit	5,000	-	5,000	2,698	2,302
Total school sponsored cocurricular activities - instruction	365,612	6,410	372,022	319,983	52,039
School sponsored athletics - instruction:					
Salaries	604,508	11,136	615,644	569,002	46,642
Purchased services (300 - 500 series)	60,178	29,175	89,353	88,609	744
Supplies and materials	74,886	(3,000)	71,886	67,655	4,231
Other objects	8,250	-	8,250	6,347	1,903
Transfers to cover deficit	60,500	13,000	73,500	73,500	-
Total school sponsored athletics - instruction	808,322	50,311	858,633	805,113	53,520
Total - instruction	27,778,054	(11,471)	27,766,583	27,142,565	624,018
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within state - regular	82,800	-	82,800	79,200	3,600
Tuition to other LEAs within state - special	372,526	(59,000)	313,526	194,906	118,620
Tuition to county vocational school districts - regular	436,500	10,000	446,500	422,988	23,512
Tuition to county vocational school districts - special	60,000	3,000	63,000	61,500	1,500
Tuition to CSSD and regional day schools	117,940	20,000	137,940	136,304	1,636
Tuition to private schools for disabled within state	1,953,847	65,500	2,019,347	1,831,051	188,296
Tuition state facilities	47,886	-	47,886	28,982	18,904
Total undistributed expenditures - instruction	3,071,499	39,500	3,110,999	2,754,931	356,068
Attendance and social work services:					
Salaries	86,003	(1,859)	84,144	84,143	1
Other purchased services (400 - 500 series)	100	-	100	-	100
Supplies and materials	250	-	250	-	250
Total attendance and social work services	86,353	(1,859)	84,494	84,143	351
Health services:					
Salaries	420,387	(15,088)	405,299	405,037	262
Purchased professional and technical services	-	700	700	529	171
Supplies and materials	16,802	(1,180)	15,622	15,020	602
	-	-	-	-	-
Total health services	437,189	(15,568)	421,621	420,586	1,035
Speech, occupational therapy, physical therapy, related services:					
Salaries	725,084	4,691	729,775	690,802	38,973
Purchased professional/educational services	176,600	53,451	230,051	204,410	25,641
Supplies and materials	5,855	-	5,855	5,589	266
Other objects	1,200	(600)	600	302	298
Total speech, occupational therapy, physical therapy, related services	908,739	57,542	966,281	901,103	65,178

(Continued)

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other support services - students - extra services:					
Salaries	\$ 118,739	\$ 12,210	\$ 130,949	\$ 130,487	\$ 462
Total other support services - students - extra services	118,739	12,210	130,949	130,487	462
Other support services - guidance					
Salaries of other professional staff	996,201	12,842	1,009,043	1,009,039	4
Salaries of secretarial and clerical assistants	110,565	(4,813)	105,752	104,959	793
Other purchased services (400 - 500 series)	11,274	-	11,274	7,893	3,381
Supplies and materials	57,667	-	57,667	47,887	9,780
Other objects	5,975	-	5,975	5,544	431
Total other support services - guidance	1,181,682	8,029	1,189,711	1,175,322	14,389
Other support services - child study team					
Salaries of other professional staff	1,355,832	(57,148)	1,298,684	1,277,421	21,263
Salaries of secretarial and clerical assistants	53,034	13,101	66,135	65,700	435
Purchased professional/educational services	14,000	4,700	18,700	18,650	50
Other purchased professional and technical services	24,660	6,680	31,340	30,426	914
Other purchased services (400 - 500 series)	4,900	2,710	7,610	5,180	2,430
Supplies and materials	22,058	3,127	25,185	23,896	1,289
Other objects	4,500	500	5,000	4,358	642
Total other support services - child study team	1,478,984	(26,330)	1,452,654	1,425,631	27,023
Improvement of instructional services:					
Salaries of supervisors of instruction	659,689	26,870	686,559	686,559	-
Salaries of other professional staff	105,163	23,072	128,235	122,200	6,035
Salaries of secretarial and clerical services	57,249	(1,859)	55,390	55,362	28
Other purchased services (400 - 500 series)	12,500	-	12,500	8,268	4,232
Supplies and materials	10,778	2,921	13,699	12,933	766
Other objects	3,000	-	3,000	2,203	797
Total improvement of instructional services	848,379	51,004	899,383	887,525	11,858
Educational media services/school library:					
Salaries	455,764	11,864	467,628	467,625	3
Purchased professional and technical services	3,000	(40)	2,960	2,784	176
Other purchased services (400 - 500 series)	190	-	190	30	160
Supplies and materials	116,817	(4,890)	111,927	107,937	3,990
Other objects	14,325	(70)	14,255	13,360	895
Total educational media services/school library	590,096	6,864	596,960	591,736	5,224
Instructional Staff Training Services:					
Salaries of other professional staff	65,776	2,380	68,156	63,275	4,881
Salaries of secretarial and clerical assistants	5,607	-	5,607	5,437	170
Purchased professional/education services	7,000	-	7,000	2,224	4,776
Other purchased services (400 - 500 series)	46,510	(7,000)	39,510	30,989	8,521
Other objects	8,400	(6,175)	2,225	-	2,225
Total instructional staff training services	133,293	(10,795)	122,498	101,925	20,573

(Continued)

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support services - general administration:					
Salaries	\$ 442,140	\$ 13,438	\$ 455,578	\$ 454,289	\$ 1,289
Legal services	133,500	(13,000)	120,500	80,772	39,728
Audit fees	30,000	3,000	33,000	33,000	-
Other purchased professional services	56,825	21,175	78,000	63,391	14,609
Purchased technical services	27,500	-	27,500	9,105	18,395
Communications/telephone	289,500	-	289,500	264,564	24,936
BOE other purchased professional services	1,500	-	1,500	1,381	119
Other purchased services (400 - 500 series)	68,000	-	68,000	46,196	21,804
General supplies	32,400	(1,000)	31,400	15,516	15,884
BOE in-house training/meeting supplies	2,000	1,000	3,000	2,310	690
Miscellaneous expenditures	50,000	-	50,000	44,031	5,969
BOE membership dues and fees	500	-	500	-	500
Total support services - general administration	1,133,865	24,613	1,158,478	1,014,555	143,923
Support services - school administration:					
Salaries of principals/assistant principals	1,181,739	21,744	1,203,483	1,199,080	4,403
Salaries of other professional staff	323,877	2,432	326,309	323,308	3,001
Salaries of secretarial and clerical assistants	730,216	11,848	742,064	717,889	24,175
Purchased professional and technical services	900	-	900	843	57
Other purchased services (400 - 500 series)	265,438	63,000	328,438	174,617	153,821
Supplies and materials	65,614	(10)	65,604	39,376	26,228
Other objects	20,000	10,000	30,000	19,997	10,003
Total support services - school administration	2,587,784	109,014	2,696,798	2,475,110	221,688
Central services:					
Salaries	553,523	4,405	557,928	525,403	32,525
Purchased professional services	25,180	101,415	126,595	106,986	19,609
Purchased technical services	134,544	(19,790)	114,754	64,932	49,822
Other purchased services (400 - 500 series)	53,443	(150)	53,293	29,480	23,813
Supplies and materials	20,671	(330)	20,341	12,918	7,423
Miscellaneous expenditures	8,430	-	8,430	3,200	5,230
Total central services	795,791	85,550	881,341	742,919	138,422
Administrative information technology					
Salaries	-	199,390	199,390	199,390	-
Other purchased services (400 - 500 series)	-	52,769	52,769	28,613	24,156
Total administrative information technology	-	252,159	252,159	228,003	24,156
Required allowable maintenance for school facilities:					
Salaries	433,690	(6,426)	427,264	417,042	10,222
Cleaning, repair and maintenance services	390,719	56,550	447,269	396,470	50,799
General supplies	206,221	17,450	223,671	179,182	44,489
Total required allowable maintenance for school facilities	1,030,630	67,574	1,098,204	992,694	105,510

(Continued)

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other operation and maintenance of plant services:					
Salaries	\$ 2,631,118	\$ (195,140)	\$ 2,435,978	\$ 2,373,726	\$ 62,252
Purchased professional and technical services	82,889	(35,000)	47,889	21,364	26,525
Cleaning, repair and maintenance services	220,118	62,691	282,809	231,267	51,542
Rental of land and buildings other than lease purchase agreements	28,790	-	28,790	23,619	5,171
Other purchased property services	302,600	-	302,600	268,339	34,261
Insurance	413,677	(62,175)	351,502	289,256	62,246
General supplies	372,505	133,500	506,005	487,986	18,019
Energy (heat and electricity)	1,971,500	1,700	1,973,200	1,741,514	231,686
Other objects	24,000	3,000	27,000	23,950	3,050
Total operation and maintenance of plant services	6,047,197	(91,424)	5,955,773	5,461,021	494,752
Student transportation services:					
Salaries for pupil transportation (between home and school) - regular	1,395,171	(107,393)	1,287,778	1,244,835	42,943
Salaries for pupil transportation (between home and school) - special education	418,230	83,750	501,980	495,982	5,998
Salaries for pupil transportation (other than between home and school)	75,000	-	75,000	64,845	10,155
Other purchased professional and technical services	5,000	(3,250)	1,750	1,750	-
Cleaning, repair and maintenance services	400,000	15,000	415,000	408,803	6,197
Contracted services (between home and school) - vendor	370,000	40,000	410,000	403,774	6,226
Contracted services (special education) - vendors	-	8,643	8,643	8,643	-
Contracted services - aid in lieu payments	182,000	(40,000)	142,000	138,468	3,532
Miscellaneous purchased services - transportation	135,350	(4,800)	130,550	123,736	6,814
Supplies and materials	223,000	4,300	227,300	208,280	19,020
Miscellaneous expenditures	12,500	3,750	16,250	14,386	1,864
Total student transportation services	3,216,251	-	3,216,251	3,113,502	102,749
Unallocated benefits:					
Group insurance	21,500	-	21,500	17,700	3,800
Social security contributions	829,300	-	829,300	808,435	20,865
Other retirement contribution - regular	602,650	-	602,650	539,269	63,381
Other retirement contribution - ERIP	56,000	-	56,000	34,645	21,355
Workmen's compensation	567,121	-	567,121	501,514	65,607
Health benefits	9,203,819	(1,009,612)	8,194,207	7,875,222	318,985
Tuition reimbursement	150,000	50,000	200,000	160,020	39,980
Other employee benefits	276,000	(85,000)	191,000	72,526	118,474
Total unallocated benefits	11,706,390	(1,044,612)	10,661,778	10,009,331	652,447
On-behalf TPAF pension contributions (non-budgeted)	-	-	-	1,966,200	(1,966,200)
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	2,302,678	(2,302,678)
Total on-behalf contributions	-	-	-	4,268,878	(4,268,878)
Total personal services - employee benefits	11,706,390	(1,044,612)	10,661,778	14,278,209	(3,616,431)
Total undistributed expenditures	35,372,860	(476,529)	34,896,331	36,779,402	(1,883,071)
Total general current expense	63,150,914	(488,000)	62,662,914	63,921,967	(1,259,053)

(Continued)

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY:					
Equipment:					
Regular programs - instruction:					
Grades 1-5	\$ 16,000	\$ (2,365)	\$ 13,635	\$ 6,990	\$ 6,645
Undistributed expenditures:					
School-spons. & oth instr prog	19,400	2,365	21,765	21,690	75
School administration	120,106	2,000	122,106	122,091	15
Operation and maintenance of plant services	346,440	(38,765)	307,675	253,805	53,870
Undistributed expenditures - non instructional services:					
School buses - regular	120,000	396,800	516,800	347,331	169,469
Total equipment	621,946	360,035	981,981	751,907	230,074
Facilities acquisition and construction services:					
Construction services	194,510	1,965	196,475	155,765	40,710
Total facilities acquisition and construction services	194,510	1,965	196,475	155,765	40,710
Increase in capital reserve	100	-	100	-	100
Assets acquired under capital lease (non-budgeted)	-	-	-	-	-
Total capital outlay	816,556	362,000	1,178,556	907,672	270,884
SPECIAL SCHOOLS:					
Summer school - instruction:					
Salaries of teachers	161,850	(11,000)	150,850	140,747	10,103
Other salaries for instruction	42,865	11,000	53,865	49,643	4,222
Textbooks	500	-	500	492	8
Total summer school - instruction	205,215	-	205,215	190,882	14,333
Total special schools	205,215	-	205,215	190,882	14,333
Transfer of Funds to Charter School	-	26,000	26,000	15,348	10,652
Total expenditures	64,172,685	(100,000)	64,072,685	65,035,869	(963,184)
Excess (deficiency) of revenues over (under) expenditures	(3,211,596)	100,000	(3,111,596)	(70,797)	3,040,799

(Continued)

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other financing sources (uses):					
Operating transfers in:					
Transfer from other funds	\$ -	\$ -	\$ -	\$ 38,505	\$ 38,505
Operating transfers out:					
Transfer to cover deficit	-	(100,000)	(100,000)	(100,000)	-
Capital leases (non-budgeted)	-	-	-	-	-
Total other financing sources (uses)	-	(100,000)	(100,000)	(61,495)	38,505
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	(3,211,596)	-	(3,211,596)	(132,292)	3,079,304
Fund balance, July 1	7,076,043	-	7,076,043	7,076,043	-
Fund balance, June 30	<u>\$ 3,864,447</u>	<u>\$ -</u>	<u>\$ 3,864,447</u>	<u>\$ 6,943,751</u>	<u>\$ 3,079,304</u>
Recapitulation					
Reserve for encumbrances				\$ 324,312	
Reserved excess surplus - designated for subsequent year's expenditures				2,059,911	
Reserve for excess surplus				1,786,600	
Capital reserve				1,010,718	
Unreserved - designated for subsequent year's expenditures				500,000	
Unrestricted fund balance				<u>1,262,210</u>	
Reconciliation to governmental funds statements (GAAP)				6,943,751	
Last state aid payment not recognized on GAAP basis				<u>(1,105,001)</u>	
Fund Balance per governmental funds (GAAP)				<u>\$ 5,838,750</u>	

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State sources	\$ 670,593	\$ 134,728	\$ 805,321	\$ 781,749	\$ (23,572)
Federal sources	1,197,667	509,255	1,706,922	1,676,015	(30,907)
Total Revenues	1,868,260	643,983	2,512,243	2,457,764	(54,479)
EXPENDITURES:					
Instruction					
Salaries of teachers	140,595	198,220	338,815	332,947	5,868
Other salaries for instruction	381,591	138,990	520,581	520,580	1
Purchased professional and technical services	97,726	197,160	294,886	294,390	496
General supplies	576,152	(507,036)	69,116	68,981	135
Textbooks	46,605	5,551	52,156	49,639	2,517
Misc. purchased services	526,262	120,017	646,279	625,720	20,559
Total Instruction	1,768,931	152,902	1,921,833	1,892,257	29,576
Support Services					
Salaries of supervisor of instruction	-	-	-	-	-
Salaries of other professional staff	-	-	-	-	-
Salaries of program directors	-	-	-	-	-
Salaries of secretaries and clerical assistants	-	113,001	113,001	95,940	17,061
Other salaries	-	9,182	9,182	7,122	2,060
Personal services - employee benefits	-	76,016	76,016	76,016	-
Purchased professional - educational services	-	333,149	333,149	327,906	5,243
Travel	-	27,520	27,520	27,271	249
Supplies and materials	99,329	(67,787)	31,542	31,252	290
Purchased service	-	-	-	-	-
Miscellaneous expenditures	-	-	-	-	-
Total Support Services	99,329	491,081	590,410	565,507	24,903
Facilities Acquisition and Construction Services:					
Instructional equipment	-	-	-	-	-
Noninstructional equipment	-	-	-	-	-
Total Facilities Acquisition and Construction Services	-	-	-	-	-
Total Expenditures	1,868,260	643,983	2,512,243	2,457,764	54,479
Other Financing Sources (Uses)					
Transfer in from general fund	-	-	-	-	-
Transfer out to whole school reform (general fund)	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Bond proceeds	-	-	-	-	-
Total Outflows	1,868,260	643,983	2,512,243	2,457,764	54,479
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

**NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION**

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Required Supplementary Information
Budgetary Comparison Schedule
Budget-to-GAAP Reconciliation
Fiscal Year ended June 30, 2009

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	\$ 64,965,072	\$ 2,457,764
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	(25,988)
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until subsequent year.	(1,105,001)	-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	<u>607,615</u>	<u>5,522</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u><u>\$ 64,467,686</u></u>	<u><u>\$ 2,437,298</u></u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 65,135,869	\$ 2,457,764
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	-	(25,988)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.		
Net transfers (outflows) to general fund.	<u>(100,000)</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u><u>\$ 65,035,869</u></u>	<u><u>\$ 2,431,776</u></u>

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES

SPECIAL REVENUE FUND DETAIL STATEMENTS

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2009

	I.D.E.A. Part B			Title I Basic		Title II, Part A Teacher and Principal Training & Recruiting		Total Other Special Projects (Ex. E-1a)	Total Nonpublic Programs (Ex. E-1b)	Totals 2009
	Regular 2008-2009	Regular Carryover	Preschool 2008-2009	2008-2009	Carryover	2008-2009	Carryover			
REVENUES:										
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 781,749	\$ 781,749
Federal sources	961,480	15,441	40,930	452,779	51	120,812	5,807	78,715	-	1,676,015
Total revenues	<u>\$ 961,480</u>	<u>\$ 15,441</u>	<u>\$ 40,930</u>	<u>\$ 452,779</u>	<u>\$ 51</u>	<u>\$ 120,812</u>	<u>\$ 5,807</u>	<u>\$ 78,715</u>	<u>\$ 781,749</u>	<u>\$ 2,457,764</u>
EXPENDITURES:										
Instruction:										
Salaries of teachers	\$ -	\$ -	\$ -	\$ 258,392	\$ -	\$ 62,393	\$ -	\$ 12,162	\$ -	\$ 332,947
Other salaries for instruction	460,004	-	39,535	-	-	-	-	21,041	-	520,580
Purchased professional and technical services	188,000	-	-	-	-	-	-	-	106,390	294,390
General supplies	11,560	-	-	29,369	-	3,278	519	24,255	-	68,981
Textbooks	-	-	-	-	-	-	-	-	49,639	49,639
Misc. purchased services	-	-	-	-	-	-	-	-	625,720	625,720
Total instruction	<u>659,564</u>	<u>-</u>	<u>39,535</u>	<u>287,761</u>	<u>-</u>	<u>65,671</u>	<u>519</u>	<u>57,458</u>	<u>781,749</u>	<u>1,892,257</u>
Support services:										
Salaries of other professional staff	-	-	-	-	-	-	-	-	-	-
Salaries of program directors	-	-	-	-	-	-	-	-	-	-
Salaries of secretarial and clerical assistants	80,700	15,240	-	-	-	-	-	-	-	95,940
Other salaries	-	-	-	-	-	-	5,288	1,834	-	7,122
Personal services - employee benefits	-	-	-	58,462	-	15,000	-	2,554	-	76,016
Purchased professional and technical services	206,068	-	1,395	91,658	-	17,565	-	11,220	-	327,906
Travel	4,340	-	-	9,816	-	11,000	-	2,115	-	27,271
Supplies and materials	10,808	201	-	5,082	51	11,576	-	3,534	-	31,252
Purchased services	-	-	-	-	-	-	-	-	-	-
Total support services	<u>301,916</u>	<u>15,441</u>	<u>1,395</u>	<u>165,018</u>	<u>51</u>	<u>55,141</u>	<u>5,288</u>	<u>21,257</u>	<u>-</u>	<u>565,507</u>
Total expenditures	<u>\$ 961,480</u>	<u>\$ 15,441</u>	<u>\$ 40,930</u>	<u>\$ 452,779</u>	<u>\$ 51</u>	<u>\$ 120,812</u>	<u>\$ 5,807</u>	<u>\$ 78,715</u>	<u>\$ 781,749</u>	<u>\$ 2,457,764</u>

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis (Continued)
For the Fiscal Year Ended June 30, 2009

	Title II, Part D Enhancing Education through Technology		Title III Part A		Title III Immigrant	Title IV Safe and Drug Free Schools		Title V Innovative Programs	Carry forward to E-1 Total Other Special Projects
	2008-2009	Carryover	2008-2009	Carryover	Carryover	2008-2009	Carryover	2008-2009	
REVENUES:									
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	3,552	21	37,257	3,222	20,636	13,766	40	221	78,715
Total revenues	<u>\$ 3,552</u>	<u>\$ 21</u>	<u>\$ 37,257</u>	<u>\$ 3,222</u>	<u>\$ 20,636</u>	<u>\$ 13,766</u>	<u>\$ 40</u>	<u>\$ 221</u>	<u>\$ 78,715</u>
EXPENDITURES:									
Instruction:									
Salaries of teachers	\$ -	\$ -	\$ -	\$ -	\$ 12,162	\$ -	\$ -	\$ -	\$ 12,162
Other salaries for instruction	-	-	17,981	3,060	-	-	-	-	21,041
Purchased professional and technical services	-	-	-	-	-	-	-	-	-
General supplies	589	21	15,963	-	5,589	2,093	-	-	24,255
Textbooks	-	-	-	-	-	-	-	-	-
Misc. purchased services	-	-	-	-	-	-	-	-	-
Total instruction	<u>589</u>	<u>21</u>	<u>33,944</u>	<u>3,060</u>	<u>17,751</u>	<u>2,093</u>	<u>-</u>	<u>-</u>	<u>57,458</u>
Support services:									
Salaries of other professional staff	-	-	-	-	-	-	-	-	-
Salaries of program directors	-	-	-	-	-	-	-	-	-
Salaries of secretarial and clerical assistants	-	-	-	-	-	-	-	-	-
Other salaries	-	-	-	-	1,834	-	-	-	1,834
Personal services - employee benefits	-	-	1,503	-	1,051	-	-	-	2,554
Purchased professional and technical services	-	-	-	-	-	11,220	-	-	11,220
Travel	537	-	1,578	-	-	-	-	-	2,115
Supplies and materials	2,426	-	232	162	-	453	40	221	3,534
Purchased services	-	-	-	-	-	-	-	-	-
Total support services	<u>2,963</u>	<u>-</u>	<u>3,313</u>	<u>162</u>	<u>2,885</u>	<u>11,673</u>	<u>40</u>	<u>221</u>	<u>21,257</u>
Total expenditures	<u>\$ 3,552</u>	<u>\$ 21</u>	<u>\$ 37,257</u>	<u>\$ 3,222</u>	<u>\$ 20,636</u>	<u>\$ 13,766</u>	<u>\$ 40</u>	<u>\$ 221</u>	<u>\$ 78,715</u>

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis (Continued)
For the Fiscal Year Ended June 30, 2009

	<u>N.J. Nonpublic Handicapped Services Ch. 193</u>			<u>N.J. Nonpublic Auxiliary Services Ch. 192</u>			Nonpublic	Nonpublic	Nonpublic	Carryforward to E-1 Total Nonpublic
	Examination and Classification	Corrective Speech	Supplemental Instruction	Compensatory	Transportation	ESL	Nursing	Technology	Textbooks	Programs
REVENUES:										
State sources	\$ 150,216	\$ 67,704	\$ 124,891	\$ 260,180	\$ 14,000	\$ 8,729	\$ 70,044	\$ 36,346	\$ 49,639	\$ 781,749
Federal sources	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>\$ 150,216</u>	<u>\$ 67,704</u>	<u>\$ 124,891</u>	<u>\$ 260,180</u>	<u>\$ 14,000</u>	<u>\$ 8,729</u>	<u>\$ 70,044</u>	<u>\$ 36,346</u>	<u>\$ 49,639</u>	<u>\$ 781,749</u>
EXPENDITURES:										
Instruction:										
Salaries of teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other salaries for instruction	-	-	-	-	-	-	-	-	-	-
Purchased professional and technical services	-	-	-	-	-	-	70,044	36,346	-	106,390
General supplies	-	-	-	-	-	-	-	-	-	-
Textbooks	-	-	-	-	-	-	-	-	49,639	49,639
Misc. purchased services	150,216	67,704	124,891	260,180	14,000	8,729	-	-	-	625,720
Total instruction	<u>150,216</u>	<u>67,704</u>	<u>124,891</u>	<u>260,180</u>	<u>14,000</u>	<u>8,729</u>	<u>70,044</u>	<u>36,346</u>	<u>49,639</u>	<u>781,749</u>
Support services:										
Salaries of supervisors of instruction	-	-	-	-	-	-	-	-	-	-
Salaries of other professional staff	-	-	-	-	-	-	-	-	-	-
Salaries of program directors	-	-	-	-	-	-	-	-	-	-
Salaries of secretarial and clerical assistants	-	-	-	-	-	-	-	-	-	-
Other salaries	-	-	-	-	-	-	-	-	-	-
Personal services - employee benefits	-	-	-	-	-	-	-	-	-	-
Purchased professional and technical services	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-
Supplies and materials	-	-	-	-	-	-	-	-	-	-
Purchased services	-	-	-	-	-	-	-	-	-	-
Total support services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 150,216</u>	<u>\$ 67,704</u>	<u>\$ 124,891</u>	<u>\$ 260,180</u>	<u>\$ 14,000</u>	<u>\$ 8,729</u>	<u>\$ 70,044</u>	<u>\$ 36,346</u>	<u>\$ 49,639</u>	<u>\$ 781,749</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.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 For the Fiscal Year Ended June 30, 2009

<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, 2009</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Additions/Alterations to					
Ocean Twp. Intermediate School	10/19/2001	\$ 13,472,977	\$ 12,415,479	\$ 850,000	\$ 207,498
Wayside Library Renovations	2/17/2004	269,743	268,865	-	878
Energy System Upgrades	5/15/2007	<u>6,113,000</u>	<u>4,233,378</u>	<u>1,792,937</u>	<u>86,685</u>
Totals		<u>\$ 19,855,720</u>	<u>\$ 16,917,722</u>	<u>\$ 2,642,937</u>	<u>\$ 295,061</u>

TOWNSHIP OF OCEAN BOARD OF EDUCATION
 Capital Projects Fund
 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budgetary Basis
 For the Fiscal Year Ended June 30, 2009

Revenues and Other Financing Sources

Bond proceeds and transfers	\$ -
Total revenues	<u>-</u>

Expenditures and Other Financing Uses

Purchased professional and technical services	33,000
Construction services	1,759,937
Other objects	-
Transfer to debt service fund	<u>850,000</u>
Total expenditures	<u>2,642,937</u>

Excess (deficiency) of revenues over (under) expenditures (2,642,937)

Fund balance - beginning 2,937,998

Fund balance - ending \$ 295,061

TOWNSHIP OF OCEAN BOARD OF EDUCATION
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Additions and Alterations to Ocean Township Intermediate School
 From Inception and for the Fiscal Year Ended June 30, 2009

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State sources - SCC Grant	\$ 4,243,519	\$ -	\$ 4,243,519	\$ 4,243,519
Bond proceeds and transfers	9,229,458	-	9,229,458	9,229,458
Transfer from capital reserve	-	-	-	-
Total revenues	<u>13,472,977</u>	<u>-</u>	<u>13,472,977</u>	<u>13,472,977</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	1,230,780	-	1,230,780	1,210,173
Construction services	10,484,770	-	10,484,770	12,252,127
Other objects	10,677	-	10,677	10,677
Transfer to debt service fund	<u>689,252</u>	<u>850,000</u>	<u>1,539,252</u>	<u>-</u>
Total expenditures	<u>12,415,479</u>	<u>850,000</u>	<u>13,265,479</u>	<u>13,472,977</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>\$ 1,057,498</u>	<u>\$ (850,000)</u>	<u>\$ 207,498</u>	
Additional project information				
Project number	3810-040-01-0922			
Grant date	10/19/2001			
Bond authorization date	12/11/2001			
Bonds authorized	\$ 9,229,458			
Bonds issued	\$ 9,229,458			
Original authorized cost	\$ 13,472,977			
Additional authorized cost	\$ -			
Revised authorized cost	\$ 13,472,977			
Percentage increase over original authorized cost		0%		
Percentage completion		100%		
Original target completion date	September 2004			
Revised target completion date	September 2004			

TOWNSHIP OF OCEAN BOARD OF EDUCATION
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Wayside Library Renovation
 From Inception and for the Fiscal Year Ended June 30, 2009

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State sources - SCC Grant	\$ 88,707	\$ -	\$ 88,707	\$ 88,707
Bond proceeds and transfers	-	-	-	-
Transfer from capital reserve	181,036	-	181,036	181,036
Total revenues	<u>269,743</u>	<u>-</u>	<u>269,743</u>	<u>269,743</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	27,000	-	27,000	27,000
Construction services	241,865	-	241,865	242,743
Other objects	-	-	-	-
Total expenditures	<u>268,865</u>	<u>-</u>	<u>268,865</u>	<u>269,743</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>\$ 878</u>	<u>\$ -</u>	<u>\$ 878</u>	
Additional project information				
Project number	3810-080-02-0694			
Grant date	2/17/2004			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorized cost	\$ 297,620			
Additional authorized cost	\$ (27,877)			
Revised authorized cost	\$ 269,743			
Percentage increase over original authorized cost	-9%			
Percentage completion	100%			
Original target completion date	September 2004			
Revised target completion date	September 2004			

TOWNSHIP OF OCEAN BOARD OF EDUCATION
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Energy System Upgrades
 From Inception and for the Fiscal Year Ended June 30, 2009

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State sources - SCC Grant	\$ -	\$ -	\$ -	\$ -
Bond proceeds and transfers	6,113,000	-	6,113,000	6,113,000
Transfer from capital reserve	-	-	-	-
Total revenues	<u>6,113,000</u>	<u>-</u>	<u>6,113,000</u>	<u>6,113,000</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	662,370	33,000	695,370	695,370
Construction services	3,571,008	1,759,937	5,330,945	5,417,630
Other objects	-	-	-	-
Total expenditures	<u>4,233,378</u>	<u>1,792,937</u>	<u>6,026,315</u>	<u>6,113,000</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>\$ 1,879,622</u>	<u>\$ (1,792,937)</u>	<u>\$ 86,685</u>	
Additional project information				
Project number	3810-040-05-1000			
Grant date	5/1/2007			
Bond authorization date	8/23/2007			
Bonds authorized	\$ 6,113,000			
Bonds issued	\$ 6,113,000			
Original authorized cost	\$ 6,113,000			
Additional authorized cost	\$ -			
Revised authorized cost	\$ 6,113,000			
Percentage increase over original authorized cost		0%		
Percentage completion		63%		
Original target completion date	September 2008			
Revised target completion date	September 2008			

PROPRIETARY FUND DETAIL STATEMENTS

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

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

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

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

FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

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

Payroll Fund – This agency fund is used to account for the payroll transactions of the school district.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Combining Statement of Fiduciary Net Assets
Trust and Agency Funds
June 30, 2009

	Trust			Agency		
	Unemployment Compensation	Private Purpose	Total Trust Fund	Student Activity	Payroll	Total Agency Fund
ASSETS:						
Cash and cash equivalents	\$ 670,073	\$ -	\$ 670,073	\$ 313,419	\$ 791,618	\$ 1,105,037
Total assets	<u>\$ 670,073</u>	<u>\$ -</u>	<u>\$ 670,073</u>	<u>313,419</u>	<u>791,618</u>	<u>1,105,037</u>
LIABILITIES						
Payroll deductions and withholdings	14,722	-	14,722	-	791,618	791,618
Due to student groups	<u>-</u>	<u>-</u>	<u>-</u>	<u>313,419</u>	<u>-</u>	<u>313,419</u>
Total liabilities	<u>14,722</u>	<u>-</u>	<u>14,722</u>	<u>\$ 313,419</u>	<u>\$ 791,618</u>	<u>\$ 1,105,037</u>
NET ASSETS						
Reserved	<u>655,351</u>	<u>-</u>	<u>655,351</u>			
Total net assets	<u>\$ 655,351</u>	<u>\$ -</u>	<u>\$ 655,351</u>			

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2009

	Unemployment Compensation Trust
ADDITIONS:	
Contributions	
Plan member	\$ 105,783
Other	-
Total contributions	<u>105,783</u>
Investment earnings:	
Interest	<u>9,977</u>
Net investment earnings	<u>9,977</u>
Total Additions	<u>115,760</u>
DEDUCTIONS:	
Quarterly contribution reports	45,482
Unemployment claims	30,027
Administrative expenses	-
Total Deductions	<u>75,509</u>
Change in Net Assets	40,251
Net Assets - Beginning of Year	<u>615,100</u>
Net Assets - End of Year	<u><u>\$ 655,351</u></u>

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2009

	<u>Balance July 1, 2008</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2009</u>
ELEMENTARY SCHOOLS:				
Ocean Township Elementary	\$ 6,750	\$ 9,879	\$ 12,874	\$ 3,755
Wayside	4,387	9,973	9,276	5,084
Wanamassa	<u>9,285</u>	<u>7,664</u>	<u>9,426</u>	<u>7,523</u>
Total elementary schools	<u>20,422</u>	<u>27,516</u>	<u>31,576</u>	<u>16,362</u>
JUNIOR HIGH SCHOOLS:				
Total junior high schools	<u>36,846</u>	<u>93,082</u>	<u>73,365</u>	<u>56,563</u>
SENIOR HIGH SCHOOLS:				
Total senior high schools	<u>261,067</u>	<u>529,713</u>	<u>550,286</u>	<u>240,494</u>
Total all schools	<u><u>\$ 318,335</u></u>	<u><u>\$ 650,311</u></u>	<u><u>\$ 655,227</u></u>	<u><u>\$ 313,419</u></u>

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
ASSETS:				
Cash and cash equivalents	\$ 20,011	\$ 19,408,158	\$ 18,636,551	\$ 791,618
Total assets	<u>\$ 20,011</u>	<u>\$ 19,408,158</u>	<u>\$ 18,636,551</u>	<u>\$ 791,618</u>
LIABILITIES:				
Payroll deductions and withholdings	\$ 20,011	\$ 19,408,158	\$ 18,636,551	\$ 791,618
Due to Board of Education	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ 20,011</u>	<u>\$ 19,408,158</u>	<u>\$ 18,636,551</u>	<u>\$ 791,618</u>

LONG-TERM DEBT SCHEDULES

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Schedule of Serial Bonds
As of June 30, 2009

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance	Issued	Retired	Balance
			Date	Amount		July 1, 2008			June 30, 2009
School refunding bonds	2/15/1999	\$ 14,185,000			4.20%	\$ 9,690,000	\$ -	\$ 9,690,000	\$ -
School refunding bonds	5/1/2009	8,275,000	6/1/2010	\$ 1,260,000	3.00%	-	8,275,000	-	8,275,000
			6/1/2011	1,310,000	3.00%				
			6/1/2012	1,380,000	3.00%				
			6/1/2013	1,395,000	3.00%				
			6/1/2014	1,440,000	3.00%				
			6/1/2015	1,490,000	3.50%				
School renovations and additions	3/29/2002	14,642,000	3/1/2010-2016	850,000	4.25-4.625%	11,942,000	-	850,000	11,092,000
			3/1/2107-2020	855,000	4.70-4.875%				
			3/1/2021	860,000	4.875%				
			3/1/2022	862,000	4.875%				
School bonds - Energy project	9/1/2007	6,113,000	9/1/2009	310,000	4.125%	6,113,000	-	263,000	5,850,000
			9/1/2010	325,000	4.125%				
			9/1/2011	340,000	4.125%				
			9/1/2012	355,000	4.125%				
			9/1/2013	375,000	4.125%				
			9/1/2014	390,000	4.125%				
			9/1/2015	405,000	4.125%				
			9/1/2016	425,000	4.125%				
			9/1/2017	445,000	4.125%				
			9/1/2018	465,000	4.125%				
			9/1/2019	485,000	4.125%				
			9/1/2020	505,000	4.125%				
			9/1/2021	510,000	4.200%				
			9/1/2022	515,000	4.250%				
						<u>\$ 27,745,000</u>	<u>\$ 8,275,000</u>	<u>\$ 10,803,000</u>	<u>\$ 25,217,000</u>

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Schedule of Obligations under Capital Leases
As of June 30, 2009

<u>Description</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2008</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2009</u>
Xerox Copiers	\$ 163,000	<u>\$ 90,151</u>	<u>\$ -</u>	<u>\$ 33,590</u>	<u>\$ 56,561</u>
		<u><u>\$ 90,151</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 33,590</u></u>	<u><u>\$ 56,561</u></u>

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 2,583,653	\$ -	2,583,653	\$ 2,583,653	\$ -
Miscellaneous	-	-	-	278,106	(278,106)
State sources:					
Debt service aid - Type II	254,941		254,941	254,941	-
Total revenues	<u>2,838,594</u>	<u>-</u>	<u>2,838,594</u>	<u>3,116,700</u>	<u>(278,106)</u>
EXPENDITURES:					
Regular debt service:					
Interest	1,345,594	-	1,345,594	1,345,593	1
Redemption of principal	2,343,000	-	2,343,000	2,343,000	-
Bond issuance costs	-	-	-	76,176	(76,176)
Total regular debt service	<u>3,688,594</u>	<u>-</u>	<u>3,688,594</u>	<u>3,764,769</u>	<u>(76,175)</u>
Total expenditures	<u>3,688,594</u>	<u>-</u>	<u>3,688,594</u>	<u>3,764,769</u>	<u>(76,175)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(850,000)</u>	<u>-</u>	<u>(850,000)</u>	<u>(648,069)</u>	<u>(201,931)</u>
Other financing sources (uses):					
Operating transfers in	850,000	-	850,000	850,000	-
Transfers out	-	-	-	(17,864)	17,864
Refunding bonds issued	-	-	-	8,275,000	(8,275,000)
Payment to refunding bond escrow agent	-	-	-	(8,459,066)	8,459,066
Total other financing sources (uses)	<u>850,000</u>	<u>-</u>	<u>850,000</u>	<u>648,070</u>	<u>201,930</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>(1)</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>\$ 2</u>	<u>\$ (1)</u>
<u>Recapitulation of Excess (Deficiency)</u> <u>of Revenues Over (Under) Expenditures</u>					
Budgeted fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ (1)</u>

STATISTICAL SECTION

CONTENTS	PAGE
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	75 - 81
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	82 - 87
Debt Capacity 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.	88 - 91
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	92 - 93
Operating Information 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.	94 - 100

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

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

	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Governmental activities							
Invested in capital assets, net of related debt	\$ 15,953,571	\$ 12,398,864	\$ 13,212,935	\$ 12,141,494	\$ 10,977,152	\$ 6,416,013	\$ (7,457,953)
Restricted	5,976,604	8,712,095	3,296,371	3,298,375	4,455,473	5,442,750	18,286,801
Unrestricted	<u>(3,078,273)</u>	<u>(2,223,231)</u>	<u>766,275</u>	<u>(890,211)</u>	<u>(1,016,536)</u>	<u>(172,013)</u>	<u>(1,001,555)</u>
Total governmental activities net assets	<u><u>\$ 18,851,902</u></u>	<u><u>\$ 18,887,728</u></u>	<u><u>\$ 17,275,581</u></u>	<u><u>\$ 14,549,658</u></u>	<u><u>\$ 14,416,089</u></u>	<u><u>\$ 11,686,750</u></u>	<u><u>\$ 9,827,293</u></u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 92,319	\$ 109,160	\$ 126,232	\$ 139,309	\$ 136,124	\$ 151,912	\$ 120,997
Restricted	-	-	-	-	-	-	-
Unrestricted	<u>17,751</u>	<u>(62,448)</u>	<u>(31,374)</u>	<u>(20,121)</u>	<u>8,992</u>	<u>16,470</u>	<u>67,722</u>
Total business-type activities net assets	<u><u>\$ 110,070</u></u>	<u><u>\$ 46,712</u></u>	<u><u>\$ 94,858</u></u>	<u><u>\$ 119,188</u></u>	<u><u>\$ 145,116</u></u>	<u><u>\$ 168,382</u></u>	<u><u>\$ 188,719</u></u>
District-wide							
Invested in capital assets, net of related debt	\$ 16,045,890	\$ 12,508,024	\$ 13,339,167	\$ 12,280,803	\$ 11,113,276	\$ 6,567,925	\$ (7,336,956)
Restricted	5,976,604	8,712,095	3,296,371	3,298,375	4,455,473	5,442,750	18,286,801
Unrestricted	<u>(3,060,522)</u>	<u>(2,285,679)</u>	<u>734,901</u>	<u>(910,332)</u>	<u>(1,007,544)</u>	<u>(155,543)</u>	<u>(933,833)</u>
Total district net assets	<u><u>\$ 18,961,972</u></u>	<u><u>\$ 18,934,440</u></u>	<u><u>\$ 17,370,439</u></u>	<u><u>\$ 14,668,846</u></u>	<u><u>\$ 14,561,205</u></u>	<u><u>\$ 11,855,132</u></u>	<u><u>\$ 10,016,012</u></u>

Source: District records

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

	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004	June 30, 2003
Expenses							
Governmental activities							
Instruction							
Regular	\$ 29,853,090	\$ 31,403,830	\$ 30,493,052	\$ 28,727,656	\$ 27,139,122	\$ 25,943,765	\$ 24,188,808
Special education	6,685,215	6,787,935	6,641,597	5,702,888	4,847,330	4,251,337	3,675,342
Other special education	2,017,043	2,062,716	1,688,817	1,608,853	1,544,172	1,007,814	1,074,177
Other instruction	1,397,145	1,536,734	1,506,792	1,459,389	1,738,116	1,787,225	1,784,615
Support Services							
Instruction	3,292,240	2,971,655	2,396,367	2,482,940	2,157,695	2,296,703	2,237,581
Student & instruction related services	7,943,866	6,745,992	6,807,909	6,356,887	5,509,657	5,029,503	4,853,811
School administrative services	3,372,965	3,086,920	3,023,913	2,336,634	2,623,838	2,440,173	2,456,795
General administrative services	1,161,748	1,086,689	1,173,956	1,919,276	1,297,524	2,143,253	2,052,813
Central services	929,609	848,343	606,651	725,358	726,953	-	-
Administrative information technology	288,517						
Plant operations and maintenance	7,338,569	7,668,599	7,001,421	7,027,307	6,103,272	6,024,406	4,635,649
Pupil transportation	3,913,472	3,745,741	3,672,414	3,559,049	3,112,889	3,074,160	3,615,234
Special Schools	190,883	179,677	194,374	83,692	76,322	74,345	47,818
Charter schools	15,348	2,793	-	-	-	-	-
Interest on long-term debt	1,308,884	1,245,843	1,107,017	1,172,100	1,231,377	1,504,487	1,642,881
Total governmental activities expenses	<u>69,708,594</u>	<u>69,373,467</u>	<u>66,314,280</u>	<u>63,162,029</u>	<u>58,108,267</u>	<u>55,577,171</u>	<u>52,265,524</u>
Business-type activities:							
Food service	1,132,607	1,105,399	1,077,716	1,105,246	1,140,614	1,075,571	1,022,070
Total business-type activities expense	<u>1,132,607</u>	<u>1,105,399</u>	<u>1,077,716</u>	<u>1,105,246</u>	<u>1,140,614</u>	<u>1,075,571</u>	<u>1,022,070</u>
Total district expenses	<u>\$ 70,841,201</u>	<u>\$ 70,478,866</u>	<u>\$ 67,391,996</u>	<u>\$ 64,267,275</u>	<u>\$ 59,248,881</u>	<u>\$ 56,652,742</u>	<u>\$ 53,287,594</u>
Program Revenues							
Governmental activities:							
Charges for services:							
Instruction (tuition)	\$ 53,793	\$ -	\$ 36,343	\$ 33,833	\$ 46,343	\$ 56,506	\$ 51,807
Support services	194,755	174,100	-	-	-	-	-
Special schools	15,175	23,075	-	-	-	-	-
Operating grants and contributions	6,961,117	8,861,298	-	-	-	1,352,658	1,286,395
Total governmental activities program revenues	<u>7,224,840</u>	<u>9,058,473</u>	<u>36,343</u>	<u>33,833</u>	<u>46,343</u>	<u>1,409,164</u>	<u>1,338,202</u>
Business-type activities							
Charges for services:							
Food service	739,032	782,304	796,280	834,191	870,329	839,174	763,540
Operating grants and contributions	356,933	274,949	257,106	245,127	246,321	216,160	222,045
Total business-type activities program revenues	<u>1,095,965</u>	<u>1,057,253</u>	<u>1,053,386</u>	<u>1,079,318</u>	<u>1,116,650</u>	<u>1,055,334</u>	<u>985,585</u>
Total district program revenues	<u>\$ 8,320,805</u>	<u>\$ 10,115,726</u>	<u>\$ 1,089,729</u>	<u>\$ 1,113,151</u>	<u>\$ 1,162,993</u>	<u>\$ 2,464,498</u>	<u>\$ 2,323,787</u>

(Continued)

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

	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004	June 30, 2003
Net (Expense) Revenue							
Governmental activities	\$ (62,483,754)	\$ (60,314,994)	\$ (66,277,937)	\$ (63,128,196)	\$ (58,061,924)	\$ (54,168,007)	\$ (50,927,322)
Business-type activities	(36,642)	(48,146)	(24,330)	(25,928)	(23,964)	(20,237)	(36,485)
Total district-wide net expense	<u>\$ (62,520,396)</u>	<u>\$ (60,363,140)</u>	<u>\$ (66,302,267)</u>	<u>\$ (63,154,124)</u>	<u>\$ (58,085,888)</u>	<u>\$ (54,188,244)</u>	<u>\$ (50,963,807)</u>
General Revenues and Other Changes in Net Assets							
Governmental activities							
Property taxes levied for general purposes, net	\$ 50,344,384	\$ 49,485,090	\$ 47,642,573	\$ 44,143,259	\$ 42,722,698	\$ 39,841,709	\$ 36,923,133
Taxes levied for debt service	2,583,653	2,213,751	2,844,064	2,767,546	2,669,748	2,596,041	2,474,755
Federal and state aid not restricted	9,334,996	9,481,032	17,700,801	15,879,559	14,974,249	13,232,697	11,515,606
Investment earnings	216,587	683,044	550,626	279,564	168,451	117,025	341,432
Miscellaneous income	68,308	64,222	265,796	191,836	256,117	239,992	198,621
Total governmental activities	<u>62,547,928</u>	<u>61,927,139</u>	<u>69,003,860</u>	<u>63,261,764</u>	<u>60,791,263</u>	<u>56,027,464</u>	<u>51,453,547</u>
Business-type activities:							
Investment earnings	-	-	-	-	698	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>698</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 62,547,928</u>	<u>\$ 61,927,139</u>	<u>\$ 69,003,860</u>	<u>\$ 63,261,764</u>	<u>\$ 60,791,961</u>	<u>\$ 56,027,464</u>	<u>\$ 51,453,547</u>
Change in Net Assets							
Governmental activities	\$ 64,174	\$ 1,612,145	\$ 2,725,923	\$ 133,568	\$ 2,729,339	\$ 1,859,457	\$ 526,225
Business-type activities	(36,642)	(48,146)	(24,330)	(25,928)	(23,266)	(20,237)	(36,485)
Total district	<u>\$ 27,532</u>	<u>\$ 1,563,999</u>	<u>\$ 2,701,593</u>	<u>\$ 107,640</u>	<u>\$ 2,706,073</u>	<u>\$ 1,839,220</u>	<u>\$ 489,740</u>

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

Source: District records

TOWNSHIP OF OCEAN BOARD OF EDUCATION
 FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 Modified Accrual Basis of Accounting
 Unaudited

	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004	June 30, 2003	June 30, 2002	June 30, 2001	June 30, 2000
General Fund										
Reserved	\$ 5,181,541	\$ 5,524,096	\$ 3,981,396	\$ 2,635,632	\$ 3,107,174	\$ 1,621,028	\$ 607,468	\$ 523,535	\$ 1,186,972	\$ 1,583,107
Unreserved	657,209	944,332	839,919	743,859	1,415,253	1,698,256	1,949,151	2,066,837	2,961,199	4,163,945
Total general fund	<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>	<u>\$ 3,319,284</u>	<u>\$ 2,556,619</u>	<u>\$ 2,590,372</u>	<u>\$ 4,148,171</u>	<u>\$ 5,747,052</u>
All Other Governmental Funds										
Reserved	\$ -	\$ 1,840,890	\$ 21,038	\$ 28,637	\$ -	\$ 2,578,560	\$ 12,515,334	\$ 1,072,006	\$ 1,053,292	\$ -
Unreserved										
Special revenue fund	-	(5,522)	(8,628)	7,419	(8,309)	(5,522)	(15,391)	-	-	-
Capital projects fund	295,061	1,097,108	1,758,053	1,812,461	1,884,695	2,528,021	5,163,936	19,690,221	40,679	1,168,456
Debt service fund	2	1	1	1	1	1	63	63	9,852	54,852
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 295,063</u>	<u>\$ 2,932,477</u>	<u>\$ 1,770,464</u>	<u>\$ 1,848,518</u>	<u>\$ 1,876,387</u>	<u>\$ 5,101,060</u>	<u>\$ 17,663,942</u>	<u>\$ 20,762,290</u>	<u>\$ 1,103,823</u>	<u>\$ 1,223,308</u>

Sour District records

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

	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004	June 30, 2003	June 30, 2002	June 30, 2001	June 30, 2000
Revenues										
Tax levy	\$ 52,928,037	\$ 51,698,841	\$ 50,486,637	\$ 46,910,805	\$ 45,392,446	\$ 42,437,750	\$ 39,397,888	\$ 34,276,233	\$ 32,693,198	\$ 30,656,431
Tuition charges	68,967	23,075	36,343	33,833	46,343	56,506	51,807	83,992	110,126	75,881
Interest earnings	216,587	683,044	550,626	279,564	168,451	117,025	341,432	241,217	467,472	412,369
Miscellaneous	532,621	238,322	265,796	191,836	256,117	239,992	198,621	150,548	186,578	202,047
State sources	14,640,564	16,885,039	16,371,322	14,368,278	13,611,036	13,275,454	11,724,479	17,407,969	10,725,674	13,016,493
Federal sources	1,655,549	1,457,291	1,329,479	1,511,281	1,363,213	1,309,900	1,079,521	941,163	770,609	736,034
Total revenue	70,042,325	70,985,612	69,040,203	63,295,597	60,837,606	57,436,627	52,793,748	53,101,122	44,953,657	45,099,255
Expenditures										
Instruction										
Regular Instruction	21,799,901	21,006,552	20,402,035	20,075,584	19,500,440	18,473,320	17,841,412	17,201,429	16,588,165	15,556,896
Special education instruction	4,707,955	4,306,544	4,210,778	3,809,545	3,328,671	2,904,914	2,600,277	2,363,994	2,317,913	2,062,687
Other special instruction	1,404,080	1,310,956	1,071,315	1,075,322	1,059,567	688,628	782,842	877,961	939,942	872,956
Other instruction	1,125,096	1,049,647	1,023,338	1,034,728	1,267,385	1,308,153	1,384,482	1,484,136	1,446,102	1,475,591
Support Services:										
Instruction	3,292,240	2,971,655	2,396,367	2,482,940	2,157,695	2,296,703	2,237,582	1,841,703	1,755,334	1,667,478
Student & inst. related services	5,718,458	5,200,921	5,370,346	5,027,233	4,451,300	4,229,171	4,213,095	3,798,214	3,535,527	3,927,276
General & business administrative s	1,014,555	960,522	884,872	1,583,275	1,712,380	1,510,123	1,514,627	1,616,996	1,448,194	1,437,374
School administrative services	2,475,110	2,389,780	2,350,113	1,646,778	1,954,109	2,227,175	2,271,570	2,411,268	2,244,577	2,145,240
Central services	742,919	673,691	606,651	725,358	726,953	-	-	-	-	-
Administrative information technolo	228,003									
Plant operations and maintenance	6,453,715	6,725,919	6,154,093	6,300,025	5,403,522	5,294,190	4,301,129	4,256,459	4,077,531	3,844,868
Pupil transportation	3,113,502	2,979,135	2,900,206	2,743,880	2,347,673	2,322,209	2,186,221	2,045,590	1,866,899	1,717,600
Unallocated benefits	14,278,209	16,608,192	16,350,526	13,981,833	12,444,503	11,894,749	10,354,788	8,189,870	8,105,523	7,370,906
Special Schools	190,882	179,677	194,374	83,692	76,322	62,255	47,817	42,840	40,138	34,892
Transfer to Charter Schools	15,348	2,793	-	-	-	12,090	-	-	-	-
Capital outlay	2,700,609	5,009,751	902,517	1,306,501	3,758,868	13,653,196	3,713,252	2,496,704	1,092,380	1,138,844
Debt service:										
Principal	2,343,000	1,865,000	1,725,000	1,585,000	1,425,000	1,285,000	1,130,000	875,000	790,000	700,000
Interest and other charges	1,421,769	1,048,751	1,119,064	1,182,546	1,244,748	1,311,103	1,344,755	760,387	804,758	845,108
Total expenditures	73,025,351	74,289,486	67,661,595	64,644,240	62,859,136	69,472,979	55,923,849	50,262,551	47,052,983	44,797,716
Excess (Deficiency) of revenues over (under) expenditures	(2,983,026)	(3,303,874)	1,378,608	(1,348,643)	(2,021,530)	(12,036,352)	(3,130,101)	2,838,571	(2,099,326)	301,539

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

	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004	June 30, 2003	June 30, 2002	June 30, 2001	June 30, 2000
Other Financing sources (uses)										
Capital leases (non-budgeted)	\$ -	\$ -	\$ -	\$ 163,000	\$ -	\$ 236,135	\$ -	\$ 620,097	\$ 436,744	\$ 337,845
Proceeds from bonds	8,275,000	6,113,000	-	-	-	-	-	14,642,000	-	-
Payments to refunding bond escrow	(8,459,066)	-	-	-	-	-	-	-	-	-
Transfers in	888,505	899,804	84,531	324,286	14,387	383,268	-	120,560	47,405	55,784
Transfers out	(988,505)	(899,804)	(84,531)	(324,286)	(14,387)	(383,268)	-	(120,560)	(47,405)	(55,784)
Total other financing sources (uses)	<u>(284,066)</u>	<u>6,113,000</u>	<u>-</u>	<u>163,000</u>	<u>-</u>	<u>236,135</u>	<u>-</u>	<u>15,262,097</u>	<u>436,744</u>	<u>337,845</u>
Net change in fund balances	<u>\$ (3,267,092)</u>	<u>\$ 2,809,126</u>	<u>\$ 1,378,608</u>	<u>\$ (1,185,643)</u>	<u>\$ (2,021,530)</u>	<u>\$ (11,800,217)</u>	<u>\$ (3,130,101)</u>	<u>\$ 18,100,668</u>	<u>\$ (1,662,582)</u>	<u>\$ 639,384</u>
Debt service as a percentage of noncapital expenditures	<u>5.35%</u>	<u>4.21%</u>	<u>4.26%</u>	<u>4.37%</u>	<u>4.52%</u>	<u>4.65%</u>	<u>4.74%</u>	<u>3.42%</u>	<u>3.47%</u>	<u>3.54%</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.

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

Description	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004	June 30, 2003	June 30, 2002	June 30, 2001	June 30, 2000
E Rate refund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,414	\$ -
Receipts from athletic fund	-	-	-	-	-	-	48,032	-	-	-
Easement	-	-	-	-	-	-	-	-	-	75,000
Accumulated income - payroll agency account	-	-	-	-	-	-	-	-	58	1,520
Facility charge	194,755	174,099	241,444	147,550	126,675	126,456	118,250	117,750	105,465	102,875
Prior year insurance refunds	-	10,071	-	-	77,233	92,797	-	-	-	-
Prior year miscellaneous refunds	31,991	26,232	6,455	7,310	45,410	16,008	28,210	25,954	30,081	7,017
Sponsorship	22,000	23,650	3,000	22,100	-	-	-	-	-	-
Sale of books	-	-	-	-	-	-	1,474	-	-	-
Telephone commissions	-	-	-	-	-	-	139	1,491	678	579
Cancellation of prior year checks	-	-	7,271	-	-	-	-	4,613	-	-
Miscellaneous	<u>5,769</u>	<u>4,270</u>	<u>5,679</u>	<u>5,084</u>	<u>1,180</u>	<u>4,731</u>	<u>2,516</u>	<u>740</u>	<u>882</u>	<u>15,056</u>
Total other local revenue	<u>\$ 254,515</u>	<u>\$ 238,322</u>	<u>\$ 263,849</u>	<u>\$ 182,044</u>	<u>\$ 250,498</u>	<u>\$ 239,992</u>	<u>\$ 198,621</u>	<u>\$ 150,548</u>	<u>\$ 186,578</u>	<u>\$ 202,047</u>

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qualified Farm	Commercial	Industrial	Apartment	Total Assessed Value	Less : Tax Exempt Property	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Direct School Tax Rate ^b
2000	\$ 44,272,000	\$ 1,350,362,600	\$ 1,389,100	\$ 115,100	\$ 248,369,200	\$ 3,080,100	\$ 80,390,100	\$ 1,727,978,200	\$ -	\$ 3,530,207	\$ 1,731,508,407	\$ 1,964,673,615	1.812
2001	38,986,000	1,374,309,800	2,944,700	115,100	247,579,000	3,080,100	80,390,100	1,747,404,800	-	3,362,070	1,750,766,870	2,132,106,457	1.895
2002	46,477,400	1,395,177,500	1,997,900	15,300	252,256,800	3,080,100	80,390,100	1,779,395,100	-	3,196,621	1,782,591,721	2,339,152,472	2.050
2003	73,067,100	1,412,386,200	1,997,900	15,300	273,823,600	3,080,100	80,390,100	1,844,760,300	-	3,015,051	1,847,775,351	2,698,841,372	2.198
2004	65,608,100	1,439,899,400	1,997,900	15,300	290,703,100	3,080,100	80,062,700	1,881,366,600	-	2,595,697	1,883,962,297	3,178,708,458	2.315
2005	128,139,000	3,540,957,600	1,008,800	3,200	636,902,500	7,047,700	194,035,400	4,508,094,200	-	4,230,419	4,512,324,619	3,704,615,768	1.016
2006	137,653,400	3,557,304,600	1,008,800	3,200	646,551,200	7,047,700	192,513,400	4,542,082,300	-	3,737,125	4,545,819,425	4,889,481,534	1.065
2007	115,614,800	3,647,007,700	1,008,800	3,200	657,156,600	-	174,312,600	4,595,103,700	-	3,370,995	4,598,474,695	5,440,101,338	1.105
2008	108,809,100	3,701,801,300	1,008,800	3,200	650,095,600	-	174,312,600	4,636,030,600	-	3,335,276	4,639,365,876	5,821,430,884	1.105
2009	99,774,500	3,731,125,700	1,008,800	3,200	653,898,600	-	174,312,600	4,660,123,400	-	4,425,876	4,664,549,276	5,622,766,306	1.121

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Assessed Value and Actual Value of Taxable Property - Village of Loch Arbour
Last Ten Years
Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qualified Farm	Commercial	Industrial	Apartment	Total Assessed Value	Less : Tax Exempt Property	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
2000	\$ 449,300	\$ 31,382,700	\$ -	\$ -	\$ 2,166,600	\$ -	\$ 147,600	\$ 34,146,200	\$ -	\$ 73,948	\$ 34,220,148	\$ 39,305,057	0.877
2001	449,300	31,544,600	-	-	2,166,600	-	147,600	34,308,100	-	56,826	34,364,926	51,076,487	0.873
2002	1,233,400	66,336,200	-	-	3,576,000	-	263,400	71,409,000	-	79,830	71,488,830	53,814,425	0.420
2003	1,233,400	66,600,800	-	-	3,576,000	-	263,400	71,673,600	-	79,424	71,753,024	71,567,466	0.418
2004	1,233,400	66,488,300	-	-	3,576,000	-	263,400	71,561,100	-	60,715	71,621,815	84,719,953	0.419
2005	1,233,400	66,770,000	-	-	3,576,000	-	263,400	71,842,800	-	48,774	71,891,574	98,997,671	0.417
2006	1,233,400	67,834,400	-	-	3,576,000	-	263,400	72,907,200	-	31,547	72,938,747	137,889,910	0.412
2007	1,233,400	68,026,900	-	-	3,598,900	-	263,400	73,122,600	-	24,272	73,146,872	179,473,339	0.410
2008	3,823,600	191,110,900	-	-	9,058,600	-	803,200	204,796,300	-	68,604	204,864,904	187,038,594	0.410
2009	3,523,600	191,079,900	-	-	9,058,600	-	803,200	204,465,300	-	72,171	204,537,471	172,470,574	0.146

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

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

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

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

b Tax rates are per \$100

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Property Tax Rates - Direct and Overlapping Governments
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	
2000	1.749	0.063	1.812	0.569	0.545	2.926
2001	1.810	0.085	1.895	0.550	0.572	3.017
2002	1.953	0.097	2.050	0.569	0.588	3.207
2003	2.060	0.138	2.198	0.569	0.631	3.398
2004	2.173	0.142	2.315	0.564	0.642	3.521
2005	1.041	0.065	1.106	0.346	0.250	1.702
2006	1.002	0.063	1.065	0.296	0.313	1.674
2007	1.043	0.062	1.105	0.308	0.320	1.733
2008	1.058	0.047	1.105	0.308	0.320	1.733
2009	1.064	0.057	1.121	0.355	0.323	1.799

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	
2000	0.847	0.030	0.877	0.900	0.549	2.326
2001	0.873	N/A	0.873	0.943	0.695	2.511
2002	0.400	0.020	0.420	0.533	0.332	1.285
2003	0.392	0.026	0.418	0.531	0.417	1.366
2004	0.393	0.026	0.419	0.550	0.441	1.410
2005	0.392	0.025	0.417	0.573	0.464	1.454
2006	0.388	0.024	0.412	0.595	0.569	1.576
2007	0.392	0.018	0.410	0.665	0.614	1.689
2008	0.392	0.018	0.410	0.614	0.665	1.689
2009	0.138	0.008	0.146	0.242	0.234	0.622

Source: Borough Tax Collector

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

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

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

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

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

	2009	
	Taxable Assessed Value	% of Total District Net Assessed Value
Seaview Square, LLC c/o Linque Management	\$ 99,000,000	2.12%
Woodshire Apartments	52,766,400	1.13%
Sunset Arcadia Center, Inc.	29,032,600	0.62%
Continental Land Developers, LLC	25,678,200	0.55%
Ocean Seniors, LLC	23,987,300	0.51%
Sears Roebuck & Co.	22,517,600	0.48%
Westwood Oaks Associates	21,579,600	0.46%
Cold Indian Spring Corp	20,060,000	0.43%
Gold Enterprises c/o Salem Management	18,487,500	0.40%
Hollywood Golf Club	15,420,000	0.33%
TOTAL	\$ 328,529,200	7.04%

	2000	
	Taxable Assessed Value	% of Total District Net Assessed Value
Equitable Life Insurance	\$ 22,500,000	1.30%
Woodshire Apartments	22,198,000	1.28%
Continental Land Developers	12,000,000	0.69%
Gold Enterprises	10,346,000	0.60%
Sears, Roebuck & Co.	9,643,000	0.56%
Cold Indian Spring Corp.	9,174,000	0.53%
Westwood Oaks Association	8,930,700	0.52%
Continental Enterprises	6,300,000	0.36%
Coolidge Cobblestone	6,100,000	0.35%
Hollywood Golf Club	4,961,500	0.29%
TOTAL	\$ 112,153,200	6.48%

Source: Municipal Tax Assessor

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

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

	2009	
	Taxable Assessed Value	% of Total District Net Assessed Value
Individual Taxpayer 1	\$ 4,612,000	2.25%
Individual Taxpayer 2	3,900,300	1.91%
Individual Taxpayer 3	2,893,900	1.41%
Individual Taxpayer 4	2,722,200	1.33%
Individual Taxpayer 5	2,579,900	1.26%
Individual Taxpayer 6	2,558,900	1.25%
Individual Taxpayer 7	2,527,400	1.24%
601 Main Street LLC	2,471,000	1.21%
Individual Taxpayer 8	2,352,900	1.15%
Individual Taxpayer 9	2,345,500	1.15%
TOTAL	\$ 28,964,000	14.16%

	2000	
	Taxable Assessed Value	% of Total District Net Assessed Value
Individual Taxpayer 1	\$ 832,500	2.43%
Gabcar, LLC	576,700	1.69%
Individual Taxpayer 2	526,800	1.54%
Individual Taxpayer 3	509,100	1.49%
Individual Taxpayer 4	507,000	1.48%
Individual Taxpayer 5	500,200	1.46%
Individual Taxpayer 6	454,100	1.33%
Harbor Realty	447,600	1.31%
Individual Taxpayer 7	442,700	1.29%
Individual Taxpayer 8	432,000	1.26%
TOTAL	\$ 5,228,700	15.28%

Source: Municipal Tax Assessor

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Municipal 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		Collections in Subsequent Years
		Amount	Percentage of Levy	
1999	\$ 50,165,166	\$ 49,237,617	98.15%	\$ 1,121,854
2000	52,603,542	51,687,560	98.26%	1,055,825
2001	55,064,399	54,224,296	98.47%	663,765
2002	59,364,448	58,329,702	98.26%	912,150
2003	65,625,858	64,506,190	98.29%	846,089
2004	69,049,665	68,000,796	98.48%	617,171
2005	73,725,327	73,122,126	99.18%	583,553
2006	79,255,476	78,085,541	98.52%	N/A
2007	82,714,716	81,708,783	98.78%	977,538
2008	86,385,299	84,678,411	98.02%	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		Collections in Subsequent Years
		Amount	Percentage of Levy	
1999	\$ 852,782	\$ 841,223	98.64%	N/A
2000	797,296	789,501	99.02%	N/A
2001	863,165	858,588	99.47%	N/A
2002	919,466	913,916	99.40%	N/A
2003	980,146	975,176	99.49%	N/A
2004	1,013,569	1,012,497	99.89%	N/A
2005	1,053,140	1,052,966	99.98%	N/A
2006	1,150,979	1,150,979	100.00%	N/A
2007	1,237,939	1,237,987	100.00%	N/A
2008	1,274,429	1,257,678	98.69%	N/A

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.

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

Year Ended June 30,	Governmental Activities		Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	Capital Leases				
2000	\$ 17,670,000	\$ -	\$ -		\$ 17,670,000	1.52%	649
2001	16,880,000	-	-		16,880,000	1.42%	618
2002	30,085,808	-	-		30,085,808	2.56%	1,098
2003	29,517,000	-	-		29,517,000	2.50%	1,073
2004	28,232,000	739,785	-		28,971,785	2.26%	1,042
2005	26,807,000	-	-		26,807,000	2.01%	961
2006	25,222,000	148,721	-		25,370,721	1.76%	905
2007	23,497,000	120,784	-		23,617,784	N/A	841
2008	27,745,000	90,151	-		27,835,151	N/A	976
2009	25,217,000	56,561	-		25,273,561	N/A	887

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

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Ratio of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Township of Ocean					
Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Net Bonded Debt Per Capita
2000	\$ 17,299,194	\$ -	\$ 17,299,194	1.00%	641.69
2001	16,510,047	-	16,510,047	0.94%	610.74
2002	29,349,544	-	29,349,544	1.65%	1,082.25
2003	28,780,967	-	28,780,967	1.56%	1,057.35
2004	27,499,329	-	27,499,329	1.46%	999.10
2005	26,085,762	-	26,085,762	0.58%	944.32
2006	24,510,740	-	24,510,740	0.54%	883.43
2007	22,746,506	-	22,746,506	0.49%	818.46
2008	26,912,650	-	26,912,650	0.58%	953.27
2009	26,631,535	-	26,631,535	0.57%	943.58

Village of Loch Arbour					
Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Net Bonded Debt Per Capita
2000	\$ 370,806	\$ -	\$ 370,806	1.08%	1,324.31
2001	369,953	-	369,953	1.08%	1,316.56
2002	736,264	-	736,264	1.03%	2,620.16
2003	736,033	-	736,033	1.03%	2,610.05
2004	736,671	-	736,671	1.03%	2,612.31
2005	721,238	-	721,238	1.00%	2,566.68
2006	711,260	-	711,260	0.98%	2,549.32
2007	750,494	-	750,494	1.03%	2,709.36
2008	832,350	-	832,350	0.41%	3,026.73
2009	850,465	-	850,465	0.42%	3,103.89

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Direct and Overlapping Government Activities Debt
For the Year Ended December 31, 2008
Unaudited

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Ocean	23,042,148	100.000%	\$ 23,042,148
Village of Loch Arbour	1,054,562	100.000%	1,054,562
Monmouth County General Obligation Debt	415,888,409	5.290%	22,000,497
Other debt			-
Subtotal overlapping debt			46,097,207
Township of Ocean Board of Education Direct Debt			27,482,000
Total Direct and Overlapping Debt			<u>\$ 73,579,207</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.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Legal Debt Information
For the last ten fiscal years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2009

	Equalized valuation basis	
	2009	\$ 5,795,236,880
	2008	6,008,469,478
	2007	<u>5,619,574,677</u>
		<u>\$ 17,423,281,035</u>
Average equalized valuation of taxable property		\$ 5,807,760,345
Debt limit (4 % of average equalization value)		232,310,414
Total Net Debt Applicable to Limit		<u>232,310,414</u>
Legal debt margin		<u>\$ 232,310,414</u>

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Debt limit	\$ 232,310,414	\$ 220,233,676	\$ 190,838,595	\$ 159,420,312	\$ 131,045,645	\$ 105,694,523	\$ 97,816,789	\$ 87,587,307	\$ 81,299,822	\$ 77,265,495
Total net debt applicable to limit	<u>27,482,000</u>	<u>27,745,000</u>	<u>23,497,000</u>	<u>25,222,000</u>	<u>26,807,000</u>	<u>28,232,000</u>	<u>29,517,000</u>	<u>30,647,000</u>	<u>16,880,000</u>	<u>17,670,000</u>
Legal debt margin	<u>\$ 204,828,414</u>	<u>\$ 192,488,676</u>	<u>\$ 167,341,595</u>	<u>\$ 134,198,312</u>	<u>\$ 104,238,645</u>	<u>\$ 77,462,523</u>	<u>\$ 68,299,789</u>	<u>\$ 56,940,307</u>	<u>\$ 64,419,822</u>	<u>\$ 59,595,495</u>
Total net debt applicable to the limit as a percentage of debt limit	11.83%	12.60%	12.31%	15.82%	20.46%	26.71%	30.18%	34.99%	20.76%	22.87%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey,
Department of Treasury, Division of Taxation as posted on the Monmouth County Board of Taxation Website

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

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

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

Township of Ocean					
Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d	
2000	26,959	\$ 1,149,747,432	\$ 42,648	2.90%	
2001	27,033	1,174,178,355	43,435	3.20%	
2002	27,119	1,161,262,699	42,821	4.70%	
2003	27,220	1,169,507,300	42,965	4.70%	
2004	27,524	1,268,003,156	46,069	3.90%	
2005	27,624	1,317,499,056	47,694	3.50%	
2006	27,745	1,427,119,565	51,437	3.50%	
2007	27,792	N/A	54,801	3.40%	
2008	28,232	N/A	N/A	4.50%	
2009	28,224	N/A	N/A	N/A	
Village of Loch Arbour					
Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d	
2000	280	\$ 11,941,440	\$ 42,648	2.90%	
2001	281	12,205,235	43,435	3.20%	
2002	281	12,032,701	42,821	4.70%	
2003	282	12,116,130	42,965	4.70%	
2004	282	12,991,458	46,069	3.70%	
2005	281	13,402,014	47,694	6.20%	
2006	279	14,350,923	51,437	6.30%	
2007	277	N/A	54,801	5.70%	
2008	275	N/A	N/A	7.40%	
2009	274	N/A	N/A	N/A	

Sources:

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

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

TOWNSHIP OF OCEAN				
Employer	2009		2000	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

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

VILLAGE OF LOCH ARBOUR				
Employer	2009		2000	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
LEAN II T/A The Lake House	20	11.56%	N/A	
Allenhurst Carwash	15	8.67%	N/A	
Richard P. Nobile, DDS	5	2.89%	N/A	
Village of Loch Arbour	5	2.89%	N/A	
Wilson's Deli	3	1.73%	N/A	
Provident Investors	2	1.16%	N/A	
Loch Arbour Liquors, Inc.	1	0.58%	N/A	

Sources:

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

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

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

<u>Function/Program</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Instruction:					
Regular	284.0	281.8	290.6	283.0	277.7
Special education	95.5	90.5	92.5	86.5	75.0
Other special education	54.5	55.0	49.1	49.6	55.5
Other instruction	3.0	3.0	3.0	3.0	8.0
Support Services:					
Student and instruction related services	76.4	80.6	65.6	72.6	70.0
General Administration	8.0	8.0	8.0	8.0	8.0
School administration services	37.0	36.0	37.0	42.0	42.6
Central services	9.5	9.5	10.5	11.0	11.0
Administrative information technology	3.0	-	-	-	-
Plant operations and maintenance	66.5	65.5	68.5	65.5	63.5
Pupil transportation	54.0	53.0	59.0	60.0	60.0
Total	<u>691.4</u>	<u>682.9</u>	<u>683.8</u>	<u>681.2</u>	<u>671.3</u>

Source: District Records

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

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	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				
2000	4,398	\$ 42,113,764	\$ 9,576	N/A	369	15.3:1	11.9:1	11.0:1	4,389	4,216	N/A	96.06%
2001	4,387	44,365,845	10,113	5.61%	385	15.8:1	12.5:1	11.6:1	4,387	4,204	-0.05%	95.83%
2002	4,445	46,130,460	10,378	2.62%	419	15.4:1	12.4:1	11.6:1	4,443	4,257	1.28%	95.81%
2003	4,418	49,735,842	11,258	8.47%	403	15.8:1	11.8:1	11.7:1	4,418	4,235	-0.56%	95.86%
2004	4,461	53,223,680	11,931	5.98%	404	13.4:1	12.3:1	11.6:1	4,461	4,274	0.97%	95.81%
2005	4,458	56,430,520	12,658	6.10%	418	13.1:1	11.3:1	11.9:1	4,456	4,278	-0.11%	96.01%
2006	4,386	60,570,193	13,810	9.10%	361	12.3:1	11.6:1	12.4:1	4,372	4,179	-1.89%	95.59%
2007	4,339	63,915,014	14,730	6.67%	358	12.7:1	11.3:1	12.4:1	4,312	4,119	-1.37%	95.53%
2008	4,233	66,365,984	15,678	6.43%	364	12.3:1	10.6:1	12.0:1	4,232	4,051	-1.86%	95.72%
2009	4,170	66,559,974	15,962	1.81%	369	11.7:1	10.5:1	11.7:1	4,158	3,980	-1.75%	95.72%

Sources: District Records

Note: Enrollment based on annual October district count.

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

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

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

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

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<u>District Building</u>										
Elementary										
Wanamassa Elementary School										
Square feet	59,580	59,580	59,580	59,580	59,580	43,080	43,080	43,080	43,080	43,080
Capacity (students)	477	477	477	477	477	345	345	345	345	345
Enrollment	371	372	369	369	386	483	495	523	547	542
Ocean Township Elementary School										
Square feet	76,160	76,160	76,160	76,160	76,160	72,160	72,160	72,160	72,160	72,160
Capacity (students)	609	609	609	609	609	577	577	577	577	577
Enrollment	461	469	477	466	506	619	609	640	662	674
Wayside School										
Square feet	147,375	147,375	147,375	147,375	147,375	147,375	147,375	147,375	147,375	147,375
Capacity (students)	713	713	713	713	713	713	713	713	713	713
Enrollment	658	677	680	702	720	868	897	898	884	877
Middle School										
Ocean Township Intermediate School										
Square feet	257,400	257,400	257,400	257,400	257,400	192,400	192,400	192,400	192,400	192,400
Capacity (students)	1,951	1,951	1,951	1,951	1,951	1,459	1,459	1,459	1,459	1,459
Enrollment	1,314	1,292	1,363	1,412	1,424	1,106	1,115	1,081	1,059	1,027
High School										
Ocean Township High School										
Square feet	200,215	200,215	200,215	200,215	200,215	200,215	200,215	200,215	200,215	200,215
Capacity (students)	1,326	1,326	1,326	1,326	1,326	1,326	1,326	1,326	1,326	1,326
Enrollment	1,366	1,423	1,450	1,410	1,430	1,377	1,341	1,319	1,243	1,243

Number of Schools at June 30, 2009

Elementary = 3

Middle = 1

High =1

Source: District records.

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

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
General Fund
Schedule of Allowable Maintenance Expenditures by School Facilities
For the Fiscal Year Ended June 30, 2008
Unaudited

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

	Gross Square Footage	2009	2008	2007	2006	2005	2004	2003
School facilities								
Ocean Township Elementary	76,160	\$ 92,484	\$ 95,160	\$ 108,159	\$ 122,998	\$ 74,010	\$ 83,199	\$ 122,152
Ocean Township High School	200,215	294,898	257,241	238,305	324,152	227,661	209,613	232,060
Ocean Township Intermediate School	257,400	331,928	300,467	272,087	320,662	260,259	177,630	194,067
Wanamassa Elementary School	59,580	114,077	133,480	71,059	74,600	74,569	55,716	55,374
Wayside Elementary School	147,375	159,307	168,952	149,424	182,212	128,170	140,556	157,458
Total School Facilities		<u>992,694</u>	<u>955,300</u>	<u>839,034</u>	<u>1,024,624</u>	<u>764,669</u>	<u>666,714</u>	<u>761,111</u>
Grand Total		<u>\$ 992,694</u>	<u>\$ 955,300</u>	<u>\$ 839,034</u>	<u>\$ 1,024,624</u>	<u>\$ 764,669</u>	<u>\$ 666,714</u>	<u>\$ 761,111</u>

Source: District Records

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Insurance Schedule
June 30, 2009
Unaudited

	Coverage	Deductible
Commercial Property - Monmouth Ocean Counties Shared Services		
Insurance Fund		
Blanket real and personal property, per occurrence	\$ 11,350,337,221	\$ 5,000
Blanket building and personal property	112,312,600	5,000
Additional property coverages:		
Arson rewards	10,000	
Backup of sewers and drains	25,000,000	
Blanket extra expense	50,000,000	
Blanket valuable papers and records	10,000,000	
Demolition and increased cost of construction, per occurrence	10,000,000	
Earthquake, per occurrence	5,000,000	
Fine arts, for scheduled items	1,000,000	
Fire department service charge	10,000	
Flood		
Zone A & V, per occurrence	10,000,000	500,000
All other zones, per occurrence	50,000,000	10,000
Lawn, shrubs, plants for fire and explosion	1,000,000	
New construction, additions, and refurbishments, automatic for 30 days	5,000,000	
Newly acquired property - for up to 120 days after acquisition	10,000,000	
Pollutant cleanup and removal	250,000	
Property in transit	1,000,000	
TRIA limit	25,000,000	
Terrorism sub limit	1,000,000	
Utility service interruption	250,000	
Boiler and machinery		5,000
Equipment breakdown	100,000,000	
Off premises property damage	100,000	
Extra expense	10,000,000	
Service interruption	10,000,000	
Contingent business income	100,000	
Perishable goods	500,000	
Data restoration	100,000	
Demolition	1,000,000	
Ordinance or law	1,000,000	
Expediting expenses	500,000	
Hazardous substances	250,000	
Newly acquired locations - 60 days notice	250,000	
Electronic Data Processing - Monmouth Ocean Counties Shared Services		
Insurance Fund		
Blanket Hardware/Software	1,530,000	1,000
Computer Virus	250,000	1,000
Coverage Extensions:		
Transit		
Loss of income		
Duplicate and backup data & media at separate storage locations		

(continued)

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Insurance Schedule
June 30, 2009
Unaudited

	Coverage	Deductible
Equipment Breakdown - Monmouth Ocean Counties Shares Services Insurance Fund		
Combined single limit per accident for property damage and business income		5,000
Sublimits:		
Off premises property damage		
Extra expense		
Service interruption		
Perishable goods		
Data restoration		
Contigent business income		
Demolition		
Ordinance or law		
Expediting expenses		
Hazardous substances		
Newly acquired locations (60 days notice)		
Crime Coverage - Monmouth Ocean Counties Shared Services Insurance Fund		
Employee dishonesty including faithful performance	1,000,000	1,000
Theft, disappearance, and destruction - loss of money and securities on or off premises	25,000	500
Theft, disappearance, and destruction - money orders/counterfeit paper currency	10,000	500
Forgery or alteration	250,000	1,000
Computer fraud	1,000,000	1,000
Public officials bond		
Board treasurer		1,000
Comprehensive General Liability - Monmouth Ocean Counties Shared Services Insurance Fund		
Bodily injury and property damage, combined single limit	\$ 11,000,000	
Bodily injury from products and completed operations, annual aggregate	11,000,000	
Sexual abuse	11,000,000	
Annual pool aggregate	17,000,000	
Personal and advertising injury, per occurrence/annual aggregate	11,000,000	
Violent acts coverage	250,000	
Premises medical payments each accident	10,000	
Premises medical payments, each person	1,000	100
Terrorism, per occurrence/annual NJSBAIG annual aggregate	1,000,000	
Employee Benefits Program Liability - Monmouth Ocean Counties Shared Services Insurance Fund		
Each claim	11,000,000	1,000
Annual Aggregate	11,000,000	
School Time Compulsory Student Accident - Markel Insurance Co		
Base plan maximum, full excess including interscholastic sports and football	1,000,000	-
Volunteer workers	25,000	
Catastrophic Accident - AIG Life Insurance Company		
Catastrophic cash benefit	1,000,000	
Bond -The Hartford Insurance Group		
Kenneth Jannarone, BA/BS	3,000	
Bond - NJSBAIG		
Stephen Gallagher, Treasurer of School Monies	200,000	1,000

(continued)

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Insurance Schedule
June 30, 2009
Unaudited

	Coverage	Deductible
School Leaders Errors and Omission - Monmouth Ocean Counties Shared Services Insurance Fund		
Coverage A		
Limit of liability, each policy period, retro date July 1, 1986	11,000,000	
Each Claim		5,000
Coverage B		
Limit of liability, each claim	100,000	5,000
Limit of liability, each policy period	300,000	
Automobile - Monmouth Ocean Counties Shared Services Insurance Fund		
Combined bodily injury/property damage single limit	11,000,000	
Uninsured/underinsured motorists - Commercial		
Bodily injury per person	15,000	
Bodily injury per accident	30,000	
Property damage per accident	5,000	
Uninsured/underinsured motorists - PP types, collision deductible	1,000,000	1,000
Basic personal injury protection, comprehensive deductible	250,000	
Medical payments		
Private passenger vehicles	10,000	
All other vehicles	5,000	
Hired/Non-owned auto coverage	1,000,000	
Hired car physical damage limit	75,000	
Employee/volunteer deductible reimbursement coverage, garage keepers included	1,000	
Workers Compensation - Monmouth Ocean Counties Shared Services Insurance Fund		
Coverage A - Statutory		
Coverage B:		
Each accident	2,000,000	
Disease - policy limit	2,000,000	
Disease - each employee	2,000,000	
Workers Compensation Supplemental Indemnity - Federal Insurance Co.		
Coverage for all full-time employees - 7 day waiting period - per week for maximum up to 52 weeks	2,000	
Environmental Impairment Liability - American Safety		
Limits of Liability		
Claims Made Form - 7/1/2008 Retro Date		
Each school District	1,000,000	
Aggregate Per School District	2,000,000	
Aggregate for all Districts	10,000,000	
Deductible per claim		10,000

SINGLE AUDIT SECTION

PADUANO, DiTOMMASO & GOLDA, LLC

Certified Public Accountants and Consultants

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

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

We have audited the financial statements of the Board of Education of the Township of Ocean School District, in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2009, and have issued our report thereon dated October 14, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

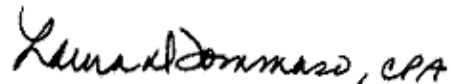
As part of obtaining reasonable assurance about whether the Township of Ocean Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could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

We noted certain matters that we reported to the Board of Education of the Township of Ocean School District in a separate report entitled, *Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* dated October 14, 2009.

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



Paduano, DiTommaso & Golder, LLC
October 14, 2009



Certified Public Accountant
Licensed Public School Accountant #CS00164

PADUANO, DiTOMMASO & GOLDA, LLC

Certified Public Accountants and Consultants

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

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

Compliance

We have audited the compliance of the Board of Education of the Township of Ocean School District, in the County of Monmouth, State of New Jersey, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2009. The Township of Ocean Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Township of Ocean Board of Education's management. Our responsibility is to express an opinion on the Township of Ocean Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Township of Ocean Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Township of Ocean Board of Education's compliance with those requirements.

In our opinion, the Board of Education of the Township of Ocean School District, in the County of Monmouth, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2009.

Internal Control Over Compliance

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

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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



Paduano, DiTommaso & Golda, LLC
October 14, 2009



Certified Public Accountant
Licensed Public School Accountant #CS00164

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2009

For the Fiscal Year ended June 30, 2009															
Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2008			Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2009		
						Deferred Revenue (Accts. Rec.)	Due to Grantor	Carryover/ (Walkover) Amount					Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education															
Passed-through State Department of Education:															
Special Revenue Fund:															
Title I, Part A, Improving Basic Skills	84.010A	NCLB-09	\$ 455,804	9/1/08	8/31/09	\$ -	\$ -	\$ 51	\$ 255,141	\$ (452,830)	\$ -	\$ -	\$ (197,638)	\$ -	\$ -
Title I, Part A, Improving Basic Skills	84.010A	NCLB-08	187,647	9/1/07	8/31/08	(10,445)	-	(51)	10,448	-	48	-	-	-	-
Title II, Part A, Teacher and Principal Training and Recruiting	84.281A	NCLB-09	121,139	9/1/08	8/31/09	-	-	519	73,529	(121,331)	-	-	(47,283)	-	-
Title II, Part A, Teacher and Principal Training and Recruiting	84.281A	NCLB-08	110,174	9/1/07	8/31/08	5,805	-	(519)	-	(5,288)	2	-	-	-	-
Title II, Part D, Enhancing Education Through Technology	84.281	NCLB-09	3,787	9/1/08	8/31/09	-	-	21	2,426	(3,573)	-	-	(1,126)	-	-
Title II, Part D, Enhancing Education Through Technology	84.281	NCLB-08	1,205	9/1/07	8/31/08	21	-	(21)	-	-	-	-	-	-	-
Title III, Immigrant	84.294	NCLB-09	5,589	9/1/08	8/31/09	-	-	5,589	-	(5,589)	-	-	-	-	-
Title III, Immigrant	84.294	NCLB-08	35,391	9/1/07	8/31/08	20,636	-	(5,589)	-	(15,047)	-	-	-	-	-
Title IIIA, English Language Enhancement	84.294	NCLB-09	38,928	9/1/08	8/31/09	-	-	162	26,420	(37,419)	-	-	(10,837)	-	-
Title IIIA, English Language Enhancement	84.294	NCLB-08	37,603	9/1/07	8/31/08	3,222	-	(162)	-	(3,060)	-	-	-	-	-
Title IV, Part A, Safe & Drug Free Schools	84.168A	NCLB-09	13,822	9/1/08	8/31/09	-	-	40	200	(13,806)	-	-	(13,566)	-	-
Title IV, Part A, Safe & Drug Free Schools	84.168A	NCLB-08	12,521	9/1/07	8/31/08	40	-	(40)	-	-	-	-	-	-	-
Title V,Part A, Innovative Programs	84.298	NCLB-09	221	9/1/08	8/31/09	-	-	221	-	(221)	-	-	-	-	-
Title V,Part A, Innovative Programs	84.298	NCLB-08	5,479	9/1/07	8/31/08	221	-	(221)	-	-	-	-	-	-	-
IDEA, Part B	84.027	FT-09	978,542	9/1/08	8/31/09	-	-	-	751,959	(961,480)	-	-	(209,521)	-	-
IDEA, Part B	84.027	FT-08	986,013	9/1/07	8/31/08	201	-	-	-	(15,441)	15,240	-	-	-	-
IDEA, Preschool	84.173	PS-09	40,930	9/1/08	8/31/09	-	-	-	36,543	(40,930)	-	-	(4,387)	-	-
Total Special Revenue Fund						19,701	-	-	1,156,666	(1,676,015)	15,290	-	(484,358)	-	-
U.S. Department of Agriculture															
Passed-through State Department of Education:															
Enterprise Fund:															
Food Distribution Program	10.550	N/A	43,310	7/1/08	6/30/09	-	-	-	43,310	(36,238)	-	-	-	7,072	-
Food Distribution Program	10.550	N/A	47,858	7/1/07	6/30/08	9,401	-	-	-	(9,401)	-	-	-	-	-
National School Lunch Program	10.555	N/A	240,331	7/1/08	6/30/09	-	-	-	195,680	(240,331)	-	-	(44,651)	-	-
National School Lunch Program	10.555	N/A	212,732	7/1/07	6/30/08	(10,297)	-	-	10,297	-	-	-	-	-	-
Total Enterprise Fund						(896)	-	-	249,287	(285,970)	-	-	(44,651)	7,072	-
Total Federal Awards						\$ 18,805	\$ -	\$ -	\$ 1,405,953	\$ (1,961,985)	\$ 15,290	\$ -	\$ (529,009)	\$ 7,072	\$ -

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2009

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2008		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2009			Memo		
					Deferred Revenue (Accts. Rec.)	Due to Grantor					Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education																
General Fund:																
Categorical Special Education Aid	09-495-034-5120-089	2,231,845	7/1/08	6/30/09	-	-	-	2,231,845	(2,231,845)	-	-	-	-	223,185	2,231,845	
Categorical Security Aid	09-495-034-5120-084	346,576	7/1/08	6/30/09	-	-	-	346,576	(346,576)	-	-	-	-	34,658	346,576	
Adjustment Aid	09-495-034-5120-085	6,220,714	7/1/08	6/30/09	-	-	-	6,220,714	(6,220,714)	-	-	-	-	594,021	6,220,714	
Categorical Transportation Aid	09-495-034-5120-014	819,916	7/1/08	6/30/09	-	-	-	819,916	(819,916)	-	-	-	-	81,992	819,916	
Adult Education Aid	09-495-034-5120-077	46,872	7/1/08	6/30/09	-	-	-	46,872	(46,872)	-	-	-	-	4,687	46,872	
Extraordinary Special Education Costs Aid	09-495-034-5120-473	121,589	7/1/08	6/30/09	-	-	-	121,589	(121,589)	-	-	-	-	121,589	121,589	
Nonpublic Transportation Cost Aid	09-100-034-5120-068	44,869	7/1/08	6/30/09	-	-	-	44,869	(44,869)	-	-	-	-	44,869	44,869	
Reimbursed TPAF Social Security Contributions	09-495-034-5095-002	2,302,678	7/1/08	6/30/09	-	-	-	2,192,552	(2,302,678)	-	(110,126)	-	-	-	2,302,678	
Reimbursed TPAF Social Security Contributions	08-495-034-5095-002	2,029,836	7/1/07	6/30/08	(100,432)	-	-	100,432	-	-	-	-	-	-	-	
Total General Fund					(100,432)	-	-	12,125,365	(12,135,059)	-	(110,126)	-	-	1,105,001	12,135,059	
Special Revenue Fund:																
Instructional Supplement Aid	08-495-034-5120-029	110,439	7/1/07	6/30/08	(5,522)	-	-	5,522	-	-	-	-	-	-	-	
NJ Nonpublic Aid:																
Textbook Aid	09-100-034-5120-064	52,156	7/1/08	6/30/09	-	-	-	52,156	(49,639)	-	-	-	2,517	-	49,539	
Textbook Aid	08-100-034-5120-064	54,829	7/1/07	6/30/08	-	1,231	-	-	-	(1,231)	-	-	-	-	-	
Nursing	09-100-034-5120-070	70,406	7/1/08	6/30/09	-	-	-	70,406	(70,044)	-	-	-	362	-	70,044	
Nursing	08-100-034-5120-070	75,732	7/1/07	6/30/08	-	72	-	-	-	(72)	-	-	-	-	-	
Technology Program	09-100-034-5120-373	36,480	7/1/08	6/30/09	-	-	-	36,480	(36,346)	-	-	-	134	-	36,346	
Technology Program	08-100-034-5120-373	39,240	7/1/07	6/30/08	-	194	-	-	-	(194)	-	-	-	-	-	
Auxiliary Services:																
Compensatory Education	09-100-034-512a-067	260,479	7/1/08	6/30/09	-	-	-	260,479	(260,180)	-	-	-	299	-	260,180	
Compensatory Education	08-100-034-512a-067	252,416	7/1/07	6/30/08	-	896	-	-	-	(896)	-	-	-	-	-	
English as a Second Language	09-100-034-512b-067	8,729	7/1/08	6/30/09	-	-	-	8,729	(8,729)	-	-	-	-	-	8,729	
English as a Second Language	08-100-034-512b-067	7,105	7/1/07	6/30/08	-	5,075	-	-	-	(5,075)	-	-	-	-	-	
Transportation	09-100-034-5120-068	14,000	7/1/08	6/30/09	-	-	-	14,000	(14,000)	-	-	-	-	-	14,000	
Home Instruction	08-100-034-512c-067	351	7/1/07	6/30/08	(351)	-	-	351	-	-	-	-	-	-	-	
Handicapped Services:																
Examination and Classification	09-100-034-512b-066	169,918	7/1/08	6/30/09	-	-	-	169,918	(150,216)	-	-	-	19,702	-	150,216	
Examination and Classification	08-100-034-512b-066	180,475	7/1/07	6/30/08	-	1,444	-	-	-	(1,444)	-	-	-	-	-	
Corrective Speech	09-100-034-512a-066	68,262	7/1/08	6/30/09	-	-	-	68,262	(67,704)	-	-	-	558	-	67,704	
Supplemental Instruction	09-100-034-512c-066	124,891	7/1/08	6/30/09	-	-	-	124,891	(124,891)	-	-	-	-	-	124,891	
Total Special Revenue Fund					(5,873)	8,912	-	811,194	(781,749)	(8,912)	-	-	23,572	-	781,649	
Debt Service Fund																
Debt Service Aid- Type II	09-495-034-5120-017	254,941	7/1/08	6/30/09	-	-	-	254,941	(254,941)	-	-	-	-	-	254,941	
Total Debt Service Fund					-	-	-	254,941	(254,941)	-	-	-	-	-	254,941	
Capital Projects Fund:																
EDA Grant																
Ocean Township High School	3810-030-05-1000	179,115	7/1/05	6/30/06	(178,219)	-	-	-	-	-	(178,219)	-	-	-	-	
Total Capital Projects Fund					(178,219)	-	-	-	-	-	(178,219)	-	-	-	-	

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

(continued)

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2009

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2008					Repayment of Prior Years' Balances	Balance at June 30, 2009			Memo	
					Deferred Revenue (Accts. Rec.)	Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures		Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State share)	09-100-010-3360-067	14,492	7/1/08	6/30/09	-	-	-	11,876	(14,492)	-	(2,616)	-	-	-	14,492
National School Lunch Program (State share)	08-100-010-3360-067	14,359	7/1/07	6/30/08	(661)	-	-	661	-	-	-	-	-	-	-
Total Enterprise Fund					(661)	-	-	12,537	(14,492)	-	(2,616)	-	-	-	14,492
Total State Financial Assistance					\$ (285,185)	\$ 8,912	\$ -	\$ 13,204,037	\$ (13,186,241)	\$ (8,912)	\$ (290,961)	\$ -	\$ 23,572	\$ 1,105,001	\$ 13,186,141

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
June 30, 2009

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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 recognized the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment 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 (\$497,386) for the general fund and (\$20,466) for the special revenue fund. See C-3 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 13,603,874	\$ 13,603,874
Special Revenue Fund	1,655,549	781,749	2,437,298
Debt Service Fund		254,941	254,941
Food Service Fund	<u>283,641</u>	<u>14,492</u>	<u>298,133</u>
Total Awards and Financial Assistance	<u>\$ 1,939,190</u>	<u>\$ 14,655,056</u>	<u>\$ 16,594,246</u>

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
June 30, 2009

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, 2009. 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, 2009.

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2009 amounted to \$1,966,200. Since on-behalf post retirement pension and medical benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB's Circular 04-04 and are not reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

NOTE 6. ADJUSTMENTS

The adjustment column on Schedule 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, 2009

Part I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

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

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

Federal Awards

Internal Control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 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>84.027</u>	<u>IDEA, Part B</u>
<u>84.010A</u>	<u>NCLB Title I Part A</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

Dollar threshold used to distinguish between type A and type B programs: \$ 387,502

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

State Awards

Identification of major programs:

TOWNSHIP OF OCEAN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(continued)

Part II – Schedule of Financial Statement Findings

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

None were reported.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(continued)

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

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

No matters were reported.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
As Prepared by Management
For the Fiscal Year Ended June 30, 2009

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

STATUS OF PRIOR-YEAR FINDINGS

There were no prior-year audit findings for the fiscal year ended June 30, 2008 that we are required to report on.