

# **Ocean Township School District**

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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2013**

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

**For the Fiscal Year Ended June 30, 2013**

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

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## **INTRODUCTORY SECTION**



TOWNSHIP OF OCEAN SCHOOL DISTRICT

**KENNETH JANNARONE**

SCHOOL BUSINESS ADMINISTRATOR

November 8, 2013

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 Ocean Township School District (the District) as of and for the fiscal year ended June 30, 2013, is hereby submitted. This CAFR includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards. 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 (the 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 Letter 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:** Ocean Township 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 2012-2013 fiscal year with an enrollment of 3,852 students, which is 79 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years.

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

#### ACTUAL STUDENT ENROLLMENT

Fiscal Year	Student Enrollment	Percent Change
2012-2013	3852	<2.01>%
2011-2012	3931	<1.97>%
2010-2011	4010	<2.34>%
2009-2010	4106	<1.53>%
2008-2009	4170	<1.49>%

#### PROJECTED STUDENT ENROLLMENT

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

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

**3) MAJOR INITIATIVES:** The Ocean Township School District strives to meet the educational needs of all students. For the first time ever this year, we offer a full day kindergarten program. In addition, educational technology has been expanded at all grade levels. Smart Boards, Smart Tables, iPads, laptops, and document cameras are found in all schools. Computer labs have been expanded and school libraries are using the latest technology. The high school continues to progress to a 21<sup>st</sup> Century model with the development of block scheduling. This year marks the use of a new teacher evaluation instrument that is consistent with the goals of Excellent Educators for New Jersey (EE4NJ).

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

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

All buildings, though aging, have been well maintained. The last major referendum was in 2007 for 6.1 million dollars. This energy referendum addressed many of the mechanical systems in each school building.

**5) INTERNAL ACCOUNTING CONTROLS:** Management of the Ocean Township 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 above, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

**6) BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balances at June 30, 2013.

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

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

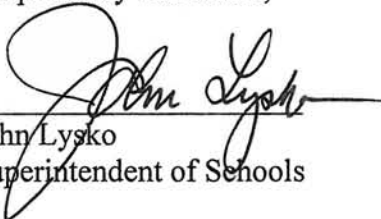
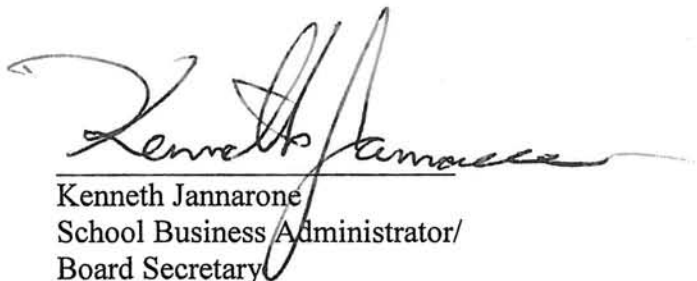
**9) RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

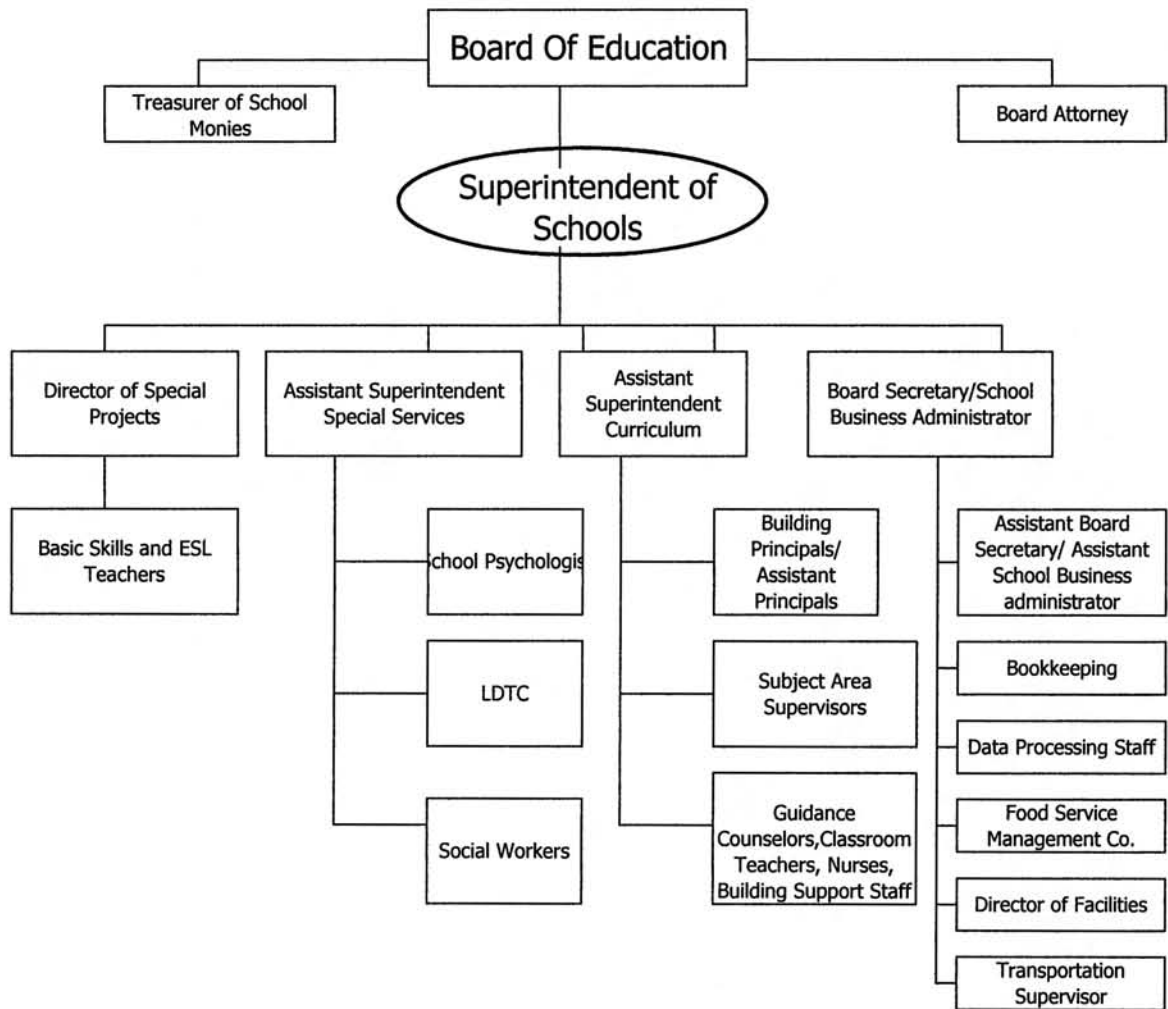
**10) OTHER INFORMATION: Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Smolin, Lupin & Co., LLC was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996, as amended, and the related OMB Circular A-133 and New Jersey OMB's Circular Letter 04-04. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report. The district received the Association of School Business Officials International (ASBO) Certificate of Excellence in financial reporting award. This award was for the district Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010.

**11) ACKNOWLEDGEMENTS:**

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

Respectfully submitted,

  
John Lysko  
Superintendent of Schools  
Kenneth Jannarone  
School Business Administrator/  
Board Secretary



# OCEAN TOWNSHIP BOARD OF EDUCATION

## BOARD MEMBERS 2013

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Sean Moore, President	2013
Sylvia Sylvia, Vice President	2013
Robert Acerra	2014
Robert Angelini	2015
Cliff Brautigan	2015
Joseph Hadden	2014
Richard Long	2014
Denise Parlamas	2015
Anne Marie Sparaco	2013
Connor Dorony – Student Representative	
Kyle Dorony – Student Representative	
Daniel Worthington – Student Representative	

### **Other Officials**

John Lysko, Superintendent

Kenneth Jannarone, Board Secretary/School Business Administrator

George Stone, Assistant School Business Administrator

Stephen Gallagher, Treasurer

Michael J. Gross, Esq., Board Attorney

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
Consultants, Independent Auditor and Advisors  
June 30, 2013

**Board Attorney**

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

**Board Auditor**

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

**Official Depository**

Sovereign Bank  
Monmouth, Road  
Oakhurst, NJ 07755

## **FINANCIAL SECTION**

## **REQUIRED SUPPLEMENTARY INFORMATION - PART I**

## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ocean Township School District (the School District), in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ocean Township School District, in the County of Monmouth, State of New Jersey, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### **Required Supplementary Information**

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

#### **Other Information**

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

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

statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2013 on our consideration of the Ocean Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ocean Township School District's internal control over financial reporting and compliance.



SMOLIN, LUPIN & CO., LLC  
Certified Public Accountants



Laura DiTommaso  
Licensed Public School Accountant  
License #CS00164

Red Bank, New Jersey  
November 8, 2013

**OCEAN TOWNSHIP SCHOOL DISTRICT  
OAKHURST, NJ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

The management's discussion and analysis of the Ocean Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic annual financial statements and notes to enhance their understanding of the School District's financial performance.

**Financial Highlights**

- Key financial highlights for 2013 are as follows:
- In total, net position increased \$3,169,945, which represents a 12 percent increase from 2012.
- General revenues accounted for \$68,103,949 in revenue or 87 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$10,476,108 or 13 percent of total revenues of \$78,580,057.
- Total assets of governmental activities decreased by \$559,328 as cash and cash equivalents decreased by \$96,187, receivables decreased by \$33,238, and net capital assets decreased by \$429,903. The decrease in net capital assets represents depreciation expense and the result of no material additions, as there were no major capital projects completed in the fiscal year.
- The School District had \$75,410,112 in expenses, only \$10,476,108 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$68,103,949 were adequate to provide for these programs.
- Among major funds, the General Fund had \$71,805,292 in revenues and \$70,876,066 in expenditures. The General Fund's balance increased \$779,226 from 2012.
- Fund Balance for the General Fund as of the fiscal year end was \$8,892,946. The undesignated portion of surplus was \$4,067,545. Based on our calculation of excess surplus, the maximum of undesignated fund balance (2%) is \$1,356,848. The excess \$2,710,697 must be utilized for tax relief in the succeeding year budget.
- The revenues for operating grants and contributions were recorded as an offset to expenses in this current year rather than as a general revenue on Schedule A-2.

**Using this Comprehensive Annual Financial Report (CAFR)**

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

**OCEAN TOWNSHIP SCHOOL DISTRICT  
OAKHURST, NJ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

## **Reporting the School District as a Whole**

### **Statement of Net Position and the Statement of Activities**

While this document contains a 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 2013?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

## **Reporting the School District's Most Significant Funds**

### **Fund Financial Statements**

The analysis of the School District's major funds begins on page 24. Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

### **Governmental Funds**

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

### **Proprietary Funds**

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

**OCEAN TOWNSHIP SCHOOL DISTRICT  
OAKHURST, NJ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

**Long Term Debt**

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

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 32 to 51 of this report.

**The School District as a Whole**

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

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

Table 1 provides a summary of the School District's net position for 2013 and 2012.

**Table 1  
Net Position**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Assets</b>				
Current and other assets	\$ 10,436,171	\$ 10,548,896	\$ 354,429	\$ 119,642
Capital assets	38,256,340	38,686,243	64,921	76,535
<b>Total assets</b>	<b>48,692,511</b>	<b>49,235,139</b>	<b>419,350</b>	<b>196,177</b>
<b>Deferred Outflows</b>	<b>60,559</b>	<b>77,259</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>				
Long-term liabilities	14,750,860	17,416,468	-	-
Current portion of long-term debt	2,906,020	2,868,838	-	-
Other liabilities	1,794,071	2,709,689	293,712	154,612
<b>Total liabilities</b>	<b>19,450,951</b>	<b>22,994,995</b>	<b>293,712</b>	<b>154,612</b>
<b>Deferred Inflows</b>	<b>618,077</b>	<b>724,417</b>	<b>5,184</b>	<b>-</b>
<b>Net Position</b>				
Invested in capital assets, net of debt	23,103,432	20,862,685	64,921	76,535
Restricted	8,599,305	7,896,093	-	-
Unrestricted	(3,018,695)	(3,165,792)	55,533	(34,970)
<b>Total Net Position</b>	<b>\$ 28,684,042</b>	<b>\$ 25,592,986</b>	<b>\$ 120,454</b>	<b>\$ 41,565</b>

**OCEAN TOWNSHIP SCHOOL DISTRICT  
OAKHURST, NJ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

**The School District as a Whole (continued)**

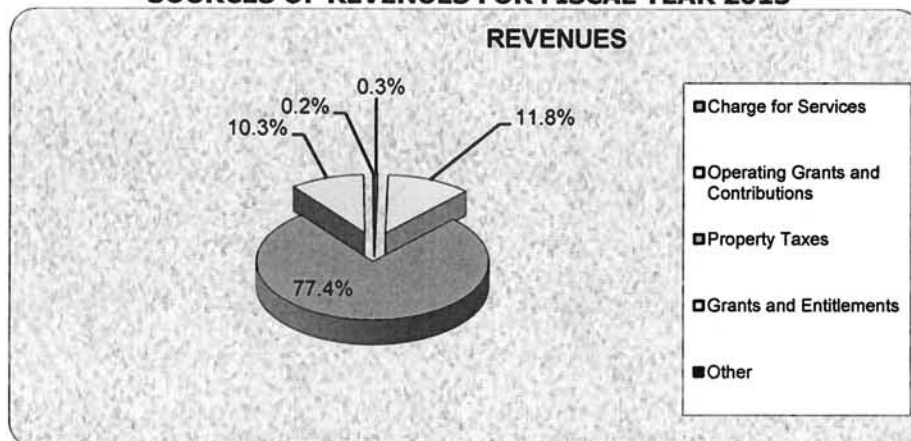
The District's combined net position of \$28,804,496 on June 30, 2013 results in an increase of 12 percent from the prior year.

Table 2 shows the changes in net position for fiscal year 2013 and 2012.

**Table 2  
Change in Net Position**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
<b>Revenues</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Program revenues:				
Charge for services	\$ 266,140	\$ 288,168	\$ 634,851	\$ 710,173
Operating grants and contributions	9,107,433	8,276,785	467,684	478,629
General revenues:				
Property taxes	59,826,670	58,817,908	-	-
Grants and entitlements	7,983,334	8,117,177	-	-
Other	143,945	323,515	150,000	-
Total revenues	<u>77,327,522</u>	<u>75,823,553</u>	<u>1,252,535</u>	<u>1,188,802</u>
<b>Program Expenses</b>				
Instruction	43,007,199	41,653,560	-	-
Support services:				
Pupils and instructional staff	13,776,209	12,526,403	-	-
General and school administration and business services	5,795,873	5,550,115	-	-
Operations and maintenance of facilities	6,580,843	6,786,929	-	-
Pupil transportation	4,245,998	3,917,781	-	-
Interest on debt	627,280	716,154	-	-
Food service	-	-	1,173,646	1,237,158
Other	203,064	178,093	-	-
Total expenses	<u>74,236,466</u>	<u>71,329,035</u>	<u>1,173,646</u>	<u>1,237,158</u>
<b>Increase (decrease) in Net Position</b>	3,091,056	4,494,518	78,889	(48,356)
<b>Net Position - beginning</b>	<u>25,592,986</u>	<u>21,098,468</u>	<u>41,565</u>	<u>89,921</u>
<b>Net Position - ending</b>	<u>\$ 28,684,042</u>	<u>\$ 25,592,986</u>	<u>\$ 120,454</u>	<u>\$ 41,565</u>

**SOURCES OF REVENUES FOR FISCAL YEAR 2013**

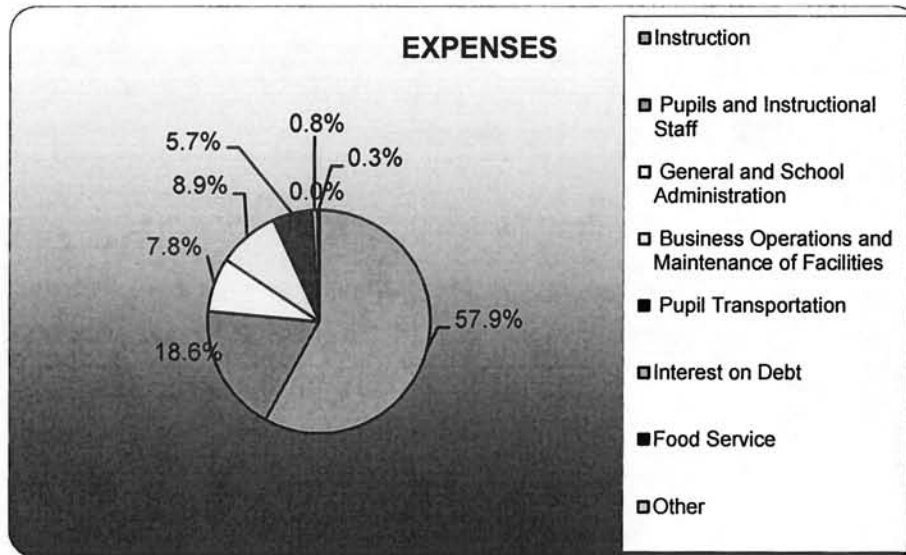


**OCEAN TOWNSHIP SCHOOL DISTRICT  
OAKHURST, NJ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

**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 77 percent of revenues for governmental activities for the Ocean Township School District for fiscal year 2013 and 76 percent for fiscal year 2012. Property tax revenues increased by \$1,008,762, which is a 2 percent increase over the prior year. The increase was needed to fund the additional expenditures associated with higher operating costs and a decrease in state aid. Federal and state grants accounted for another 11 percent of revenues.

Total expenses for the fiscal year 2013 was \$75,410,112.



Program expenses includes instruction, which comprises 58 percent of total expenses. Support services comprises 42 percent of total expenses.

Business-Type Activities are not shown above. Revenues for the Food Service Fund totaled \$1,102,535, which were comprised of charges for services in the amount of \$634,851 and federal and state reimbursements in the amount of \$467,684. Total operating expenses totaled \$1,173,646.

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

**OCEAN TOWNSHIP SCHOOL DISTRICT  
OAKHURST, NJ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

**Governmental Activities (continued)**

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

Table 3

	<u><b>Total Cost of Services 2013</b></u>	<u><b>Net Cost of Services 2013</b></u>	<u><b>Total Cost of Services 2012</b></u>	<u><b>Net Cost of Services 2012</b></u>
Instruction	\$ 43,007,199	\$ 36,917,942	\$ 41,653,560	\$ 35,231,584
Support services:				
Pupils and instructional staff	13,776,209	12,488,453	12,526,403	11,307,647
General and school administration and business services	5,795,873	5,123,314	5,550,115	5,100,768
Operations and maintenance of facilities	6,580,843	5,906,765	6,786,929	6,519,459
Pupil transportation	4,245,998	3,789,818	3,917,781	3,917,781
Interest and fiscal charges	627,280	440,350	716,154	529,448
Other	203,064	196,251	178,093	157,395
 Total expenses	 <u>\$ 74,236,466</u>	 <u>\$ 64,862,893</u>	 <u>\$ 71,329,035</u>	 <u>\$ 62,764,082</u>

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

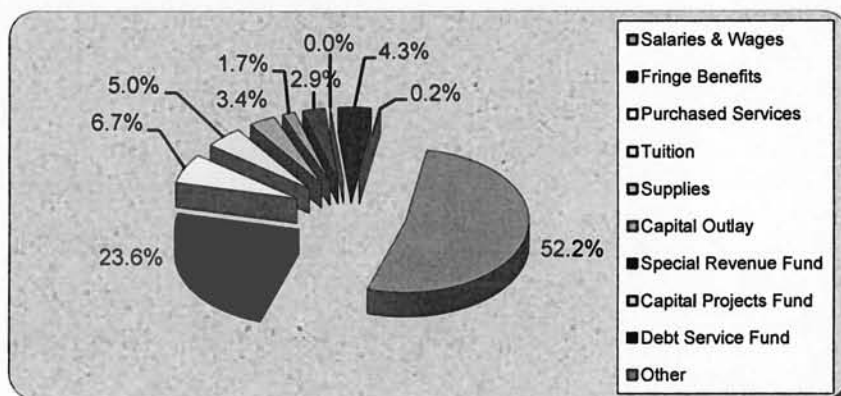
The dependence upon tax revenues is apparent. Over 99 percent of instruction activities are supported through taxes and other general revenues; for all activities, general revenue support is 99.9 percent. The community, as a whole, is the primary support for the Ocean Township School District.

**OCEAN TOWNSHIP SCHOOL DISTRICT  
OAKHURST, NJ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

**The School District's Funds**

Information about the School District's governmental funds starts on page 24. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$77,371,181 and expenditures of \$76,441,956. The net change in fund balance for the year was most significant in the General Fund, an increase of \$779,226. 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,**

	2013	2012	% Change
Salaries and wages	\$ 39,905,164	\$ 38,895,603	2.60%
Fringe benefits	18,004,332	16,491,100	9.18%
Purchase services	5,141,888	5,043,585	2%
Tuition	3,787,979	3,287,086	15.24%
Supplies	2,630,325	2,611,359	0.73%
Capital outlay	1,261,704	939,993	34.22%
Special Revenue fund	2,286,642	2,572,878	-11.13%
Capital Projects fund	-	-	-
Debt Service fund	3,279,248	3,336,908	1.73%
Other	144,674	152,048	4.85%
Total	<u>\$ 76,441,956</u>	<u>\$ 73,330,560</u>	<u>4.24%</u>

Expenditures are up \$3,111,396 or 4.24 percent from the prior year mostly due to increases in Tuition, Salaries, and Fringe Benefits.

**General Fund Budgeting Highlights**

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

**OCEAN TOWNSHIP SCHOOL DISTRICT  
OAKHURST, NJ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

**General Fund Budgeting Highlights (continued)**

During the course of the fiscal 2013 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Revisions in the budget were made to recognize revenues and expenditures that were not anticipated and to prevent over expenditures in specific expense accounts. Significant revisions are noted below.

- Salaries overall increased due to additional staff and anticipated wage increases that were paid retroactively.
- Capital outlay was increased during the year due to various projects that were needed that were not originally budgeted.
- Transfers to other funds were increased as there was a Board Contribution needed for the Enterprise (cafeteria) Fund
- Tuition for Out of District Special Education increased over the prior year.
- Fringe benefits increased due to premium increases for Health Insurance.

**Capital Assets**

At the end of the fiscal year 2013, the School District had \$38,256,340 invested in land, buildings, furniture and equipment, and vehicles. Table 5 shows fiscal 2013 balances compared to 2012.

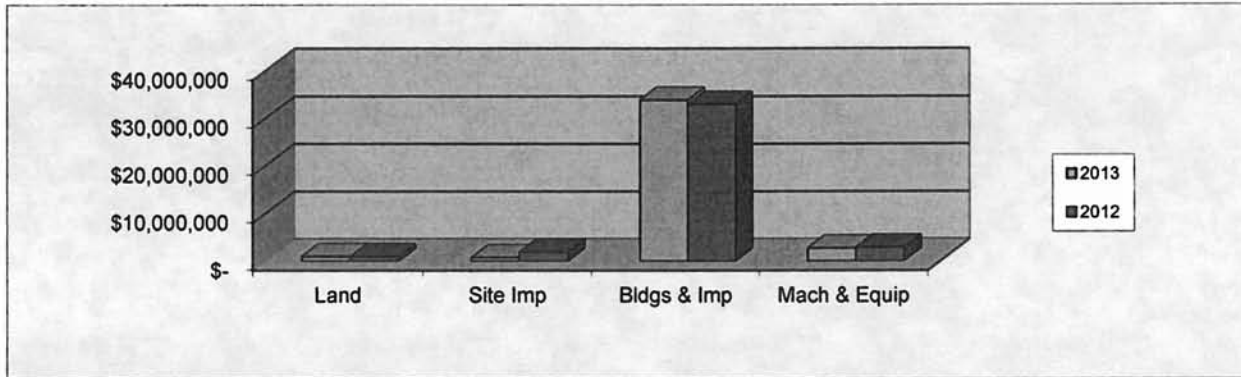
**Table 5  
Capital Assets (Net of Depreciation) at June 30,**

	<u>2013</u>	<u>2012</u>
Governmental Activities		
Land	\$ 984,968	\$ 984,968
Site improvements	734,732	1,910,696
Buildings and improvements	33,834,096	32,930,286
Machinery and equipment	<u>2,702,544</u>	<u>2,860,293</u>
	<u>\$ 38,256,340</u>	<u>\$ 38,686,243</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT  
OAKHURST, NJ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

**Capital Assets (continued)**

Capital assets decreased \$429,903 from fiscal year 2012 to fiscal year 2013. The decrease in capital assets is due to depreciation expense. For more detailed information, please refer to the Notes to Financial Statements.



**Debt Administration**

At June 30, 2013, the School District had \$17,656,880 as outstanding debt. Of this amount \$2,503,971 is for compensated absences, \$97,909 is for capital leases payable, and the balance of \$15,055,000 is for bonds for school construction.

At June 30, 2013, the School District's overall legal debt margin was over \$130 million. For more detailed information, please refer to the Notes to Financial Statements.

**For the Future**

The Ocean Township 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 Ocean Township School District's budget for 2013-2014 was below the 2% cap on the tax Levy. Therefore there was no election or vote for the budget in April 2013 as the district optioned to move the election of the board to November.

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

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

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

The District had approved in the 2013-14 Budget three major capital improvement projects in 2013.

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

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

**OCEAN TOWNSHIP SCHOOL DISTRICT  
OAKHURST, NJ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

**Contacting the School District's Financial Management**

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

## **BASIC FINANCIAL STATEMENTS**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2013**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,133,894	\$ 304,963	\$ 7,438,857
Receivables, net	122,506	25,748	148,254
Inventory	-	23,718	23,718
Restricted assets:			
Cash and cash equivalents	1	-	1
Capital reserve account - cash	2,725,180	-	2,725,180
Intergovernmental receivable	454,590	-	454,590
Capital assets, net	38,256,340	64,921	38,321,261
<b>Total assets</b>	<b>48,692,511</b>	<b>419,350</b>	<b>49,111,861</b>
Deferred outflows:			
Unamortized bond issuance costs	60,559	-	60,559
Total deferred outflows	60,559	-	60,559
<b>LIABILITIES</b>			
Accounts payable	1,453,348	281,650	1,734,998
Contracts payable	51,168	-	51,168
Accrued interest	250,847	-	250,847
Payable to state government	38,495	-	38,495
Unearned revenue	213	12,062	12,275
Noncurrent liabilities:			
Due within one year	2,906,020	-	2,906,020
Due beyond one year	14,750,860	-	14,750,860
<b>Total liabilities</b>	<b>19,450,951</b>	<b>293,712</b>	<b>19,744,663</b>
Deferred inflows:			
Deferred commodities revenue	-	5,184	5,184
Unamortized bond issuance premium	618,077	-	618,077
Total deferred inflows	618,077	5,184	623,261
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	23,103,432	64,921	23,168,353
Restricted for:			
Other purposes	8,599,305	-	8,599,305
Unrestricted	(3,018,695)	55,533	(2,963,162)
<b>Total net position</b>	<b>\$ 28,684,042</b>	<b>\$ 120,454</b>	<b>\$ 28,804,496</b>

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2013**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities:			
Instruction:			
Regular	\$ 31,710,830	\$ -	\$ 4,484,973
Special education	7,949,249	-	1,193,585
Other special instruction	1,779,028	-	267,425
Other instruction	1,568,092	-	143,274
Support services:			
Instruction	4,702,295	-	-
Student and instruction related services	9,073,914	-	1,287,756
School administrative services	3,022,176	-	407,719
General administrative services	1,217,809	-	94,867
Central services	873,241	-	102,335
Administrative information technology	682,647	-	67,638
Plant operations and maintenance	6,580,843	259,327	414,751
Pupil transportation	4,245,998	-	456,180
Special schools	159,880	6,813	-
Charter school	43,184	-	-
Interest on long-term debt	627,280	-	186,930
Total governmental activities	<u>74,236,466</u>	<u>266,140</u>	<u>9,107,433</u>
Business-type activities:			
Food Service	<u>1,173,646</u>	<u>634,851</u>	<u>467,684</u>
Total business-type activities	<u>1,173,646</u>	<u>634,851</u>	<u>467,684</u>
Total primary government	<u>\$ 75,410,112</u>	<u>\$ 900,991</u>	<u>\$ 9,575,117</u>

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

Change in Net Position

Net Position-beginning

Net Position-ending

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (27,225,857)	\$ -	\$ (27,225,857)
(6,755,664)	-	(6,755,664)
(1,511,603)	-	(1,511,603)
(1,424,818)	-	(1,424,818)
(4,702,295)	-	(4,702,295)
(7,786,158)	-	(7,786,158)
(2,614,457)	-	(2,614,457)
(1,122,942)	-	(1,122,942)
(770,906)	-	(770,906)
(615,009)	-	(615,009)
(5,906,765)	-	(5,906,765)
(3,789,818)	-	(3,789,818)
(153,067)	-	(153,067)
(43,184)	-	(43,184)
(440,350)	-	(440,350)
<u>(64,862,893)</u>	<u>-</u>	<u>(64,862,893)</u>
-	(71,111)	(71,111)
-	(71,111)	(71,111)
<u>\$ (64,862,893)</u>	<u>\$ (71,111)</u>	<u>\$ (64,934,004)</u>
\$ 56,734,353	\$ -	\$ 56,734,353
3,092,317	-	3,092,317
7,983,334	-	7,983,334
18,898	-	18,898
275,047	-	275,047
(150,000)	150,000	-
<u>67,953,949</u>	<u>150,000</u>	<u>68,103,949</u>
3,091,056	78,889	3,169,945
<u>25,592,986</u>	<u>41,565</u>	<u>25,634,551</u>
<u>\$ 28,684,042</u>	<u>\$ 120,454</u>	<u>\$ 28,804,496</u>

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

## **FUND FINANCIAL STATEMENTS**

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,598,630	\$ -	\$ -	\$ 1	\$ 6,598,631
Receivables, net	14,332	-	-	-	14,332
Due from other funds	320,456	-	-	-	320,456
Receivables from other governments	108,174	454,590	-	-	562,764
Restricted cash and cash equivalents	2,725,180	-	-	-	2,725,180
<b>Total assets</b>	<u>\$ 9,766,772</u>	<u>\$ 454,590</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 10,221,363</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 822,658	\$ 95,426	\$ -	\$ -	\$ 918,084
Contracts payable	51,168	-	-	-	51,168
Unearned Revenue	-	213	-	-	213
Interfund payable	-	320,456	-	-	320,456
Payable to state government	-	38,495	-	-	38,495
Total liabilities	<u>873,826</u>	<u>454,590</u>	<u>-</u>	<u>-</u>	<u>1,328,416</u>
Fund balances:					
Restricted for:					
Excess surplus - current year	2,710,697	-	-	-	2,710,697
Excess surplus - prior year - designated for subsequent year's expenditures	2,835,591	-	-	-	2,835,591
Capital reserve	2,725,180	-	-	-	2,725,180
Debt service	-	-	-	-	-
Assigned to:					
Designated by the BOE for subsequent year's expenditures	327,836	-	-	1	327,837
Unassigned:					
General fund	293,642	-	-	-	293,642
Total fund balances	<u>8,892,946</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>8,892,947</u>
<b>Total liabilities and fund balances</b>	<u>\$ 9,766,772</u>	<u>\$ 454,590</u>	<u>\$ -</u>	<u>\$ 1</u>	

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

The premiums and costs associated with the issuance of the various bonds are reflected as income and expense in the year the bonds are issued but are capitalized on the statement of net position. The bond premium net of bond issuance costs is \$846,348 and accumulated amortization is \$288,829.

(557,519)

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$67,672,746 and the accumulated depreciation is \$29,416,406.

38,256,340

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.

(17,907,726)

\$ 28,684,042

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2013**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Debt Service Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Local sources:					
Local tax levy	\$ 56,734,353	\$ -	\$ -	\$ 3,092,317	\$ 59,826,670
Tuition charges	6,813	-	-	-	6,813
Rental fees	259,327	-	-	-	259,327
Interest earned on investments	18,898	-	-	-	18,898
Miscellaneous	168,707	-	-	-	168,707
Total - local sources	57,188,098	-	-	3,092,317	60,280,415
State sources	14,494,055	546,423	-	186,930	15,227,408
Federal sources	123,139	1,740,219	-	-	1,863,358
<b>Total revenues</b>	<b>71,805,292</b>	<b>2,286,642</b>	<b>-</b>	<b>3,279,247</b>	<b>77,371,181</b>
<b>EXPENDITURES</b>					
Current:					
Regular instruction	20,457,905	1,329,142	-	-	21,787,047
Special education instruction	5,308,236	-	-	-	5,308,236
Other special instruction	1,187,303	-	-	-	1,187,303
School sponsored activities	1,251,072	-	-	-	1,251,072
Support services and undistributed costs:					
Tuition	3,744,795	957,500	-	-	4,702,295
Student and instruction related services	6,224,530	-	-	-	6,224,530
General administrative services	1,033,549	-	-	-	1,033,549
School administrative services	2,120,028	-	-	-	2,120,028
Central services	646,807	-	-	-	646,807
Administrative information technology	532,987	-	-	-	532,987
Plant operations and maintenance	5,663,134	-	-	-	5,663,134
Pupil transportation	3,236,620	-	-	-	3,236,620
Employee benefits	18,004,332	-	-	-	18,004,332
Special schools	159,880	-	-	-	159,880
Transfer to charter school	43,184	-	-	-	43,184
Debt service:					
Principal	-	-	-	2,645,000	2,645,000
Interest and other charges	-	-	-	634,248	634,248
Capital outlay	1,261,704	-	-	-	1,261,704
<b>Total expenditures</b>	<b>70,876,066</b>	<b>2,286,642</b>	<b>-</b>	<b>3,279,248</b>	<b>76,441,956</b>
Excess (Deficiency) of revenues over expenditures	929,226	-	-	(1)	929,225
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	(150,000)	-	-	-	(150,000)
<b>Total other financing sources (uses)</b>	<b>(150,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(150,000)</b>
Net change in fund balances	779,226	-	-	(1)	779,225
Fund balance - beginning	8,113,720	-	-	2	8,113,722
Fund balance - ending	<u>\$ 8,892,946</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 8,892,947</u>

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2013**

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**Total net change in fund balances - governmental funds (from B-2)** \$ 779,225

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	\$ (1,691,608)	
Capital outlays	<u>1,261,704</u>	(429,904)

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

2,670,649

Bond premium and issuance costs are amortized over the lives of the bonds in the statement of activities but are recorded as an addition from the proceeds from sales of bonds in the government funds.

89,639

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

23,670

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition in the reconciliation.

(42,223)

**Change in net position of governmental activities**

\$ 3,091,056

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
**June 30, 2013**

	<b>Business-type Activities</b>	<b>Internal Service</b>
	<b>Enterprise Funds</b>	<b>Funds</b>
	<b>Food Service Fund</b>	<b>Self-Insurance Activities</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 304,963	\$ 535,264
Other receivables	25,748	-
Inventories	23,718	-
Total current assets	<u>354,429</u>	<u>535,264</u>
Capital assets:		
Furniture, machinery and equipment	497,070	-
Less: accumulated depreciation	<u>(432,149)</u>	<u>-</u>
Total capital assets	<u>64,921</u>	<u>-</u>
<b>Total assets</b>	<u><u>\$ 419,350</u></u>	<u><u>\$ 535,264</u></u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 281,650	\$ 535,264
Unearned revenue	12,062	-
Total current liabilities	<u>293,712</u>	<u>535,264</u>
Deferred inflows	<u>5,184</u>	<u>-</u>
<b>NET POSITION</b>		
Invested in capital assets	64,921	-
Unrestricted	55,533	-
Total net position	<u><u>\$ 120,454</u></u>	<u><u>\$ -</u></u>

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2013**

	<b>Business-type Activities</b>	<b>Internal Service</b>
	<b>Enterprise Funds</b>	<b>Funds</b>
	<b>Food Service Fund</b>	<b>Self-Insurance Activities</b>
<b>Operating Revenues</b>		
Charges for services:		
Daily sales - reimbursable program	\$ 326,071	\$ -
Daily sales - non-reimbursable program	296,898	-
Special functions	11,882	-
Services provided to other funds	-	1,830,000
<b>Total operating revenues</b>	<u>634,851</u>	<u>1,830,000</u>
<b>Operating Expenses</b>		
Cost of sales	607,763	-
Salaries	364,849	-
Employee benefits	129,679	1,830,000
Management fee	46,800	-
Insurance	12,311	-
Miscellaneous	631	-
Depreciation	11,613	-
<b>Total operating expenses</b>	<u>1,173,646</u>	<u>1,830,000</u>
<b>Operating Income (loss)</b>	<u>(538,795)</u>	<u>-</u>
<b>Non-operating Revenues</b>		
State sources:		
School lunch program	10,067	-
Breakfast program	-	-
Federal sources:		
National school lunch program	329,202	-
Breakfast program	22,613	-
Special milk program	655	-
Food distribution program	58,347	-
Sodexo:		
Food service guarantee	46,800	-
<b>Total non-operating revenues</b>	<u>467,684</u>	<u>-</u>
<b>Change in Net Position before transfers</b>	(71,111)	-
<b>Transfer In-general fund</b>	<u>150,000</u>	<u>-</u>
<b>Change in Net Position</b>	78,889	-
<b>Total Net Position - Beginning</b>	<u>41,565</u>	<u>-</u>
<b>Total Net Position - Ending</b>	<u>\$ 120,454</u>	<u>\$ -</u>

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2013**

	<b>Business-type Activities</b>	<b>Internal Service</b>
	<b>Enterprise Funds</b>	<b>Funds</b>
	<b>Food Service Fund</b>	<b>Self-Insurance Activities</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and other funds	\$ 638,722	\$ 1,830,000
Payments to employees	(364,849)	-
Payments for employee benefits	(129,679)	(1,997,404)
Payments to suppliers	(536,229)	-
<b>Net cash provided by (used for) operating activities</b>	<b>(392,035)</b>	<b>(167,404)</b>
<b>Cash Flows from Non-capital Financing Activities</b>		
State sources	9,962	-
Federal sources	404,358	-
Operating subsidies and transfer from other funds	195,900	-
<b>Net cash provided by non-capital financing activities</b>	<b>610,220</b>	<b>-</b>
<b>Cash flows from Capital and Related Financing activities</b>		
Purchase of Capital Assets	-	-
<b>Net cash used for capital and related financing activities</b>	<b>-</b>	<b>-</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>218,185</b>	<b>(167,404)</b>
<b>Balance - Beginning of Year</b>	<b>86,778</b>	<b>702,668</b>
<b>Balance - End of Year</b>	<b>\$ 304,963</b>	<b>\$ 535,264</b>
<b>Reconciliation of Operating Loss to Net Cash</b>		
<b>Used for Operating Activities:</b>		
Operating loss	\$ (538,795)	\$ -
Adjustments to reconcile operating income (loss) to net cash used for operating activities		
Depreciation	11,613	-
Deferred revenue	-	-
(Increase) decrease in accounts receivable, net	(910)	-
(Increase) decrease in inventories	(9,127)	-
Increase (decrease) in accounts payable	143,048	(167,404)
Increase/(decrease) in prepaid school lunches	4,780	-
Increase (decrease) in deferred revenue	(2,644)	-
Total adjustments	146,760	(167,404)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ (392,035)</b>	<b>\$ (167,404)</b>

**Noncash noncapital financing activities:**

The Board of Education received \$58,347 of food commodities from the US Department of Agriculture for the year ended June 30, 2013.

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2013**

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	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 319,567	\$ 36,526	\$ 1,342,141
<b>Total Assets</b>	<u>319,567</u>	<u>36,526</u>	<u>\$ 1,342,141</u>
<b>LIABILITIES</b>			
Payroll deductions and withholdings	18,887	-	\$ 1,342,140
Due to student groups	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u>18,887</u>	<u>-</u>	<u>\$ 1,342,140</u>
<b>NET POSITION</b>			
Held in trust for unemployment claims and other purposes	<u>\$ 300,680</u>		
Reserved for scholarships		<u>\$ 36,526</u>	

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>
<b>ADDITIONS</b>		
Contributions:		
Plan member	\$ 111,682	\$ -
Scholarship donations	-	9,900
Total Contributions	<u>111,682</u>	<u>9,900</u>
Investment Earnings:		
Interest	76	-
Net Investment Earnings	<u>76</u>	<u>-</u>
Total Additions	<u>111,758</u>	<u>9,900</u>
<b>DEDUCTIONS</b>		
Quarterly contribution reports & assessment	44,091	-
Unemployment claims	47,513	-
Scholarships awarded	-	8,470
Total Deductions	<u>91,604</u>	<u>8,470</u>
Change in Net Position	20,154	1,430
<b>Net Position - Beginning of Year</b>	<u>280,526</u>	<u>35,096</u>
<b>Net Position - End of Year</b>	<u>\$ 300,680</u>	<u>\$ 36,526</u>

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

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

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

**A. Reporting Entity**

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

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

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

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

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

**B. District-Wide and Fund Financial Statements**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or 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.

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

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

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

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

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

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

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

The District has reported the following major government funds:

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

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

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

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

The District reports the following major proprietary fund:

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

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

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

Additionally, the District reports the following fiduciary fund types:

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

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

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

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

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

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

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

The District reports unearned revenue on its balance sheet. Unearned revenue arises when 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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

**D. Budgets/Budgetary Control**

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

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

**E. Cash and Cash Equivalents**

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

**F. Interfund Receivable/Payable**

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

**G. Inventories**

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

Inventories in the enterprise fund are expensed using the consumption method. Enterprise fund inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. At June 30, 2013, the unused Food Donation Program commodities were \$5,184.

**H. Capital Assets**

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

**H. Capital Assets (continued)**

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

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

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

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

**I. Compensated Absences**

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

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2013, no material liability existed for compensated absences in the food service fund.

**J. Unearned Revenue**

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

**K. Accrued Liabilities and Long-term Obligations**

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

**L. Unamortized Bond Premiums, Discounts and Bond Issuance Costs**

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

**M. Fund Balance Reporting**

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

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

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

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

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

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

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

- Restricted for Excess Surplus and Capital Reserve:  
New Jersey School Districts are required to reserve fund balance of the general fund if they did not appropriate a required minimum amount as budgeted fund balance. The capital reserve account is used to accumulate funds for use as capital outlay expenditures in subsequent fiscal years. The funds have been included in restricted category of fund balance. The restricted fund balances totaled \$8,271,468 and represented \$5,547,288 in excess surplus and \$2,725,180 in capital reserve.
- Assigned for School Operations and Capital Projects:  
The District has set aside certain spendable fund balance for school operations and capital projects. At year end, the assigned fund balance is \$327,837, of which \$327,836 is for school operations and \$1 is for debt service. The assigned fund balance for school operations includes \$327,836 for outstanding encumbrances.
- Unassigned:  
The unassigned fund balance for the General Fund is \$293,642.

**N. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for reserve fund balance - excess surplus is a required calculation pursuant to the New Jersey Comprehensive Education Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve fund balance of the general fund at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in the subsequent years' budget. The District has an excess fund balance generated during the 2013 fiscal year in the amount of \$2,710,697 which will be designated for tax relief in 2014-2015.

**O. Net Position**

Net position represents the difference between assets and liabilities in the District-wide financial statements. Net position investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on the use either through the enabling legislation adopted by the 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 positions are available.

**P. Management Estimates**

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

**Q. Deferred Outflows/Inflows of Resources**

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

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

**R. New Accounting Standards**

During fiscal year 2013, the District adopted the following GASB statements:

- GASB 62, *Codification of Accounting and Financial reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.

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

- GASB 65, *Items Previously Reported as Assets and Liabilities*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.
- GASB 66, *Technical Corrections – 2012, an Amendment of GASB Statements 10 and 62*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

**R. NEW ACCOUNTING STANDARDS (continued)**

- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.
- GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

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

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

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the District-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable, capital leases and compensated absences, are not due and payable in the current period and therefore are not reported in the funds. The details of this \$17,907,727 difference are as follows:

Bonds payable	\$ 15,055,000
Capital leases payable	97,909
Accrued interest payable	250,847
Compensated absences	<u>2,503,971</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ 17,907,727</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.

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

**Deposits**

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

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

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

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

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

Operating cash, in the form of Negotiable Order of Withdrawal ("NOW") accounts, is held in the District's name by a commercial banking institution. At June 30, 2013, the carrying amount of the District's deposits was \$6,055,475 and the bank balance was \$6,855,383. The District also held \$1,400 in petty cash at June 30, 2013.

Based on levels of risk, \$250,000 of the District's cash deposits on June 30, 2013 were secured by federal depository insurance. The remaining bank balance of \$6,605,383 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.

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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**NOTE 3. DEPOSITS AND INVESTMENTS (continued)**

**Deposits (continued)**

At June 30, 2013, 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 M.B.I.A. Class.

The School District participates in the New Jersey Asset and Rebate Management Program which is a joint investment trust for local government units in the State of New Jersey. It was formed to make available comprehensive investment management, accounting and rebate calculation services for the issuers of tax exempt bonds and complies with all New Jersey statutes and regulations for the allowable investment of public funds. The District participates in the joint investment account which provides a convenient method for local governments to pool funds for temporary investing. These investments consist of United States Treasury Bills and notes and other obligations guaranteed by the United States of America, Federal agency bonds and notes with a maturity not greater than 397 days, and fully collateralized repurchase agreements. The carrying amount and fair value as of June 30, 2013 was \$3,266,937.

**Custodial Credit Risk:** Pursuant to GASB 40, the NJARM, a pooled investment, is exempt from custodial credit risk disclosure. The District does not have a policy for custodial credit risk.

**Credit Risk:** The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The NJARM is rated AAAm1 by Standard and Poor's.

**Interest Rate Risk:** The District does not have a policy to limit interest rate risk. The weighted average maturity of the NJARM portfolio at December 31, 2013, was 48 days.

**NOTE 4. RECEIVABLES**

Receivables at June 30, 2013, 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:

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**NOTE 4. RECEIVABLES (continued)**

	Governmental Fund Financial Statements	Governmental Wide Financial Statements
State Aid	\$ 105,185	\$ 105,819
Federal Aid	416,731	440,211
Other	375,636	56,814
	<hr/>	<hr/>
Gross Receivables	897,552	602,844
Less: Allowance for Uncollectibles	-	-
	<hr/>	<hr/>
Total Receivables, net	<u>\$ 897,552</u>	<u>\$ 602,844</u>

**NOTE 5. CAPITAL ASSETS**

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2013:

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 984,968	\$ -	\$ -	\$ 984,968
Total capital assets not being depreciated	<u>984,968</u>	<u>-</u>	<u>-</u>	<u>984,968</u>
Capital assets being depreciated:				
Site improvements	1,753,142	183,880	-	1,937,022
Building and building improvements	51,226,108	567,554	-	51,793,662
Vehicles	4,149,972	57,075	(29,348)	4,177,699
Capital lease	139,314	-	-	139,314
Furniture and equipment	8,186,885	453,196	-	8,640,081
	<hr/>	<hr/>	<hr/>	<hr/>
Totals at historical cost	<u>65,455,421</u>	<u>1,261,705</u>	<u>(29,348)</u>	<u>66,687,778</u>
Less accumulated depreciation for:				
Site improvements	1,159,208	43,082	-	1,202,290
Building and building improvements	16,986,525	973,041	-	17,959,566
Vehicles	3,244,177	246,340	(29,348)	3,461,169
Capital lease	13,931	27,863	-	41,794
Furniture and equipment	6,350,305	401,282	-	6,751,587
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>27,754,146</u>	<u>1,691,608</u>	<u>(29,348)</u>	<u>29,416,406</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>37,701,275</u>	<u>(429,903)</u>	<u>-</u>	<u>37,271,372</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Government Activity Capital Assets, Net	<u>\$ 38,686,243</u>	<u>\$ (429,903)</u>	<u>\$ -</u>	<u>\$ 38,256,340</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**NOTE 5. CAPITAL ASSETS (continued)**

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

Instruction	\$ 966,397
Student and instruction related services	213,283
General and Business Administrative Services	75,840
Plant Operations and Maintenance	113,260
Pupil Transportation	250,186
Support Services - Students and Staff	<u>72,643</u>
Total	<u>\$1,691,609</u>

The following is a summary of the business-type capital assets for the year ended June 30, 2013:

	Beginning Balance	Transfers or Additions	Transfers or Retirements	Ending Balance
<b>Business-type activities</b>				
Capital assets being depreciated:				
Equipment	\$ 497,070	\$ -	\$ -	\$ 497,070
Less accumulated depreciation	420,536	11,613	-	432,149
Enterprise fund capital assets, net	<u>\$ 76,534</u>	<u>\$ (11,613)</u>	<u>\$ -</u>	<u>\$ 64,921</u>

**NOTE 6. LONG-TERM LIABILITIES**

**Bonds Payable**

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	\$ 2,690,000	\$ 554,442	\$ 3,244,442
2015	2,745,000	469,214	3,214,214
2016	1,265,000	369,367	1,634,367
2017	1,275,000	326,448	1,601,448
2018	1,290,000	274,504	1,564,504
2019-2023	<u>5,790,000</u>	<u>578,340</u>	<u>6,368,340</u>
	<u>\$ 15,055,000</u>	<u>\$ 2,572,315</u>	<u>\$ 17,627,315</u>

**Bonds Authorized But Not Issued**

As of June 30, 2013, the District had no authorized but not issued bonds.

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**NOTE 6. LONG-TERM LIABILITIES (continued)**

**Capital Lease Payable**

The District is leasing equipment totaling \$139,314 under capital lease. The capital lease is for a term of no more than five years. The following is a schedule of minimum lease payments under this capital lease and the present value of the net minimum lease payments at June 30, 2013.

<b>Fiscal Year Ending June 30,</b>	<b>Amount</b>
2014	\$ 31,222
2015	31,222
2016	31,222
2017	13,009
	<hr/>
Total	106,675
	<hr/>
Less: Amount representing interest	(8,766)
	<hr/>
Present value of net minimum lease payments	<u>\$ 97,909</u>

**Unamortized Bond Premium**

Unamortized bond premium, net of bond issuance costs, as of June 30, 2013 and 2012, is \$557,519 and \$647,158, respectively.

**Changes in Long-Term Liabilities**

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Within One Year
Compensated absences payable	\$ 2,461,748	\$ 150,840	\$ 108,617	\$ 2,503,971	\$ 189,064
Capital lease payable	123,558	-	25,649	97,909	26,956
Serial bond payable with interest rates of 3% to 4.25%	17,700,000	-	2,645,000	15,055,000	2,690,000
	<u>\$ 20,285,306</u>	<u>\$ 150,840</u>	<u>\$ 2,779,266</u>	<u>\$ 17,656,880</u>	<u>\$ 2,906,020</u>

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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**NOTE 7. PENSION PLANS**

**Plan Descriptions**

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by the State statute: the Public Employees' Retirement System (PERS) or the Teachers' Pension and Annuity Fund (TPAF). These systems are sponsored and administered by the State of New Jersey.

The Teachers' Pension and Annuity Fund Retirement System is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

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

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66, to provide coverage including post-retirement health care to substantially all full-time public employees of the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55<sup>th</sup> of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available for those under age 55 participating in TPAF with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

**Public Employees' Retirement System (PERS)**

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

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

**Funding Policy**

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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**NOTE 7. PENSION PLANS (continued)**

**Funding Policy (continued)**

The Board's actuarially determined contributions to PERS for the years ended June 30, 2013, 2012 and 2011 were \$803,336, \$861,400 and \$841,059, respectively, equal to the required contributions for each year. During the year ended June 30, 2013, the State of New Jersey contributed \$4,206,678 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 \$2,304,043 during the fiscal year ended June 30, 2013 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

**NOTE 8. POST-RETIREMENT BENEFITS**

Chapter 384 of Public Laws of 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Laws 2007 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2012, there were 97,661 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.

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 \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in fiscal year 2012.

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 9. RISK MANAGEMENT AND HEALTH INSURANCE**

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

**Property and Liability Insurance**

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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**NOTE 9. RISK MANAGEMENT AND HEALTH INSURANCE (continued)**

**New Jersey Unemployment Compensation Insurance**

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The table below is a summary of the district contributions, employee contributions, reimbursements to the state for benefits paid and the ending balance of the district's trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012-2013	\$ 76	\$ 111,682	\$ (91,604)	\$ 300,680
2011-2012	106	102,313	(198,008)	280,526
2010-2011	598	99,232	(347,134)	376,115

**Health Insurance**

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

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

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

<u>Fiscal Year</u>	<u>Beginning of Fiscal year liability</u>	<u>Current year claims Changes in estimates</u>	<u>Claims Payments</u>	<u>Balance at fiscal Year end</u>
2012-2013	\$ 702,668	\$ 1,830,000	\$ (1,997,404)	\$ 535,264
2011-2012	518,680	2,262,000	(2,078,012)	702,668
2010-2011	392,466	2,104,500	(1,978,286)	518,680

**NOTE 10. DEFERRED COMPENSATION**

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

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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**NOTE 10. DEFERRED COMPENSATION (continued)**

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

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

**NOTE 11. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

As of June 30, 2013, the interfund receivables and payables that resulted from regularly recurring operational transfers are detailed below:

Due to the General Fund from the Special Revenue Fund to cover Cash overdraft \$320,456

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

Interfund transfers during the year were as follows:

	<u>Transfers from Other funds</u>	<u>Transfers to Other funds</u>
General fund	\$ -	\$ 150,000
Capital projects	-	-
Debt service	-	-
Proprietary fund	<u>150,000</u>	<u>-</u>
	<u><u>\$ 150,000</u></u>	<u><u>\$ 150,000</u></u>

The general fund transferred \$150,000 to the proprietary fund to cover an operations deficit in the food service accounts.

**NOTE 12. ECONOMIC DEPENDENCY**

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

**NOTE 13. CONTINGENT LIABILITIES**

Litigation

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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**NOTE 13. CONTINGENT LIABILITIES (continued)**

**Grant Programs**

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

**NOTE 14. CAPITAL RESERVE ACCOUNT**

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

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

The activity of the capital reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning balance, July 1, 2012	\$ 2,074,648
Interest earnings	531
Deposits per board resolution	650,000
Withdrawals per board resolution	
Board resolution (per approved budget)	<u>-</u>
Ending balance	<u><u>\$ 2,725,179</u></u>

The June 30, 2013 LRFP balance of local support costs of uncompleted capital projects is \$4,236,976.

**NOTE 15. DEFICIT FUND BALANCES**

As reflected on Exhibit A-1, Statement of Net Position, a deficit in unrestricted net position of \$3,018,695 existed as of June 30, 2013 for governmental activities. The primary cause of this deficit is the District not recognizing the receivable for state aid payments and the recording of the long-term liability for compensated absences. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net Position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net position for governmental activities does not indicate that the District is facing financial difficulties.

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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**NOTE 16. FUND BALANCE APPROPRIATED**

General Fund (Exhibit B-1)

Of the \$8,892,946 General Fund balance in the fund financial statements at June 30, 2013, \$327,836 is reserved for encumbrances; \$2,710,697 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$2,835,591 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2014; \$2,725,180 has been reserved in the Capital Reserve Account, and \$293,642 is unreserved and undesignated.

Debt Service Fund

Of the Debt Service Fund balance at June 30, 2013, \$1 is reserved in accordance with N.J.S.A. 7F-41c(2).

**NOTE 17. RELATED ORGANIZATIONS**

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

**NOTE 18. SUBSEQUENT EVENT**

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2013 through November 8, 2013, the date that the financial statements were issued, for possible disclosure and recognition in the financial statements. The following items occurred subsequent to June 30, 2013.

Capital Lease

On July 31, 2013, the District entered into a lease agreement with TD Equipment Financing for the purchase of energy savings equipment. The principal amount deposited into an escrow account for the expenditures associated with the improvement project was \$3,433,934. The lease purchase is payable over 14 years with a stated annual interest rate of 2.61%.

Environmental liability

Subsequent to year end, the District engaged Whitman Companies to investigate the potential environmental impact associated with a suspected release from one 1,000-gallon heating oil underground storage tank which was removed from the Wanamassa School site in 1997. The release was reported to the New Jersey Department of Environmental Protection on April 8, 1997. According to documents provided by Ocean Township, approximately 135 tons of contaminated soil was excavated and disposed of offsite when the tank was removed. The documents did not indicate whether soil samples were collected prior to or following the contaminated soil excavation. According to the 2009 Site Remediation Recovery Act, the Wanamassa School site is out of compliance and an environmental investigation is required. Whitman is determining the necessary steps to achieve regulatory compliance at the site. The estimated cost for the site investigation and additional remedial investigation is between \$21,750 and \$45,750.

## **REQUIRED SUPPLEMENTARY INFORMATION - PART II**

## **BUDGETARY COMPARISON SCHEDULES**

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**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>
<b>REVENUES:</b>		
<b>Local sources:</b>		
Local tax levy	\$ 56,734,353	\$ -
Tuition	-	-
Interest on investments	15,000	-
Capital reserve interest	1,000	-
Miscellaneous	60,000	-
Rental fee	272,000	-
<b>Total - local sources</b>	<u>57,082,353</u>	<u>-</u>
<b>State sources:</b>		
Categorical special education aid	2,313,911	-
Categorical security aid	413,194	-
Adjustment aid	3,548,167	-
Categorical transportation aid	1,343,242	-
Adult education aid	-	-
Extraordinary aid	251,543	-
Aid in lieu adjustment	-	-
On-behalf post retirement medical (non-budgeted)	-	-
On-behalf TPAF pension contributions (non-budgeted)	-	-
Reimbursed TPAF social security contributions (non-budgeted)	-	-
<b>Total - state sources</b>	<u>7,870,057</u>	<u>-</u>
<b>Federal sources:</b>		
Education Jobs fund	-	840
Medical assistance program	50,533	-
<b>Total - federal sources</b>	<u>50,533</u>	<u>840</u>
<b>Total revenues</b>	<u>65,002,943</u>	<u>840</u>
<b>EXPENDITURES:</b>		
<b>CURRENT EXPENSE:</b>		
Regular programs - instruction:		
Salaries of teachers:		
Preschool/kindergarten	513,222	26,003
Grades 1-5	6,703,538	54,494
Grades 6-8	5,011,501	29,526
Grades 9-12	6,580,407	(70,044)
Regular programs - home instruction:		
Salaries of teachers	41,000	(9,000)
Purchased professional-educational services	35,000	9,000
Regular programs - undistributed instruction:		
Other salaries for instruction	190,952	1,141
Purchased professional-educational services	7,500	-
Purchased technical services	149,789	-
Other purchased services (400 - 500 series)	45,502	2,800
General supplies	1,141,568	16,946
Textbooks	322,541	(13,530)
Other objects	23,755	1,780
<b>Total regular programs</b>	<u>20,766,275</u>	<u>49,116</u>

<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
\$ 56,734,353	\$ 56,734,353	\$ -
-	6,813	6,813
15,000	18,498	3,498
1,000	400	(600)
60,000	168,707	108,707
272,000	259,327	(12,673)
<u>57,082,353</u>	<u>57,188,098</u>	<u>105,745</u>
2,313,911	2,313,911	-
413,194	413,194	-
3,548,167	3,548,167	-
1,343,242	1,343,242	-
-	-	-
251,543	287,717	36,174
-	30,368	30,368
-	2,232,405	2,232,405
-	1,974,273	1,974,273
-	2,304,043	2,304,043
<u>7,870,057</u>	<u>14,447,320</u>	<u>6,577,263</u>
840	840	-
50,533	122,299	71,766
51,373	123,139	71,766
<u>65,003,783</u>	<u>71,758,557</u>	<u>6,754,774</u>
539,225	536,224	3,001
6,758,032	6,716,142	41,890
5,041,027	4,988,771	52,256
6,510,363	6,422,529	87,834
32,000	29,762	2,238
44,000	41,227	2,773
192,093	192,088	5
7,500	6,012	1,488
149,789	145,904	3,885
48,302	39,446	8,856
1,158,514	1,042,617	115,897
309,011	278,313	30,698
25,535	18,870	6,665
<u>20,815,391</u>	<u>20,457,905</u>	<u>357,486</u>

(Continued)

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>
<b>Special education - instruction:</b>		
Learning and/or language disabilities:		
Salaries of teachers	\$ 1,055,596	\$ (293,678)
Other salaries for instruction	164,249	118,755
Purchased professional-educational services	-	2,300
General supplies	10,469	(1,467)
Textbooks	3,585	(890)
Total learning and/or language disabilities	<u>1,233,899</u>	<u>(174,980)</u>
Behavioral disabilities:		
Salaries of teachers	449,495	(329,374)
Other salaries for instruction	22,955	49,890
General supplies	3,363	(1,100)
Textbooks	1,961	(310)
Total behavioral disabilities	<u>477,774</u>	<u>(280,894)</u>
Multiple disabilities:		
Salaries of teachers	312,276	(55,366)
Other salaries for instruction	232,093	(157,080)
Other purchased services (400-500 Series)	-	3,800
General supplies	7,211	(1,080)
Textbooks	1,500	(590)
Total multiple disabilities	<u>553,080</u>	<u>(210,316)</u>
Resource room:		
Salaries of teachers	2,497,231	672,050
Other Salaries for Instruction	-	53,322
General supplies	11,496	5,970
Textbooks	12,216	11,210
Total resource room	<u>2,520,943</u>	<u>742,552</u>
Preschool disabilities - part-time:		
Salaries of teachers	402,045	50,771
Other salaries for instruction	163,043	(33,028)
Purchased Professional educational services	-	8,100
General supplies	17,185	-
Total preschool disabilities - part-time	<u>582,273</u>	<u>25,843</u>
<b>Total special education - instruction</b>	<u>5,367,969</u>	<u>102,205</u>
Basic skills/remedial - instruction:		
Salaries of teachers	577,757	(62,881)
Other salaries for instruction	19,247	(5,155)
Other purchased services (400 - 500 series)	200	3,700
General supplies	15,530	1,410
Textbooks	7,101	(68)
Total basic skills/remedial - instruction	<u>619,835</u>	<u>(62,994)</u>

<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
\$ 761,918	\$ 734,168	\$ 27,750
283,004	260,747	22,257
2,300	2,300	-
9,002	8,178	824
2,695	2,672	23
<b>1,058,919</b>	<b>1,008,065</b>	<b>50,854</b>
120,121	112,988	7,134
72,845	69,124	3,721
2,263	1,822	441
1,651	1,647	4
<b>196,880</b>	<b>185,581</b>	<b>11,300</b>
256,910	250,467	6,443
75,013	43,053	31,960
3,800	3,407	393
6,131	5,865	267
910	910	-
<b>342,764</b>	<b>303,702</b>	<b>39,062</b>
3,169,281	3,155,603	13,678
53,322	53,159	163
17,466	16,225	1,240
23,426	20,845	2,581
<b>3,263,495</b>	<b>3,245,832</b>	<b>17,663</b>
452,816	444,020	8,796
130,015	103,585	26,430
8,100	5,926	2,174
17,185	11,526	5,659
<b>608,116</b>	<b>565,057</b>	<b>43,059</b>
<b>5,470,174</b>	<b>5,308,237</b>	<b>161,937</b>
514,876	488,505	26,371
14,092	13,891	201
3,900	3,900	-
16,940	14,286	2,654
7,033	7,032	1
<b>556,841</b>	<b>527,614</b>	<b>29,227</b>

(Continued)

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>
Bilingual education - instruction:		
Salaries of teachers	\$ 665,311	\$ 4,848
Purchased professional educational services	-	5,300
Other purchased services (400 - 500 series)	180	(180)
General supplies	13,780	2,380
	<u>679,271</u>	<u>12,348</u>
Total bilingual education - instruction		
School sponsored cocurricular activities - instruction:		
Salaries	337,958	(357)
Purchased services (300 - 500 series)	31,095	625
Supplies and materials	7,575	-
Other objects	1,720	-
Transfers to cover deficit	3,000	-
	<u>381,348</u>	<u>268</u>
Total school sponsored cocurricular activities - instruction		
School sponsored athletics - instruction:		
Salaries	680,531	2,802
Purchased services (300 - 500 series)	175,250	(17,103)
Supplies and materials	65,496	-
Other objects	9,380	-
Transfers to cover deficit	80,000	-
	<u>1,010,657</u>	<u>(14,301)</u>
Total school sponsored athletics - instruction		
<b>Total - instruction</b>	<b>28,825,355</b>	<b>86,642</b>
<b>Undistributed expenditures:</b>		
Instruction:		
Tuition to other LEAs within state - regular	-	15,223
Tuition to other LEAs within state - special	511,667	(5,923)
Tuition to county vocational school districts - regular	705,300	(62,000)
Tuition to county vocational school districts - special	61,200	41,200
Tuition to CSSD and regional day schools	57,350	2,700
Tuition to private schools for disabled within state	2,156,054	279,500
Tuition state facilities	80,429	-
	<u>3,572,000</u>	<u>270,700</u>
Total undistributed expenditures - instruction		
Attendance and social work services:		
Salaries	79,915	713
Other purchased services	-	220
	<u>79,915</u>	<u>933</u>
Total attendance and social work services		
Health services:		
Salaries	444,953	8,574
Purchased professional and technical services	42,025	-
Supplies and materials	17,707	600
	<u>504,685</u>	<u>9,174</u>
Total health services		

<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
\$ 670,159	\$ 643,287	\$ 26,872
5,300	5,045	255
-	-	-
<u>16,160</u>	<u>11,356</u>	<u>4,804</u>
<u>691,619</u>	<u>659,688</u>	<u>31,931</u>
337,601	275,502	62,099
31,720	31,315	405
7,575	4,282	3,293
1,720	390	1,330
<u>3,000</u>	<u>-</u>	<u>3,000</u>
<u>381,616</u>	<u>311,489</u>	<u>70,127</u>
683,333	641,474	41,859
158,147	153,857	4,290
65,496	63,313	2,183
9,380	7,111	2,269
<u>80,000</u>	<u>73,828</u>	<u>6,172</u>
<u>996,356</u>	<u>939,583</u>	<u>56,773</u>
28,911,997	28,204,517	707,480
15,223	15,223	-
505,744	480,718	25,026
643,300	603,875	39,425
102,400	97,920	4,480
60,050	60,050	-
2,435,554	2,406,580	28,974
<u>80,429</u>	<u>80,429</u>	<u>-</u>
<u>3,842,700</u>	<u>3,744,795</u>	<u>97,905</u>
80,628	80,627	1
<u>220</u>	<u>166</u>	<u>54</u>
<u>80,848</u>	<u>80,793</u>	<u>55</u>
453,527	453,525	2
42,025	33,936	8,089
<u>18,307</u>	<u>14,122</u>	<u>4,185</u>
<u>513,859</u>	<u>501,583</u>	<u>12,276</u>

(Continued)

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>
Speech, occupational therapy, physical therapy, related services:		
Salaries	\$ 837,654	\$ (20,365)
Purchased professional-educational services	252,900	(8,950)
Supplies and materials	4,993	1,700
Other objects	500	-
	<u>1,096,047</u>	<u>(27,615)</u>
Total speech, occupational therapy, physical therapy, related services		
Other support services - students - extra services:		
Salaries	247,293	23,761
	<u>247,293</u>	<u>23,761</u>
Total other support services - students - extra services		
Other support services - guidance:		
Salaries of other professional staff	988,575	(23,684)
Salaries of secretarial and clerical assistants	124,785	340
Other purchased services (400 - 500 series)	8,720	(450)
Supplies and materials	48,830	9,850
Other objects	7,385	500
	<u>1,178,295</u>	<u>(13,444)</u>
Total other support services - guidance		
Other support services - child study team:		
Salaries of other professional staff	1,441,543	(24,810)
Salaries of secretarial and clerical assistants	62,677	49,176
Purchased professional-educational services	30,350	8,200
Other purchased professional and technical services	25,605	800
Other purchased services (400 - 500 series)	4,000	5,050
Supplies and materials	21,198	15,750
Other objects	5,100	-
	<u>1,590,473</u>	<u>54,166</u>
Total other support services - child study team		
Improvement of instructional services:		
Salaries of supervisors of instruction	749,820	6,475
Salaries of other professional staff	92,375	5,245
Salaries of secretarial and clerical assistants	120,795	2,548
Other purchased services (400 - 500 series)	11,500	-
Supplies and materials	9,229	-
Other objects	3,000	-
	<u>986,719</u>	<u>14,268</u>
Total improvement of instructional services		
Educational media services/school library:		
Salaries	423,497	1,556
Purchased professional and technical services	3,750	-
Other purchased services (400 - 500 series)	-	-
Supplies and materials	82,682	(200)
Other objects	472	-
	<u>510,401</u>	<u>1,356</u>
Total educational media services/school library		

<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
\$ 817,289	\$ 815,728	\$ 1,561
243,950	196,336	47,614
6,693	6,087	606
500	327	173
<u>1,068,432</u>	<u>1,018,478</u>	<u>49,954</u>
 271,054	 271,053	 1
<u>271,054</u>	<u>271,053</u>	<u>1</u>
 964,891	 963,890	 1,001
125,125	124,955	170
8,270	5,736	2,534
58,680	58,480	200
7,885	7,647	238
<u>1,164,851</u>	<u>1,160,708</u>	<u>4,143</u>
 1,416,733	 1,407,932	 8,801
111,853	103,456	8,397
38,550	27,050	11,500
26,405	24,736	1,669
9,050	8,337	713
36,948	33,379	3,569
5,100	3,926	1,174
<u>1,644,639</u>	<u>1,608,816</u>	<u>35,823</u>
 756,295	 756,294	 1
97,620	95,877	1,743
123,343	123,175	168
11,500	7,215	4,285
9,229	4,247	4,982
3,000	2,938	62
<u>1,000,987</u>	<u>989,746</u>	<u>11,241</u>
 425,053	 422,962	 2,091
3,750	3,750	-
-	-	-
82,482	75,717	6,765
472	100	372
<u>511,757</u>	<u>502,529</u>	<u>9,228</u>

(Continued)

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>
Instructional staff training services:		
Salaries of other professional staff	\$ 53,250	\$ 3,497
Salaries of secretarial and clerical assistants	7,215	170
Purchased professional-educational services	9,700	-
Other purchased services (400 - 500 series)	28,250	-
	<u>98,415</u>	<u>3,667</u>
Total instructional staff training services		
Support services - general administration:		
Salaries	476,797	341
Legal services	116,000	(10,000)
Audit fees	42,000	(8,000)
Architectural/Engineering services	12,000	112,000
Other purchased professional services	156,875	(49,000)
Purchased technical services	18,500	-
Communications/telephone	293,500	(160)
BOE other purchased professional services	2,000	340
Other purchased services (400 - 500 series)	46,000	(340)
General supplies	19,240	(1,500)
BOE in-house training/meeting supplies	2,500	1,500
Miscellaneous expenditures	51,500	-
BOE membership dues and fees	800	-
	<u>1,237,712</u>	<u>45,181</u>
Total support services - general administration		
Support services - school administration:		
Salaries of principals/assistant principals	1,134,489	6,506
Salaries of other professional staff	214,112	2,058
Salaries of secretarial and clerical assistants	583,992	371
Other purchased services (400 - 500 series)	187,890	-
Supplies and materials	84,756	-
Other objects	27,000	-
	<u>2,232,239</u>	<u>8,935</u>
Total support services - school administration		
Central services:		
Salaries	511,696	5,020
Purchased professional services	78,345	5,300
Purchased technical services	86,000	-
Other purchased services (400 - 500 series)	32,615	(9,692)
Supplies and materials	17,432	-
Miscellaneous expenditures	8,290	-
	<u>734,378</u>	<u>628</u>
Total central services		
Administrative information technology:		
Salaries	451,580	13,110
Other purchased services (400 - 500 series)	35,860	32,620
General supplies	2,000	(350)
	<u>489,440</u>	<u>45,380</u>
Total administrative information technology		

<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
\$ 56,747	\$ 55,772	\$ 975
7,385	7,384	1
9,700	2,877	6,823
28,250	24,789	3,461
102,082	90,822	11,260
477,138	477,127	11
106,000	72,502	33,498
34,000	34,000	-
124,000	100,845	23,155
107,875	79,800	28,075
18,500	14,191	4,309
293,340	189,369	103,971
2,340	1,353	987
45,660	6,685	38,975
17,740	9,447	8,293
4,000	3,124	876
51,500	45,105	6,395
800	-	800
1,282,893	1,033,548	249,345
1,140,995	1,140,994	1
216,170	216,169	1
584,363	573,893	10,470
187,890	129,666	58,224
84,756	41,135	43,621
27,000	18,170	8,830
2,241,174	2,120,027	121,147
516,716	513,912	2,804
83,645	63,990	19,655
86,000	43,111	42,889
22,923	13,656	9,267
17,432	5,725	11,707
8,290	6,413	1,877
735,006	646,807	88,199
464,690	464,512	178
68,480	68,475	5
1,650	-	1,650
534,820	532,987	1,833

(Continued)

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>
Required allowable maintenance for school facilities:		
Salaries	\$ 516,495	\$ 3,548
Cleaning, repair and maintenance services	438,487	(18,000)
General supplies	279,771	-
	<u>1,234,753</u>	<u>(14,452)</u>
Total required allowable maintenance for school facilities		
Other operation and maintenance of plant services:		
Salaries	2,056,246	(28,155)
Salaries of non-instructional aids	48,000	32,000
Purchased professional and technical services	108,184	(21,500)
Cleaning, repair and maintenance services	210,434	(12,506)
Rental of land and buildings other than lease purchase agreements	9,238	11,700
Other purchased property services	278,225	(8,000)
Insurance	342,574	12,903
Travel	1,000	-
General supplies	368,899	(8,000)
Energy (natural gas)	643,050	-
Energy (electricity)	1,104,300	(190,000)
Energy (oil)	19,000	(19,000)
Other objects	25,000	-
	<u>5,214,150</u>	<u>(230,558)</u>
Total other operation and maintenance of plant services		
Care and upkeep of grounds:		
Salaries	146,445	16,343
Cleaning, repair and maintenance services	55,385	-
General supplies	72,190	-
	<u>274,020</u>	<u>16,343</u>
Total care and upkeep of grounds		
Security:		
Salaries	132,806	13,671
	<u>132,806</u>	<u>13,671</u>
Total security		
Student transportation services:		
Salaries of non-instructional aids	117,462	(25,771)
between home and school - regular	1,253,640	40,204
between home and school - special education	256,139	(8,033)
other than between home and school	70,000	(1,400)
Other purchased professional and technical services	5,000	41,500
Cleaning, repair and maintenance services	455,000	20,000
Contracted services (between home and school) - vendors	430,000	240
Contracted services (special education) - vendors	76,000	15,260
Contracted services (special education) - joint agreements	1,500	(500)
Contracted services - aid in lieu payments	110,000	10,000
Miscellaneous purchased services - transportation	137,035	(6,500)
General supplies	8,500	-
Transportation supplies	225,977	65,000
Miscellaneous expenditures	15,000	-
	<u>3,161,253</u>	<u>150,000</u>
Total student transportation services		

<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
\$ 520,043	\$ 517,058	\$ 2,985
420,487	235,800	184,687
279,771	223,221	56,551
<u>1,220,301</u>	<u>976,079</u>	<u>244,223</u>
2,028,091	1,952,739	75,352
80,000	73,701	6,299
86,684	36,353	50,331
197,928	116,117	81,811
20,938	18,434	2,504
270,225	215,643	54,582
355,477	345,749	9,728
1,000	448	552
360,899	310,668	50,231
643,050	457,731	185,319
914,300	744,836	169,464
-	-	-
25,000	22,393	2,607
<u>4,983,592</u>	<u>4,294,812</u>	<u>688,780</u>
162,788	156,364	6,424
55,385	23,531	31,854
72,190	68,340	3,850
<u>290,363</u>	<u>248,234</u>	<u>42,129</u>
146,477	144,011	2,466
<u>146,477</u>	<u>144,011</u>	<u>2,466</u>
91,691	91,511	180
1,293,844	1,283,818	10,026
248,106	247,430	676
68,600	61,121	7,479
46,500	45,530	970
475,000	458,013	16,987
430,240	430,236	4
91,260	85,438	5,822
1,000	914	86
120,000	119,850	150
130,535	115,918	14,617
8,500	5,697	2,803
290,977	279,862	11,115
15,000	11,284	3,716
<u>3,311,253</u>	<u>3,236,620</u>	<u>74,632</u>

(Continued)

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>
Personal services - employee benefits:		
Unallocated benefits:		
Group insurance	\$ 21,500	\$ -
Social security contributions	920,000	(114,000)
Other retirement contribution - PERS	980,000	(176,664)
Other retirement contribution - ERIP	42,000	-
Other retirement contribution - regular	17,000	9,000
Workmen's compensation	648,950	-
Health benefits	9,628,800	(736)
Tuition reimbursement	195,000	(82,025)
Other employee benefits	309,700	(173,792)
Total unallocated benefits	<u>12,762,950</u>	<u>(538,217)</u>
On-behalf contributions:		
Post retirement medical(non-budgeted)	-	-
TPAF pension contributions (non-budgeted)	-	-
Reimbursed TPAF social security contributions (non-budgeted)	-	-
Total on-behalf contributions	<u>-</u>	<u>-</u>
Total personal services - employee benefits	<u>12,762,950</u>	<u>(538,217)</u>
<b>Total undistributed expenditures</b>	<u>37,337,944</u>	<u>(166,123)</u>
<b>Total general current expense</b>	<u>66,163,299</u>	<u>(79,481)</u>
<b>CAPITAL OUTLAY:</b>		
Equipment:		
Regular programs - instruction:		
Grades 1-5	8,800	(8,800)
Grades 9-12	-	3,695
Undistributed expenditures:		
School-spons. & other instruction program	-	9,706
General administration	3,000	(3,000)
School administration	207,785	45,996
Required maintenance school facilities	346,638	(46,820)
Custodial services	29,800	20,000
Care and upkeep of grounds	27,100	54,042
School Buses Regular	320,000	(113,348)
Total equipment	<u>943,123</u>	<u>(38,529)</u>
Facilities acquisition and construction services:		
Construction services	570,554	-
Other Objects	60,092	-
Transfer to capital projects	-	-
Total facilities acquisition and construction services	<u>630,646</u>	<u>-</u>
Assets acquired under capital leases (non-budgeted)	-	-
School Administration	-	-
<b>Total capital outlay</b>	<u>1,573,769</u>	<u>(38,529)</u>

<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
\$ 21,500	\$ 18,073	\$ 3,427
806,000	801,266	4,734
803,336	803,336	-
42,000	35,009	6,991
26,000	24,909	1,091
648,950	570,158	78,792
9,628,064	9,008,897	619,167
112,975	112,971	4
135,908	118,992	16,916
<u>12,224,733</u>	<u>11,493,611</u>	<u>731,122</u>
-	2,232,405	(2,232,405)
-	1,974,273	(1,974,273)
-	2,304,043	(2,304,043)
-	6,510,721	(6,510,721)
<u>12,224,733</u>	<u>18,004,332</u>	<u>(5,779,599)</u>
<u>37,171,821</u>	<u>41,206,782</u>	<u>(4,034,961)</u>
<u>66,083,818</u>	<u>69,411,299</u>	<u>(3,327,481)</u>
-	-	-
3,695	3,695	-
9,706	9,706	-
-	-	-
253,781	213,538	40,243
299,818	272,028	27,790
49,800	34,494	15,306
81,142	78,522	2,620
206,652	22,075	184,577
<u>904,594</u>	<u>634,058</u>	<u>270,536</u>
570,554	567,554	3,000
60,092	60,092	-
-	-	-
<u>630,646</u>	<u>627,646</u>	<u>3,000</u>
-	-	-
<u>1,535,240</u>	<u>1,261,704</u>	<u>273,536</u>

(Continued)

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>
<b>SPECIAL SCHOOLS:</b>		
Summer school - instruction:		
Salaries of teachers	\$ 75,030	\$ (4,842)
Other salaries for instruction	65,000	4,481
Purchased professional and technical services	26,250	361
General supplies	<u>1,500</u>	<u>(1,150)</u>
Total summer school - instruction	<u>167,780</u>	<u>(1,150)</u>
<b>Total special schools</b>	<u>167,780</u>	<u>(1,150)</u>
Transfer of funds to Charter School	<u>52,846</u>	<u>-</u>
<b>Total expenditures</b>	<u>67,957,694</u>	<u>(119,160)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(2,954,751)</u>	<u>120,000</u>
Other financing sources (uses):		
Operating transfers out:		
Transfer to Food Service Fund- Board Contribution	<u>(30,100)</u>	<u>(120,000)</u>
Total other financing sources (uses)	<u>(30,100)</u>	<u>(120,000)</u>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)</b>	<u>(2,984,851)</u>	<u>-</u>
Fund balance, July 1	<u>9,223,661</u>	<u>-</u>
Fund balance, June 30	<u><u>\$ 6,238,810</u></u>	<u><u>\$ -</u></u>
<b>Recapitulation</b>		
Restricted fund balance:		
Capital reserve		
Excess surplus - designated for subsequent year's expenditures		
Excess surplus - current year		
Assigned fund balances:		
Designated for subsequent year's expenditures		
Unassigned fund balances		
Reconciliation to governmental funds statements (GAAP)		
Last state aid payment not recognized on GAAP basis		
Fund Balance per governmental funds (GAAP)		

<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
\$ 70,188	\$ 63,602	\$ 6,586
69,481	69,480	1
26,611	26,611	-
350	186	164
<u>166,630</u>	<u>159,879</u>	<u>6,751</u>
<u>166,630</u>	<u>159,879</u>	<u>6,751</u>
<u>52,846</u>	<u>43,184</u>	<u>9,662</u>
<u>67,838,534</u>	<u>70,876,066</u>	<u>(3,037,532)</u>
<u>(2,834,751)</u>	<u>882,491</u>	<u>3,717,242</u>
<u>(150,100)</u>	<u>(150,000)</u>	<u>100</u>
<u>(150,100)</u>	<u>(150,000)</u>	<u>100</u>
(2,984,851)	732,491	3,717,342
<u>9,223,661</u>	<u>9,223,661</u>	<u>-</u>
<u>\$ 6,238,810</u>	<u>\$ 9,956,152</u>	<u>\$ 3,717,342</u>

\$ 2,725,180
2,835,591
2,710,697
327,836
<u>1,356,848</u>
9,956,152
<u>(1,063,206)</u>
<u>\$ 8,892,946</u>

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Education Jobs Fund Program - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2013**

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	<u>Original Budget</u>	<u>Budget Transfers</u>
<b>REVENUES:</b>		
Federal sources		
Education Jobs Fund	\$ -	\$ 840
Total Federal sources	-	840
<b>Total Revenues</b>	<u>\$ -</u>	<u>\$ 840</u>
<b>EXPENDITURES:</b>		
<b>Special education - instruction</b>		
Multiple disabilities:		
Other salaries for instruction	\$ -	\$ 840
Preschool disabilities - part-time:		
Other salaries for instruction	-	-
<b>Total Special education - instruction</b>	-	840
<b>Basic skills/remedial - instruction</b>		
Salaries for teachers	-	-
<b>Total Basic skills/remedial - instruction</b>	-	-
<b>Undistributed expenditures - personal services - employee benefits</b>		
Other employee benefits	-	-
<b>Total undistributed expenditures</b>	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 840</u>

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<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
\$ 840	\$ 840	\$ -
840	840	-
<u>\$ 840</u>	<u>\$ 840</u>	<u>\$ -</u>
\$ 840	\$ 840	\$ -
-	-	-
840	840	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>\$ 840</u>	<u>\$ 840</u>	<u>\$ -</u>

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>
<b>REVENUES:</b>		
State sources	\$ 471,151	\$ 75,272
Federal sources	<u>1,434,095</u>	<u>327,575</u>
<b>Total Revenues</b>	<u>1,905,246</u>	<u>402,847</u>
<b>EXPENDITURES:</b>		
<b>Instruction</b>		
Salaries of teachers	147,305	834,645
Other salaries for instruction	877,670	(877,670)
Purchased professional and technical services	43,917	22,704
General supplies	409,120	(366,013)
Textbooks	30,745	7,037
Tuition	-	305,000
Miscellaneous purchased services	<u>396,489</u>	<u>45,770</u>
<b>Total Instruction</b>	<u>1,905,246</u>	<u>(28,527)</u>
<b>Support Services</b>		
Salaries of secretaries and clerical assistants	-	77,588
Other salaries	-	-
Personal services - employee benefits	-	96,472
Purchased professional services	-	213,552
Travel	-	2,728
Supplies and materials	<u>-</u>	<u>41,034</u>
<b>Total Support Services</b>	<u>-</u>	<u>431,374</u>
<b>Facilities Acquisition and Construction Services:</b>		
Instructional equipment	-	-
Noninstructional equipment	<u>-</u>	<u>-</u>
<b>Total Facilities Acquisition and Construction Services</b>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>1,905,246</u>	<u>402,847</u>
<b>Other Financing Sources (Uses)</b>		
Transfer in from general fund	-	-
Transfer out to whole school reform (general fund)	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>
<b>Total Outflows</b>	<u>1,905,246</u>	<u>402,847</u>
<b>Excess (Deficiency) of Revenues Over (Under)</b>		
<b>Expenditures and Other Financing Sources (Uses)</b>	<u>\$ -</u>	<u>\$ -</u>

<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
\$ 546,423	\$ 546,423	\$ -
1,761,670	1,693,421	68,249
2,308,093	2,239,844	68,249
981,950	980,710	1,240
-	-	-
66,621	66,621	-
43,107	40,733	2,374
37,782	37,782	-
305,000	305,000	-
442,259	442,259	-
1,876,719	1,873,105	3,614
77,588	77,588	-
-	-	-
96,472	96,472	-
213,552	148,917	64,635
2,728	2,728	-
41,034	41,034	-
431,374	366,739	64,635
-	-	-
-	-	-
-	-	-
2,308,093	2,239,844	68,249
-	-	-
-	-	-
-	-	-
2,308,093	2,239,844	68,249
\$ -	\$ -	\$ -

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

## **NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Budget-to-GAAP Reconciliation**  
**Fiscal Year ended June 30, 2013**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 71,758,557	\$ 2,239,844
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until subsequent year.	(1,063,206)	46,798
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	<u>1,109,941</u>	<u>-</u>
 Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	 <u><u>\$ 71,805,292</u></u>	 <u><u>\$ 2,286,642</u></u>
<b>Uses/Outflows of Resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 70,876,066	\$ 2,239,844
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	<u>-</u>	<u>46,798</u>
 Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	 <u><u>\$ 70,876,066</u></u>	 <u><u>\$ 2,286,642</u></u>

## **OTHER SUPPLEMENTARY INFORMATION**

## **SPECIAL REVENUE FUND DETAIL STATEMENTS**

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

Title I Basic		Race to the Top	Total Other Special Projects (Ex. E-1a)	Total Nonpublic Programs (Ex. E-1b)	Totals 2013
2012-2013	2011-2012	2012-2013			
\$ -	\$ -	\$ -	\$ -	\$ 546,423	\$ 546,423
449,463	8,352	23,332	174,426	-	1,693,421
<u>\$ 449,463</u>	<u>\$ 8,352</u>	<u>\$ 23,332</u>	<u>\$ 174,426</u>	<u>\$ 546,423</u>	<u>\$ 2,239,844</u>
\$ 356,603	\$ -	\$ -	\$ 104,930	\$ -	\$ 980,710
-	-	-	-	-	-
-	-	-	239	66,382	66,621
-	8,352	-	32,381	-	40,733
-	-	-	-	37,782	37,782
-	-	-	-	-	305,000
-	-	-	-	442,259	442,259
<u>356,603</u>	<u>8,352</u>	<u>-</u>	<u>137,550</u>	<u>546,423</u>	<u>1,873,105</u>
-	-	-	-	-	77,588
-	-	-	-	-	-
73,625	-	-	22,847	-	96,472
-	-	7,500	5,495	-	148,917
842	-	-	1,886	-	2,728
<u>18,393</u>	<u>-</u>	<u>15,832</u>	<u>6,648</u>	<u>-</u>	<u>41,034</u>
<u>92,860</u>	<u>-</u>	<u>23,332</u>	<u>36,876</u>	<u>-</u>	<u>366,739</u>
-	-	-	-	-	-
<u>\$ 449,463</u>	<u>\$ 8,352</u>	<u>\$ 23,332</u>	<u>\$ 174,426</u>	<u>\$ 546,423</u>	<u>\$ 2,239,844</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Revenues and Expenditures - Budgetary Basis (Continued)**  
**For the Fiscal Year Ended June 30, 2013**

	Title II, Part A Teacher and Principal Training & Recruiting		
	2012-2013	2011-2012	Carryover
<b>REVENUES:</b>			
State sources	\$ -	\$ -	\$ -
Federal sources	90,262	2,538	-
<b>Total revenues</b>	<u>\$ 90,262</u>	<u>\$ 2,538</u>	<u>\$ -</u>
<b>EXPENDITURES:</b>			
Instruction:			
Salaries of teachers	\$ 62,760	\$ 1,982	\$ -
Other salaries for instruction	-	-	-
Purchased professional and technical services	-	-	-
General supplies	4,209	556	-
Textbooks	-	-	-
Miscellaneous purchased services	-	-	-
<b>Total instruction</b>	<u>66,969</u>	<u>2,538</u>	<u>-</u>
Support services:			
Salaries of secretarial and clerical assistants	-	-	-
Other salaries	-	-	-
Personal services - employee benefits	13,581	-	-
Purchased professional and technical services	4,500	-	-
Travel	438	-	-
Supplies and materials	4,774	-	-
<b>Total support services</b>	<u>23,293</u>	<u>-</u>	<u>-</u>
Facilities acquisition and construction services:			
Instructional equipment	-	-	-
<b>Total expenditures</b>	<u>\$ 90,262</u>	<u>\$ 2,538</u>	<u>\$ -</u>

Title III Part A		Title III Immigrant		Carry forward to E-1 Total Other Special Projects
2012-2013	2011-2012	2012-2013	2011-2012	
\$ -	\$ -	\$ -	\$ -	\$ -
50,664	1,861	26,952	2,149	174,426
<u>\$ 50,664</u>	<u>\$ 1,861</u>	<u>\$ 26,952</u>	<u>\$ 2,149</u>	<u>\$ 174,426</u>
\$ 36,688	\$ -	\$ 3,500	\$ -	\$ 104,930
-	-	-	-	-
-	239	-	-	239
3,180	1,622	20,665	2,149	32,381
-	-	-	-	-
-	-	-	-	-
<u>39,868</u>	<u>1,861</u>	<u>24,165</u>	<u>2,149</u>	<u>137,550</u>
-	-	-	-	-
-	-	-	-	-
9,266	-	-	-	22,847
297	-	698	-	5,495
1,233	-	215	-	1,886
-	-	1,874	-	6,648
-	-	-	-	-
<u>10,796</u>	<u>-</u>	<u>2,787</u>	<u>-</u>	<u>36,876</u>
-	-	-	-	-
<u>\$ 50,664</u>	<u>\$ 1,861</u>	<u>\$ 26,952</u>	<u>\$ 2,149</u>	<u>\$ 174,426</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis (Continued)**  
**For the Fiscal Year Ended June 30, 2013**

	<b>N.J. Nonpublic Handicapped Services Ch. 193</b>			<b>N.J. Nonpublic Auxiliary Services Ch. 192</b>
	<b>Examination and Classification</b>	<b>Corrective Speech</b>	<b>Supplemental Instruction</b>	<b>Compensatory</b>
<b>REVENUES:</b>				
State sources	\$ 116,589	\$ 41,404	\$ 82,567	\$ 201,495
Federal sources	-	-	-	-
<b>Total revenues</b>	<u>\$ 116,589</u>	<u>\$ 41,404</u>	<u>\$ 82,567</u>	<u>\$ 201,495</u>
<b>EXPENDITURES:</b>				
Instruction:				
Salaries of teachers	\$ -	\$ -	\$ -	\$ -
Other salaries for instruction	-	-	-	-
Purchased professional and technical services	-	-	-	-
General supplies	-	-	-	-
Textbooks	-	-	-	-
Other purchased services	116,589	41,404	82,567	201,495
<b>Total instruction</b>	<u>116,589</u>	<u>41,404</u>	<u>82,567</u>	<u>201,495</u>
Support services:				
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	-	-	-	-
<b>Total support services</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Facilities acquisition and construction services:				
Instructional equipment	-	-	-	-
<b>Total expenditures</b>	<u>\$ 116,589</u>	<u>\$ 41,404</u>	<u>\$ 82,567</u>	<u>\$ 201,495</u>

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**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Revenues and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2013**

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	<b>I.D.E.A. Part B</b>		
	<b>Regular</b>		<b>Preschool</b>
	<b>2012-2013</b>	<b>2011-2012</b>	<b>2012-2013</b>
<b>REVENUES:</b>			
State sources	\$ -	\$ -	\$ -
Federal sources	977,085	17,749	43,014
<b>Total revenues</b>	<u>\$ 977,085</u>	<u>\$ 17,749</u>	<u>\$ 43,014</u>
<b>EXPENDITURES:</b>			
Instruction:			
Salaries of teachers	\$ 477,217	\$ -	\$ 41,960
Other salaries for instruction	-	-	-
Purchased professional and technical services	-	-	-
General supplies	-	-	-
Textbooks	-	-	-
Tuition	305,000	-	-
Miscellaneous purchased services	-	-	-
<b>Total instruction</b>	<u>782,217</u>	<u>-</u>	<u>41,960</u>
Support services:			
Salaries of secretarial and clerical assistants	60,000	17,588	-
Other salaries	-	-	-
Personal services - employee benefits	-	-	-
Purchased professional and technical services	134,868	-	1,054
Travel	-	-	-
Supplies and materials	-	161	-
<b>Total support services</b>	<u>194,868</u>	<u>17,749</u>	<u>1,054</u>
Facilities acquisition and construction services:			
Instructional equipment	-	-	-
<b>Total expenditures</b>	<u>\$ 977,085</u>	<u>\$ 17,749</u>	<u>\$ 43,014</u>

<u>Nonpublic Nursing</u>	<u>Nonpublic Textbooks</u>	<u>Nonpublic Technology</u>	<u>Home Instruction</u>	<u>Carry forward to E-1 Total Nonpublic Programs</u>
\$ 52,437	\$ 37,782	\$ 13,945	\$ 204	\$ 546,423
-	-	-	-	-
<u>\$ 52,437</u>	<u>\$ 37,782</u>	<u>\$ 13,945</u>	<u>\$ 204</u>	<u>\$ 546,423</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
52,437	-	13,945	-	66,382
-	-	-	-	-
-	37,782	-	-	37,782
-	-	-	204	442,259
<u>52,437</u>	<u>37,782</u>	<u>13,945</u>	<u>204</u>	<u>546,423</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 52,437</u>	<u>\$ 37,782</u>	<u>\$ 13,945</u>	<u>\$ 204</u>	<u>\$ 546,423</u>

## **CAPITAL PROJECTS FUND DETAIL STATEMENTS**

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

## **PROPRIETARY FUNDS DETAIL STATEMENTS**

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

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

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

## FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

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

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

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

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

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**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Combining Statement of Fiduciary Net Position**  
**Trust and Agency Funds**  
**June 30, 2013**

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	<u>Unemployment Compensation</u>	<u>Trust Private Purpose</u>	<u>Total Trust Fund</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 319,567	\$ 36,526	\$ 356,093
<b>Total assets</b>	<u>319,567</u>	<u>36,526</u>	<u>356,093</u>
<b>LIABILITIES:</b>			
Payroll deductions and withholdings	18,887	-	18,887
Due to student groups	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>18,887</u>	<u>-</u>	<u>18,887</u>
<b>NET POSITION:</b>			
Reserved	<u>300,680</u>	<u>36,526</u>	<u>337,206</u>
<b>Total net position</b>	<u><u>\$ 300,680</u></u>	<u><u>\$ 36,526</u></u>	<u><u>\$ 337,206</u></u>

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<u>Student Activity</u>	<u>Agency</u>	
	<u>Payroll</u>	<u>Total Agency Fund</u>
\$ 384,743	\$ 1,342,140	\$ 1,726,883
<u>\$ 384,743</u>	<u>\$ 1,342,140</u>	<u>\$ 1,726,883</u>
\$ -	\$ 1,342,140	\$ 1,342,140
<u>384,743</u>	<u>-</u>	<u>384,743</u>
<u>\$ 384,743</u>	<u>\$ 1,342,140</u>	<u>\$ 1,726,883</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Total Trusts</u>
<b>ADDITIONS:</b>			
Contributions			
Plan member	\$ 111,682	\$ -	\$ 111,682
Other	-	9,900	9,900
Total contributions	<u>111,682</u>	<u>9,900</u>	<u>121,582</u>
Investment earnings			
Interest	<u>76</u>	-	<u>76</u>
Net investment earnings	<u>76</u>	-	<u>76</u>
<b>Total Additions</b>	<u>111,758</u>	<u>9,900</u>	<u>121,658</u>
<b>DEDUCTIONS:</b>			
Quarterly contribution reports	44,091	-	44,091
Unemployment claims	47,513	-	47,513
Scholarships awarded	-	8,470	8,470
<b>Total Deductions</b>	<u>91,604</u>	<u>8,470</u>	<u>100,074</u>
<b>Change in Net Position</b>	20,154	1,430	21,584
<b>Net Position - Beginning of Year</b>	<u>280,526</u>	<u>35,096</u>	<u>315,622</u>
<b>Net Position - End of Year</b>	<u><u>\$ 300,680</u></u>	<u><u>\$ 36,526</u></u>	<u><u>\$ 337,206</u></u>

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Student Activity Agency Fund**  
**Schedule of Receipts and Disbursements**  
**For the Fiscal Year Ended June 30, 2013**

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	<u>Balance</u> <u>July 1, 2012</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>ELEMENTARY SCHOOLS:</b>				
Ocean Township Elementary	\$ 3,690	\$ 9,688	\$ 9,143	\$ 4,235
Wayside Elementary	6,375	8,132	5,249	9,258
Wanamassa Elementary	9,326	1,880	4,352	6,854
<b>Total elementary schools</b>	<u>19,391</u>	<u>19,700</u>	<u>18,744</u>	<u>20,347</u>
<b>INTERMEDIATE SCHOOL</b>	<u>56,491</u>	<u>80,576</u>	<u>69,419</u>	<u>67,648</u>
<b>HIGH SCHOOL</b>	<u>330,216</u>	<u>447,424</u>	<u>480,892</u>	<u>296,748</u>
<b>Total all schools</b>	<u><u>\$ 406,098</u></u>	<u><u>\$ 547,700</u></u>	<u><u>\$ 569,055</u></u>	<u><u>\$ 384,743</u></u>

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**  
**For the Fiscal Year Ended June 30, 2013**

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	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 1,196,078	\$ 21,808,471	\$ 21,662,409	\$ 1,342,140
<b>Total assets</b>	<u>\$ 1,196,078</u>	<u>\$ 21,808,471</u>	<u>\$ 21,662,409</u>	<u>\$ 1,342,140</u>
<b>LIABILITIES:</b>				
Payroll deductions and withholdings	\$ 1,196,078	\$ 21,808,471	\$ 21,662,409	\$ 1,342,140
<b>Total liabilities</b>	<u>\$ 1,196,078</u>	<u>\$ 21,808,471</u>	<u>\$ 21,662,409</u>	<u>\$ 1,342,140</u>

## **LONG-TERM DEBT SCHEDULES**

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

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**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Long Term Debt**  
**Schedule of Serial Bonds**  
**As of June 30, 2013**

<b>Issue</b>	<b>Date of Issue</b>	<b>Amount of Issue</b>	<b>Annual Maturities</b>	
			<b>Date</b>	<b>Amount</b>
<b>School renovations and additions</b> (Refunding issue 1999)	5/1/2009	\$ 8,275,000	6/1/2014	\$ 1,440,000
			6/1/2015	1,490,000
<b>School renovations and additions</b> (Refunding issue 2010)	10/20/2010	8,585,000	3/1/2014	875,000
			3/1/2015	865,000
			3/1/2016	860,000
			3/1/2017	850,000
			3/1/2018	845,000
			3/1/2019	835,000
			3/1/2020	830,000
			3/1/2021	825,000
			3/1/2022	820,000
<b>School bonds - Energy project</b>	9/1/2007	6,113,000	9/1/2013	375,000
			9/1/2014	390,000
			9/1/2015	405,000
			9/1/2016	425,000
			9/1/2017	445,000
			9/1/2018	465,000
			9/1/2019	485,000
			9/1/2020	505,000
			9/1/2021	510,000
			9/1/2022	515,000

<u>Interest Rate</u>	<u>Balance July 1, 2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2013</u>
3.00%	\$ 4,325,000	\$ -	\$ 1,395,000	\$ 2,930,000
3.50%				
3.000%	8,500,000	-	895,000	7,605,000
4.000%				
4.000%				
4.000%				
4.000%				
4.000%				
4.000%				
4.000%				
4.125%	4,875,000	-	355,000	4,520,000
4.125%				
4.125%				
4.125%				
4.125%				
4.125%				
4.125%				
4.125%				
4.200%				
4.250%				
	<u>\$ 17,700,000</u>	<u>\$ -</u>	<u>\$ 2,645,000</u>	<u>\$ 15,055,000</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Long Term Debt**  
**Schedule of Obligations under Capital Lease**  
**As of June 30, 2013**

<u>Description</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2012</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2013</u>
Savin Copiers	\$ 137,942	\$ 123,558	\$ -	\$ 25,649	\$ 97,909
		<u>\$ 123,558</u>	<u>\$ -</u>	<u>\$ 25,649</u>	<u>\$ 97,909</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Debt Service Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 3,092,317	\$ -	\$ 3,092,317	\$ 3,092,317	\$ -
State sources:					
Debt service aid - Type II	186,930	-	186,930	186,930	-
<b>Total revenues</b>	<u>3,279,247</u>	<u>-</u>	<u>3,279,247</u>	<u>3,279,247</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Regular debt service:					
Interest	634,249	-	634,249	634,248	1
Redemption of principal	2,645,000	-	2,645,000	2,645,000	-
<b>Total expenditures</b>	<u>3,279,249</u>	<u>-</u>	<u>3,279,249</u>	<u>3,279,248</u>	<u>1</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(2)</u>	<u>-</u>	<u>(2)</u>	<u>(1)</u>	<u>1</u>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures</b>	<u>(2)</u>	<u>-</u>	<u>(2)</u>	<u>(1)</u>	<u>1</u>
<b>Fund balances, July 1</b>	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>
<b>Fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
<b><u>Recapitulation of Excess (Deficiency)</u> <u>of Revenues Over (Under) Expenditures</u></b>					
Budgeted fund balance	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>

# **Ocean Township School District Statistical Section (Unaudited)**

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	73 - 79
<p>These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.</p>	
<b>Revenue Capacity</b>	80 - 85
<p>These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.</p>	
<b>Debt Capacity</b>	86 - 89
<p>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the district's ability to issue additional debt in the future.</p>	
<b>Demographic and Economic Information</b>	90 - 91
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.</p>	
<b>Operating Information</b>	92 - 98
<p>These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.</p>	

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

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>Governmental activities</b>				
Invested in capital assets, net of related debt	\$ 23,103,432	\$ 20,862,685	\$ 18,865,230	\$ 17,705,236
Restricted	8,599,305	7,896,093	5,283,098	3,534,807
Unrestricted	<u>(3,018,695)</u>	<u>(3,165,792)</u>	<u>(3,049,861)</u>	<u>(2,549,999)</u>
<b>Total governmental activities net position</b>	<u>\$ 28,684,042</u>	<u>\$ 25,592,986</u>	<u>\$ 21,098,467</u>	<u>\$ 18,690,044</u>
<b>Business-type activities</b>				
Invested in capital assets, net of related debt	\$ 64,921	\$ 76,535	\$ 64,236	\$ 77,390
Restricted	-	-	-	-
Unrestricted	<u>55,533</u>	<u>(34,970)</u>	<u>25,685</u>	<u>(7,461)</u>
<b>Total business-type activities net position</b>	<u>\$ 120,454</u>	<u>\$ 41,565</u>	<u>\$ 89,921</u>	<u>\$ 69,929</u>
<b>District-wide</b>				
Invested in capital assets, net of related debt	\$ 23,168,353	\$ 20,939,220	\$ 18,929,466	\$ 17,782,626
Restricted	8,599,305	7,896,093	5,283,098	3,534,807
Unrestricted	<u>(2,963,162)</u>	<u>(3,200,762)</u>	<u>(3,024,176)</u>	<u>(2,557,460)</u>
<b>Total district-wide net position</b>	<u>\$ 28,804,496</u>	<u>\$ 25,634,551</u>	<u>\$ 21,188,388</u>	<u>\$ 18,759,973</u>

**Source:** District records

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

<u>June 30, 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>
\$ 15,953,571	\$ 12,398,864	\$ 13,212,935	\$ 12,141,494	\$ 10,977,152	\$ 6,416,013
5,976,604	8,712,095	3,296,371	3,298,375	4,455,473	5,442,750
(3,078,273)	(2,223,231)	766,275	(890,211)	(1,016,536)	(172,013)
<u>\$ 18,851,902</u>	<u>\$ 18,887,728</u>	<u>\$ 17,275,581</u>	<u>\$ 14,549,658</u>	<u>\$ 14,416,089</u>	<u>\$ 11,686,750</u>
\$ 92,319	\$ 109,160	\$ 126,232	\$ 139,309	\$ 136,124	\$ 151,912
-	-	-	-	-	-
17,751	(62,448)	(31,374)	(20,121)	8,992	16,470
<u>\$ 110,070</u>	<u>\$ 46,712</u>	<u>\$ 94,858</u>	<u>\$ 119,188</u>	<u>\$ 145,116</u>	<u>\$ 168,382</u>
\$ 16,045,890	\$ 12,508,024	\$ 13,339,167	\$ 12,280,803	\$ 11,113,276	\$ 6,567,925
5,976,604	8,712,095	3,296,371	3,298,375	4,455,473	5,442,750
(3,060,522)	(2,285,679)	734,901	(910,332)	(1,007,544)	(155,543)
<u>\$ 18,961,972</u>	<u>\$ 18,934,440</u>	<u>\$ 17,370,439</u>	<u>\$ 14,668,846</u>	<u>\$ 14,561,205</u>	<u>\$ 11,855,132</u>

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

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
<b>Expenses</b>			
Governmental activities			
Instruction			
Regular	\$ 31,710,830	\$ 31,201,908	\$ 30,672,356
Special education	7,949,249	7,304,546	6,672,604
Other special education	1,779,028	1,601,960	1,345,531
Other instruction	1,568,092	1,545,146	1,457,112
Support Services			
Instruction	4,702,295	3,265,613	3,992,315
Student & instruction related services	9,073,914	9,260,790	8,252,664
School administrative services	3,022,176	2,943,430	2,820,723
General administrative services	1,217,809	1,130,936	1,164,642
Central services	873,241	1,329,042	1,292,534
Administrative information technology	682,647	146,707	140,303
Plant operations and maintenance	6,580,843	6,786,929	7,004,447
Pupil transportation	4,245,998	3,917,781	3,908,346
Special Schools	159,880	156,620	164,599
Charter schools	43,184	21,473	30,545
Interest on long-term debt	627,280	716,154	1,460,077
Total governmental activities expenses	<u>74,236,466</u>	<u>71,329,035</u>	<u>70,378,798</u>
Business-type activities:			
Food service	<u>1,173,646</u>	<u>1,237,158</u>	<u>1,192,783</u>
Total business-type activities expense	<u>1,173,646</u>	<u>1,237,158</u>	<u>1,192,783</u>
<b>Total district expenses</b>	<u><u>\$ 75,410,112</u></u>	<u><u>\$ 72,566,193</u></u>	<u><u>\$ 71,571,581</u></u>
<b>Program Revenues</b>			
Governmental activities:			
Charges for services:			
Instruction (tuition)	\$ -	\$ -	\$ -
Support services	259,327	267,470	263,729
Special schools	6,813	20,698	19,600
Operating grants and contributions	<u>9,107,433</u>	<u>8,276,785</u>	<u>7,569,905</u>
Total governmental activities program revenues	<u>9,373,573</u>	<u>8,564,953</u>	<u>7,853,234</u>
Business-type activities			
Charges for services:			
Food service	634,851	710,173	689,179
Operating grants and contributions	<u>467,684</u>	<u>478,629</u>	<u>423,596</u>
Total business-type activities program revenues	<u>1,102,535</u>	<u>1,188,802</u>	<u>1,112,775</u>
<b>Total district program revenues</b>	<u><u>\$ 10,476,108</u></u>	<u><u>\$ 9,753,755</u></u>	<u><u>\$ 8,966,009</u></u>
<b>Net (Expense) Revenue</b>			
Governmental activities	\$ (64,862,893)	\$ (62,764,082)	\$ (62,525,564)
Business-type activities	<u>(71,111)</u>	<u>(48,356)</u>	<u>(80,008)</u>
<b>Total district-wide net expense</b>	<u><u>\$ (64,934,004)</u></u>	<u><u>\$ (62,812,438)</u></u>	<u><u>\$ (62,605,572)</u></u>

June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004
\$ 30,869,776	\$ 29,853,090	\$ 31,403,830	\$ 30,493,052	\$ 28,727,656	\$ 27,139,122	\$ 25,943,765
6,760,065	6,685,215	6,787,935	6,641,597	5,702,888	4,847,330	4,251,337
1,988,821	2,017,043	2,062,716	1,688,817	1,608,853	1,544,172	1,007,814
1,455,524	1,397,145	1,536,734	1,506,792	1,459,389	1,738,116	1,787,225
3,434,045	3,292,240	2,971,655	2,396,367	2,482,940	2,157,695	2,296,703
8,335,122	7,943,866	6,745,992	6,807,909	6,356,887	5,509,657	5,029,503
3,370,056	3,372,965	3,086,920	3,023,913	2,336,634	2,623,838	2,440,173
1,146,016	1,161,748	1,086,689	1,173,956	1,919,276	1,297,524	2,143,253
948,110	929,609	848,343	606,651	725,358	726,953	-
609,867	288,517	-	-	-	-	-
6,924,274	7,338,569	7,668,599	7,001,421	7,027,307	6,103,272	6,024,406
3,918,662	3,913,472	3,745,741	3,672,414	3,559,049	3,112,889	3,074,160
187,863	190,883	179,677	194,374	83,692	76,322	74,345
57,636	15,348	2,793	-	-	-	-
1,007,071	1,308,884	1,245,843	1,107,017	1,172,100	1,231,377	1,504,487
71,012,908	69,708,594	69,373,467	66,314,280	63,162,029	58,108,267	55,577,171
1,141,723	1,132,607	1,105,399	1,077,716	1,105,246	1,140,614	1,075,571
1,141,723	1,132,607	1,105,399	1,077,716	1,105,246	1,140,614	1,075,571
\$ 72,154,631	\$ 70,841,201	\$ 70,478,866	\$ 67,391,996	\$ 64,267,275	\$ 59,248,881	\$ 56,652,742
\$ 24,968	\$ 53,793	\$ -	\$ 36,343	\$ 33,833	\$ 46,343	\$ 56,506
227,401	194,755	174,100	-	-	-	-
-	15,175	23,075	-	-	-	-
7,219,481	6,961,117	8,861,298	-	-	-	1,352,658
7,471,850	7,224,840	9,058,473	36,343	33,833	46,343	1,409,164
710,072	739,032	782,304	796,280	834,191	870,329	839,174
391,510	356,933	274,949	257,106	245,127	246,321	216,160
1,101,582	1,095,965	1,057,253	1,053,386	1,079,318	1,116,650	1,055,334
\$ 8,573,432	\$ 8,320,805	\$ 10,115,726	\$ 1,089,729	\$ 1,113,151	\$ 1,162,993	\$ 2,464,498
\$ (63,541,058)	\$ (62,483,754)	\$ (60,314,994)	\$ (66,277,937)	\$ (63,128,196)	\$ (58,061,924)	\$ (54,168,007)
(40,141)	(36,642)	(48,146)	(24,330)	(25,928)	(23,964)	(20,237)
\$ (63,581,199)	\$ (62,520,396)	\$ (60,363,140)	\$ (66,302,267)	\$ (63,154,124)	\$ (58,085,888)	\$ (54,188,244)

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

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
<b>General Revenues and Other Changes in Net Position</b>			
Governmental activities			
Property taxes levied for general purposes, net	\$ 56,734,353	\$ 55,724,474	\$ 54,408,683
Taxes levied for debt service	3,092,317	3,093,434	3,118,052
Federal and state aid not restricted	7,983,334	8,117,177	7,204,310
Investment earnings	18,898	13,824	16,408
Transfers	(150,000)	-	(100,000)
Gain on disposal of capital assets	-	17,982	18,093
Miscellaneous income	275,047	291,709	268,441
Total governmental activities	<u>67,953,949</u>	<u>67,258,600</u>	<u>64,933,987</u>
<b>Business-type activities:</b>			
Investment earnings	-	-	-
Transfers	150,000	-	100,000
Total business-type activities	<u>150,000</u>	<u>-</u>	<u>100,000</u>
<b>Total district-wide</b>	<u><u>\$ 68,103,949</u></u>	<u><u>\$ 67,258,600</u></u>	<u><u>\$ 65,033,987</u></u>
<b>Change in Net Position</b>			
Governmental activities	\$ 3,091,056	\$ 4,494,518	\$ 2,408,423
Business-type activities	78,889	(48,356)	19,992
<b>Total district</b>	<u><u>\$ 3,169,945</u></u>	<u><u>\$ 4,446,162</u></u>	<u><u>\$ 2,428,415</u></u>

**Source:** District records

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

<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>	<u>June 30, 2004</u>
\$ 52,051,910	\$ 50,344,384	\$ 49,485,090	\$ 47,642,573	\$ 44,143,259	\$ 42,722,698	\$ 39,841,709
3,111,333	2,583,653	2,213,751	2,844,064	2,767,546	2,669,748	2,596,041
8,105,252	9,334,996	9,481,032	17,700,801	15,879,559	14,974,249	13,232,697
25,053	216,587	683,044	550,626	279,564	168,451	117,025
-	(100,000)	-	-	-	-	-
-	-	-	-	-	-	-
85,652	68,308	64,222	265,796	191,836	256,117	239,992
<u>63,379,200</u>	<u>62,447,928</u>	<u>61,927,139</u>	<u>69,003,860</u>	<u>63,261,764</u>	<u>60,791,263</u>	<u>56,027,464</u>
-	-	-	-	-	698	-
-	100,000	-	-	-	-	-
-	100,000	-	-	-	698	-
<u>\$ 63,379,200</u>	<u>\$ 62,547,928</u>	<u>\$ 61,927,139</u>	<u>\$ 69,003,860</u>	<u>\$ 63,261,764</u>	<u>\$ 60,791,961</u>	<u>\$ 56,027,464</u>
\$ (161,858)	\$ (35,826)	\$ 1,612,145	\$ 2,725,923	\$ 133,568	\$ 2,729,339	\$ 1,859,457
(40,141)	63,358	(48,146)	(24,330)	(25,928)	(23,266)	(20,237)
<u>\$ (201,999)</u>	<u>\$ 27,532</u>	<u>\$ 1,563,999</u>	<u>\$ 2,701,593</u>	<u>\$ 107,640</u>	<u>\$ 2,706,073</u>	<u>\$ 1,839,220</u>

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

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	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>General Fund</b>				
Reserved	\$ 8,599,304	\$ 7,896,091	\$ 5,226,328	\$ 3,143,340
Unreserved	293,642	217,629	304,658	366,564
<b>Total general fund</b>	<u>\$ 8,892,946</u>	<u>\$ 8,113,720</u>	<u>\$ 5,530,986</u>	<u>\$ 3,509,904</u>
<b>All Other Governmental Funds</b>				
Reserved	\$ -	\$ -	\$ -	\$ 86,685
Unreserved				
Special revenue fund	-	-	-	-
Capital projects fund	-	-	-	-
Debt service fund	1	2	56,770	94,781
Permanent fund	-	-	-	-
<b>Total all other governmental funds</b>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 56,770</u>	<u>\$ 181,466</u>

**Source:** District records

<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>
\$ 5,181,541	\$ 5,524,096	\$ 3,981,396	\$ 2,635,632	\$ 3,107,174	\$ 1,621,028
657,209	944,332	839,919	743,859	1,415,253	1,698,256
<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>
\$ -	\$ 1,840,890	\$ 21,038	\$ 28,637	\$ -	\$ 2,578,560
-	(5,522)	(8,628)	(7,419)	(8,309)	(5,522)
295,061	1,097,108	1,758,053	1,812,461	1,884,695	2,528,021
2	1	1	1	1	1
-	-	-	-	-	-
<u>\$ 295,063</u>	<u>\$ 2,932,477</u>	<u>\$ 1,770,464</u>	<u>\$ 1,833,680</u>	<u>\$ 1,876,387</u>	<u>\$ 5,101,060</u>

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

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>Revenues</b>				
Tax levy	\$ 59,826,670	\$ 58,817,908	\$ 57,526,735	\$ 55,163,243
Tuition charges	6,813	20,698	19,600	24,968
Transportation fee	-	-	8,840	-
Interest earnings	18,898	13,824	16,408	25,053
Miscellaneous	428,034	452,838	402,607	267,337
State sources	15,227,408	13,806,616	12,275,813	13,113,096
Federal sources	1,863,358	2,587,346	2,498,402	2,211,637
Total revenue	<u>77,371,181</u>	<u>75,699,230</u>	<u>72,748,405</u>	<u>70,805,334</u>
<b>Expenditures</b>				
Instruction				
Regular Instruction	21,787,047	21,843,058	21,897,306	22,670,152
Special education instruction	5,308,236	5,001,480	4,582,938	4,781,510
Other special instruction	1,187,303	1,071,086	919,375	1,393,079
Other instruction	1,251,072	1,218,492	1,150,970	1,180,325
Support Services:				
Instruction	4,702,295	3,265,613	3,992,315	3,434,045
Student & inst. related services	6,224,530	6,595,331	5,816,263	6,019,791
General & business administrative services	1,033,549	946,485	992,083	998,428
School administrative services	2,120,028	2,088,832	2,036,891	2,472,397
Central services	646,807	658,153	649,609	749,994
Administrative information technology	532,987	455,117	437,484	476,244
Plant operations and maintenance	5,663,134	5,835,371	6,134,451	6,078,561
Pupil transportation	3,236,620	3,151,643	3,115,311	3,134,340
Unallocated benefits	18,004,332	16,491,099	15,192,995	15,146,095
Special Schools	159,880	156,620	164,599	187,863
Transfer to Charter Schools	43,184	21,473	30,545	57,636
Capital outlay	1,261,704	1,193,799	344,535	1,024,887
Debt service:				
Principal	2,645,000	2,610,000	2,530,000	2,420,000
Interest and other charges	634,248	726,908	812,332	1,022,430
Total expenditures	<u>76,441,956</u>	<u>73,330,560</u>	<u>70,800,002</u>	<u>73,247,777</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>929,225</u>	<u>2,368,670</u>	<u>1,948,403</u>	<u>(2,442,443)</u>

<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>	<u>June 30, 2004</u>
\$ 52,928,037	\$ 51,698,841	\$ 50,486,637	\$ 46,910,805	\$ 45,392,446	\$ 42,437,750
68,967	23,075	36,343	33,833	46,343	56,506
-	-	-	-	-	-
216,587	683,044	550,626	279,564	168,451	117,025
532,621	238,322	265,796	191,836	256,117	239,992
14,640,564	16,885,039	16,371,322	14,368,278	13,611,036	13,275,454
1,655,549	1,457,291	1,329,479	1,511,281	1,363,213	1,309,900
<u>70,042,325</u>	<u>70,985,612</u>	<u>69,040,203</u>	<u>63,295,597</u>	<u>60,837,606</u>	<u>57,436,627</u>
21,799,901	21,006,552	20,402,035	20,075,584	19,500,440	18,473,320
4,707,955	4,306,544	4,210,778	3,809,545	3,328,671	2,904,914
1,404,080	1,310,956	1,071,315	1,075,322	1,059,567	688,628
1,125,096	1,049,647	1,023,338	1,034,728	1,267,385	1,308,153
3,292,240	2,971,655	2,396,367	2,482,940	2,157,695	2,296,703
5,718,458	5,200,921	5,370,346	5,027,233	4,451,300	4,229,171
1,014,555	960,522	884,872	1,583,275	1,712,380	1,510,123
2,475,110	2,389,780	2,350,113	1,646,778	1,954,109	2,227,175
742,919	673,691	606,651	725,358	726,953	-
228,003	-	-	-	-	-
6,453,715	6,725,919	6,154,093	6,300,025	5,403,522	5,294,190
3,113,502	2,979,135	2,900,206	2,743,880	2,347,673	2,322,209
14,278,209	16,608,192	16,350,526	13,981,833	12,444,503	11,894,749
190,882	179,677	194,374	83,692	76,322	62,255
15,348	2,793	-	-	-	12,090
2,700,609	5,009,751	902,517	1,306,501	3,758,868	13,653,196
2,343,000	1,865,000	1,725,000	1,585,000	1,425,000	1,285,000
<u>1,421,769</u>	<u>1,048,751</u>	<u>1,119,064</u>	<u>1,182,546</u>	<u>1,244,748</u>	<u>1,311,103</u>
<u>73,025,351</u>	<u>74,289,486</u>	<u>67,661,595</u>	<u>64,644,240</u>	<u>62,859,136</u>	<u>69,472,979</u>
<u>(2,983,026)</u>	<u>(3,303,874)</u>	<u>1,378,608</u>	<u>(1,348,643)</u>	<u>(2,021,530)</u>	<u>(12,036,352)</u>

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

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	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>Other Financing sources (uses)</b>				
Capital leases (non-budgeted)	\$ -	\$ 139,314	\$ -	\$ -
Proceeds from bonds	-	-	8,585,000	-
Payments to refunding bond escrow	-	-	(9,199,528)	-
Premium on sale of bonds	-	-	692,118	-
Cost of issuance	-	-	(47,700)	-
Sale of assets	-	17,982	18,093	-
Transfers in	-	-	29,892	497,332
Transfers out	(150,000)	-	(129,892)	(497,332)
Total other financing sources (uses)	<u>(150,000)</u>	<u>157,296</u>	<u>(52,017)</u>	<u>-</u>
Net change in fund balances	<u>\$ 779,225</u>	<u>\$ 2,525,966</u>	<u>\$ 1,896,386</u>	<u>\$ (2,442,443)</u>
Debt service as a percentage of noncapital expenditures	<u>4.36%</u>	<u>4.63%</u>	<u>4.74%</u>	<u>4.77%</u>

**Source:** District records

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

<u>June 30, 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>
\$ -	\$ -	\$ -	\$ 163,000	\$ -	\$ 236,135
8,275,000	6,113,000	-	-	-	-
(8,459,066)	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
888,505	899,804	84,531	324,286	14,387	383,268
(988,505)	(899,804)	(84,531)	(324,286)	(14,387)	(383,268)
<u>(284,066)</u>	<u>6,113,000</u>	<u>-</u>	<u>163,000</u>	<u>-</u>	<u>236,135</u>
<u>\$ (3,267,092)</u>	<u>\$ 2,809,126</u>	<u>\$ 1,378,608</u>	<u>\$ (1,185,643)</u>	<u>\$ (2,021,530)</u>	<u>\$ (11,800,217)</u>
<u>5.35%</u>	<u>4.21%</u>	<u>4.26%</u>	<u>4.37%</u>	<u>4.52%</u>	<u>4.65%</u>

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

<b>Description</b>	<b>June 30, 2013</b>	<b>June 30, 2012</b>	<b>June 30, 2011</b>	<b>June 30, 2010</b>
Sale of energy	\$ 3,990	\$ 17,085	\$ 18,360	\$ -
Receipts from athletic fund	-	-	-	-
Grant	-	31,628	44,149	-
Facility charge	263,317	267,470	254,889	227,401
Prior year insurance refunds	-	-	-	-
Prior year miscellaneous refunds	97,937	66,826	39,582	8,026
Sponsorship	27,250	27,950	30,950	23,950
Sale of assets	-	17,982	18,093	-
Tuition	6,813	20,698	19,600	24,968
Transportation fees	-	-	8,840	-
Interest	17,625	13,824	16,406	24,997
Cancellation of prior year checks	-	-	-	-
Shared services	26,233	38,939	11,141	-
Miscellaneous	2,110	2,940	3,535	7,960
<b>Total other local revenue</b>	<b>\$ 445,275</b>	<b>\$ 505,342</b>	<b>\$ 465,545</b>	<b>\$ 317,302</b>

**Source:** District Records

<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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
194,755	174,099	241,444	147,550	126,675	126,456
-	10,071	-	-	77,233	92,797
31,991	26,232	6,455	7,310	45,410	16,008
22,000	23,650	3,000	22,100	-	-
-	-	-	-	-	-
68,967	23,075	36,343	33,833	-	-
-	-	1,947	9,792	-	-
195,946	483,240	466,095	263,278	-	-
-	-	7,271	-	-	-
-	-	-	-	-	-
5,769	4,270	5,679	5,084	1,180	4,731
<u>\$ 519,428</u>	<u>\$ 744,637</u>	<u>\$ 768,234</u>	<u>\$ 488,947</u>	<u>\$ 250,498</u>	<u>\$ 239,992</u>

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

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<b>Fiscal Year Ended June 30,</b>	<b>Vacant Land</b>	<b>Residential</b>	<b>Farm Reg.</b>	<b>Qualified Farm</b>	<b>Commercial</b>	<b>Industrial</b>
2004	65,608,100	1,439,899,400	1,997,900	15,300	290,703,100	3,080,100
2005	128,139,000	3,540,957,600	1,008,800	3,200	636,902,500	7,047,700
2006	137,653,400	3,557,304,600	1,008,800	3,200	646,551,200	7,047,700
2007	115,614,800	3,647,007,700	1,008,800	3,200	657,156,600	-
2008	108,809,100	3,701,801,300	1,008,800	3,200	650,095,600	-
2009	99,774,500	3,731,125,700	1,008,800	3,200	653,898,600	-
2010	94,206,500	3,405,982,600	864,200	3,000	646,389,100	-
2011	93,051,700	3,418,789,500	864,200	3,000	626,100,600	-
2012	88,166,100	3,427,805,400	864,200	3,000	613,228,750	-
2013	83,425,400	3,425,911,290	1,196,900	4,800	596,484,760	-

**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

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<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Less : Tax Exempt Property</u>	<u>Public Utilities <sup>a</sup></u>	<u>Net Valuation Taxable</u>	<u>Estimated Actual (County Equalized) Value</u>	<u>Total Direct School Tax Rate <sup>b</sup></u>
80,062,700	1,881,366,600	-	2,595,697	1,883,962,297	3,178,708,458	2.315
194,035,400	4,508,094,200	-	4,230,419	4,512,324,619	3,704,615,768	1.016
192,513,400	4,542,082,300	-	3,737,125	4,545,819,425	4,751,591,624	1.065
174,312,600	4,595,103,700	-	3,370,995	4,598,474,695	5,440,101,338	1.105
174,312,600	4,636,030,600	-	3,335,276	4,639,365,876	5,821,430,884	1.105
174,312,600	4,660,123,400	-	4,425,876	4,664,549,276	5,622,766,306	1.121
167,082,500	4,314,527,900	-	5,730,952	4,320,258,852	5,535,729,615	1.263
157,266,300	4,296,075,300	-	4,068,768	4,300,144,068	5,118,942,495	1.305
157,266,300	4,287,333,750	-	4,391,570	4,291,725,320	4,803,080,497	1.331
157,243,600	4,264,266,750	-	4,531,727	4,268,798,477	4,566,355,552	1.362

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

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<b>Fiscal Year Ended June 30,</b>	<b>Vacant Land</b>	<b>Residential</b>	<b>Farm Reg.</b>	<b>Qualified Farm</b>	<b>Commercial</b>	<b>Industrial</b>
2004	1,233,400	66,488,300	-	-	3,576,000	-
2005	1,233,400	66,770,000	-	-	3,576,000	-
2006	1,233,400	67,834,400	-	-	3,576,000	-
2007	1,233,400	68,026,900	-	-	3,598,900	-
2008	3,823,600	191,110,900	-	-	9,058,600	-
2009	3,523,600	191,079,900	-	-	9,058,600	-
2010	3,083,600	190,882,000	-	-	8,278,600	-
2011	2,366,900	147,663,700	-	-	6,483,900	-
2012	2,366,900	147,928,700	-	-	6,483,900	-
2013	6,686,800	142,559,600	-	-	4,571,400	-

**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

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<b>Apartment</b>	<b>Total Assessed Value</b>	<b>Less : Tax Exempt Property</b>	<b>Public Utilities <sup>a</sup></b>	<b>Net Valuation Taxable</b>	<b>Estimated Actual (County Equalized) Value</b>	<b>Total Direct School Tax Rate <sup>b</sup></b>
263,400	71,561,100	-	60,715	71,621,815	84,719,953	0.419
263,400	71,842,800	-	48,774	71,891,574	98,997,671	0.417
263,400	72,907,200	-	31,547	72,938,747	137,889,910	0.412
263,400	73,122,600	-	24,272	73,146,872	179,473,339	0.410
803,200	204,796,300	-	68,604	204,864,904	187,038,594	0.410
803,200	204,465,300	-	72,171	204,537,471	172,470,574	0.146
753,200	202,997,400	-	91,363	203,088,763	194,726,874	0.871
587,300	157,101,800	-	77,150	157,178,950	195,940,278	1.320
587,300	157,366,800	-	63,558	157,430,358	181,236,975	1.390
587,300	154,405,100	-	86,745	154,491,845	154,450,686	1.331

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

**Township of Ocean**

Fiscal Year Ended June 30,	Township of Ocean Board of Education Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct School Tax Rate	Township of Ocean	Monmouth County	
2004	2.173	0.142	2.315	0.564	0.642	3.521
2005	1.041	0.065	1.106	0.346	0.250	1.702
2006	1.002	0.063	1.065	0.296	0.313	1.674
2007	1.043	0.062	1.105	0.308	0.320	1.733
2008	1.058	0.047	1.105	0.308	0.320	1.733
2009	1.064	0.057	1.121	0.355	0.323	1.799
2010	1.200	0.063	1.263	0.428	0.350	2.041
2011	1.238	0.067	1.305	0.446	0.331	2.082
2012	1.261	0.070	1.331	0.456	0.324	2.111
2013	1.292	0.070	1.362	0.470	0.323	2.155

**Village of Loch Arbour**

Fiscal Year Ended June 30,	Township of Ocean Board of Education Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct School Tax Rate	Village of Loch Arbour	Monmouth County	
2004	0.393	0.026	0.419	0.550	0.441	1.410
2005	0.392	0.025	0.417	0.573	0.464	1.454
2006	0.388	0.024	0.412	0.595	0.569	1.576
2007	0.392	0.018	0.410	0.665	0.614	1.689
2008	0.392	0.018	0.410	0.614	0.665	1.689
2009	0.138	0.008	0.146	0.242	0.234	0.622
2010	0.827	0.044	0.871	0.280	0.260	1.411
2011	1.251	0.069	1.320	0.407	0.350	2.077
2012	1.318	0.072	1.390	0.404	0.335	2.129
2013	1.262	0.069	1.331	0.403	0.298	2.032

**Source:** Borough Tax Collector

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

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

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

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

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

	<b>2013</b>	
	<b>Taxable Assessed Value</b>	<b>% of Total District Net Assessed Value</b>
Individual Taxpayer #1	\$ 3,802,800	2.46%
Individual Taxpayer #2	3,262,400	2.11%
Individual Taxpayer #3	2,341,800	1.52%
Individual Taxpayer #4	2,216,700	1.43%
Individual Taxpayer #5	2,131,900	1.38%
Individual Taxpayer #6	2,112,200	1.37%
Individual Taxpayer #7	2,097,800	1.36%
Individual Taxpayer #8	1,907,100	1.23%
Individual Taxpayer #9	1,888,200	1.22%
Individual Taxpayer #10	1,859,600	1.20%
<b>TOTAL</b>	<b>\$ 23,620,500</b>	<b>15.28%</b>

	<b>2005</b>	
	<b>Taxable Assessed Value</b>	<b>% of Total District Net Assessed Value</b>
Individual Taxpayer #1	\$ 1,574,100	2.16%
Individual Taxpayer #2	1,295,900	1.78%
Individual Taxpayer #3	1,185,600	1.63%
Individual Taxpayer #4	1,120,700	1.54%
Individual Taxpayer #5	1,047,200	1.44%
Individual Taxpayer #6	1,035,800	1.42%
Individual Taxpayer #7	1,019,200	1.40%
Individual Taxpayer #8	919,000	1.26%
601 Main Street LLC	899,400	1.23%
Individual Taxpayer #9	840,200	1.15%
<b>TOTAL</b>	<b>\$ 10,937,100</b>	<b>15.01%</b>

**Source:** Municipal Tax Assessor

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

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

	<b>2013</b>	
	<b>Taxable Assessed Value</b>	<b>% of Total District Net Assessed Value</b>
Seaview Square LLC c/o Linque Management	\$ 53,000,000	1.24%
Woodshire Apartments	48,393,500	1.13%
Ocean Seniors, LLC	23,987,300	0.56%
Westwood Oaks Associates	23,107,100	0.54%
Cold Indian Springs Corp	20,046,600	0.47%
Gold Enterprises c/o Salem Management	19,200,000	0.45%
Continental Land Developers, LLC	16,453,000	0.39%
Hollywood Golf Club	15,398,300	0.36%
Sears, Roebuck & Co.	14,097,900	0.33%
Sunset Arcadia Center, Inc.	11,970,000	0.28%
<b>TOTAL</b>	<b>\$ 245,653,700</b>	<b>5.75%</b>

	<b>2005</b>	
	<b>Taxable Assessed Value</b>	<b>% of Total District Net Assessed Value</b>
Seaview Square, LLC	\$ 100,000,000	2.20%
Woodshire Apartments	58,681,000	1.29%
Continental Land Development	30,778,600	0.68%
Ocean Seniors, LLC	23,987,300	0.53%
Sears, Roebuck & Co.	22,517,600	0.50%
Cold Indian Spring Corp.	20,897,500	0.46%
Gold Enterprises	18,487,500	0.41%
Westwood Oaks Associates	17,792,500	0.39%
Sunset Arcadia Center, Inc.	16,842,300	0.37%
Hollywood Golf Club	15,561,200	0.34%
<b>TOTAL</b>	<b>\$ 325,545,500</b>	<b>7.17%</b>

**Source:** Municipal Tax Assessor

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

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

**Township of Ocean**

Year Ended December 31,	Total Tax Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	\$ 65,625,858	\$ 64,506,190	98.29%	\$ 846,089
2004	69,049,665	68,000,796	98.48%	617,171
2005	73,725,327	73,122,126	99.18%	583,553
2006	79,255,476	78,085,541	98.52%	1,157,835
2007	82,714,716	81,708,783	98.78%	992,470
2008	86,385,299	85,283,363	98.72%	1,066,022
2009	88,023,874	86,814,442	98.63%	1,044,535
2010	90,987,168	89,327,065	98.18%	1,386,583
2011	92,386,823	91,065,596	98.57%	N/A
2012	N/A	N/A	N/A	N/A

**Village of Loch Arbour**

Year Ended December 31,	Total Tax Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	\$ 980,146	\$ 975,176	99.49%	N/A
2004	1,013,569	1,013,569	100.00%	N/A
2005	1,053,140	1,053,140	100.00%	N/A
2006	1,151,600	1,151,600	100.00%	N/A
2007	1,238,269	1,238,269	100.00%	N/A
2008	1,274,429	1,270,795	99.71%	N/A
2009	1,967,082	1,942,606	98.76%	N/A
2010	2,860,628	2,719,254	95.06%	N/A
2011	3,271,441	3,239,446	99.02%	N/A
2012	3,353,454	3,242,957	96.70%	N/A

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

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

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

Year Ended June 30,	Governmental Activities		Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases	Capital Leases				
2004	\$ 28,232,000	\$ 739,785	\$ -	\$ 28,971,785	2.19%	1,038	
2005	26,807,000	-	-	26,807,000	1.95%	957	
2006	25,222,000	148,721	-	25,370,721	1.68%	904	
2007	23,497,000	120,784	-	23,617,784	1.44%	829	
2008	27,745,000	90,151	-	27,835,151	1.65%	977	
2009	25,217,000	56,561	-	25,273,561	1.59%	888	
2010	22,797,000	19,729	-	22,816,729	1.46%	829	
2011	20,310,000	-	-	20,310,000	N/A	738	
2012	17,700,000	123,561	-	17,823,561	N/A	N/A	
2013	15,055,000	97,909	-	15,152,909	N/A	N/A	

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

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

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

**Township of Ocean**

<b>Year Ended June 30,</b>	<b>General Obligation Bonds</b>	<b>Deductions</b>	<b>Net General Bonded Debt Outstanding</b>	<b>Percentage of Actual Taxable Value of Property <sup>a</sup></b>	<b>Net Bonded Debt Per Capita <sup>b</sup></b>
2004	\$ 27,499,329	\$ -	\$ 27,499,329	1.46%	995.34
2005	26,085,762	-	26,085,762	0.58%	940.16
2006	24,510,740	-	24,510,740	0.54%	882.03
2007	22,746,506	-	22,746,506	0.49%	806.07
2008	26,912,650	-	26,912,650	0.58%	954.28
2009	24,420,143	-	24,420,143	0.52%	865.84
2010	22,076,615	-	22,076,615	0.51%	808.25
2011	19,630,574	-	19,630,574	0.46%	718.57
2012	17,047,401	-	17,047,401	0.40%	N/A
2013	14,513,020	-	14,513,020	0.34%	N/A

**Village of Loch Arbour**

<b>Year Ended June 30,</b>	<b>General Obligation Bonds</b>	<b>Deductions</b>	<b>Net General Bonded Debt Outstanding</b>	<b>Percentage of Actual Taxable Value of Property <sup>a</sup></b>	<b>Net Bonded Debt Per Capita <sup>b</sup></b>
2004	\$ 732,671	\$ -	\$ 732,671	1.02%	2,598.12
2005	721,238	-	721,238	1.00%	2,575.85
2006	711,260	-	711,260	0.98%	2,567.73
2007	750,494	-	750,494	1.03%	2,729.07
2008	832,350	-	832,350	0.41%	3,037.77
2009	796,857	-	796,857	0.39%	2,918.89
2010	720,385	-	720,385	0.35%	3,713.32
2011	679,426	-	679,426	0.43%	3,502.20
2012	652,599	-	652,599	0.41%	N/A
2013	541,980	-	541,980	0.35%	N/A

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

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

**a** See Exhibit J-6 for property tax data

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Direct and Overlapping Government Activities Debt**  
**For the Year Ended December 31, 2012**  
*Unaudited*

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Ocean	\$ 31,808,324	100.000%	\$ 31,808,324
Village of Loch Arbour	1,101,291	100.000%	1,101,291
Monmouth County General Obligation Debt	459,980,959	4.263%	19,608,988
Other debt			-
Subtotal overlapping debt			52,518,603
Township of Ocean Board of Education Direct Debt			15,055,000
Total Direct and Overlapping Debt			<u>\$ 67,573,603</u>

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

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

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

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

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**Legal Debt Margin Calculation for Fiscal Year 2012**

Equalized valuation basis  
2013  
2012  
2011

Average equalized valuation of taxable property

Debt limit (4% of average equalization value)

Total Net Debt Applicable to Limit

Legal debt margin

	<b>Fiscal Year</b>			
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Debt limit	\$ 200,266,753	\$ 213,728,756	\$ 204,231,014	\$ 233,788,839
Total net debt applicable to limit	<u>17,656,880</u>	<u>17,700,000</u>	<u>20,310,000</u>	<u>22,979,000</u>
Legal debt margin	<u>\$ 182,609,873</u>	<u>\$ 196,028,756</u>	<u>\$ 183,921,014</u>	<u>\$ 210,809,839</u>
Total net debt applicable to the limit as a percentage of debt limit	8.82%	8.28%	9.94%	9.83%

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

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

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

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\$ 4,720,806,238  
 4,984,317,472  
 5,314,882,773  
\$ 15,020,006,483

\$ 5,006,668,828

200,266,753 <sup>a</sup>  
 17,656,880  
\$ 182,609,873

Fiscal Year					
2009	2008	2007	2006	2005	2004
\$ 232,310,414	\$ 220,233,676	\$ 190,838,595	\$ 159,420,312	\$ 131,045,645	\$ 105,694,523
25,217,000	27,745,000	23,497,000	25,222,000	26,807,000	28,232,000
<u>\$ 207,093,414</u>	<u>\$ 192,488,676</u>	<u>\$ 167,341,595</u>	<u>\$ 134,198,312</u>	<u>\$ 104,238,645</u>	<u>\$ 77,462,523</u>
10.85%	12.60%	12.31%	15.82%	20.46%	26.71%

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

**Township of Ocean**

<b>Year</b>	<b>Population <sup>a</sup></b>	<b>Personal Income <sup>b</sup></b>	<b>Per Capita Personal Income <sup>c</sup></b>	<b>Unemployment Rate <sup>d</sup></b>
2004	27,628	1,308,848,872	47,374	3.90%
2005	27,746	1,364,243,074	49,169	3.50%
2006	27,789	1,492,713,924	53,716	3.50%
2007	28,219	1,627,954,110	57,690	3.40%
2008	28,202	1,673,337,468	59,334	4.50%
2009	28,204	1,572,767,856	55,764	8.30%
2010	27,314	1,555,668,870	56,955	8.40%
2011	27,319	N/A	N/A	8.80%
2012	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A

**Village of Loch Arbour**

<b>Year</b>	<b>Population <sup>a</sup></b>	<b>Personal Income <sup>b</sup></b>	<b>Per Capita Personal Income <sup>c</sup></b>	<b>Unemployment Rate <sup>d</sup></b>
2004	282	13,359,468	47,374	3.70%
2005	280	13,767,320	49,169	6.20%
2006	277	14,879,332	53,716	6.30%
2007	275	15,864,750	57,690	5.70%
2008	274	16,257,516	59,334	7.40%
2009	273	15,223,572	55,764	11.90%
2010	194	11,049,270	56,955	12.00%
2011	194	N/A	N/A	12.10%
2012	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A

**Sources:**

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

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

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

**TOWNSHIP OF OCEAN**

	<u>2013</u>		<u>2005</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>
<u>Employer</u>				

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

**VILLAGE OF LOCH ARBOUR**

	<u>2013</u>		<u>2005</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>
<u>Employer</u>				

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

**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.

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

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

**Source:** District records

**Note:** Schedule does not contain ten years of information as GASB 44 was implemented during the fiscal year ending June 30, 2005.

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

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Operating Statistics**  
**Last Ten Fiscal Years**  
*Unaudited*

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<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures <sup>a</sup></u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff <sup>b</sup></u>
2004	4,461	\$ 53,223,680	11,931	5.98%	404
2005	4,458	56,430,520	12,658	6.09%	418
2006	4,386	60,570,193	13,810	9.10%	361
2007	4,339	63,915,014	14,730	6.66%	358
2008	4,233	66,365,984	15,678	6.44%	364
2009	4,170	66,559,974	15,962	1.81%	369
2010	4,106	68,780,460	16,751	4.94%	370
2011	4,010	67,113,135	16,736	-0.09%	358
2012	3,931	68,799,854	17,502	4.58%	358
2013	3,852	71,901,004	18,666	6.65%	375

**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)

<b>Pupil/Teacher Ratio</b>			<b>Average Daily Enrollment (ADE) <sup>c</sup></b>	<b>Average Daily Attendance (ADA) <sup>c</sup></b>	<b>% Change in Average Daily Enrollment</b>	<b>Student Attendance Percentage</b>
<b>Elementary</b>	<b>Middle School</b>	<b>Senior High School</b>				
13.4:1	12.3:1	11.6:1	4,461	4,274	0.97%	95.81%
13.1:1	11.3:1	11.9:1	4,456	4,278	-0.11%	96.01%
12.3:1	11.6:1	12.4:1	4,372	4,179	-1.89%	95.59%
12.7:1	11.3:1	12.4:1	4,312	4,119	-1.37%	95.52%
12.3:1	10.6:1	12.0:1	4,232	4,051	-1.86%	95.72%
11.7:1	10.5:1	11.7:1	4,158	3,980	-1.75%	95.72%
11.3:1	10.6:1	11.5:1	4,076	3,905	-1.97%	95.80%
11.6:1	10.4:1	11.7:1	3,942	3,821	-3.29%	96.93%
11.3:1	10.2:1	11.6:1	3,935	3,777	-0.18%	95.98%
11.3:1	9.8:1	11.3:1	3,811	3,645	-3.15%	95.64%

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

	2013	2012	2011	2010
<b><u>District Building</u></b>				
<b>Elementary</b>				
Wanamassa Elementary School				
Square feet	59,580	59,580	59,580	59,580
Capacity (students)	477	477	477	477
Enrollment	342	371	383	410
Ocean Township Elementary School				
Square feet	76,160	76,160	76,160	76,160
Capacity (students)	609	609	609	609
Enrollment	440	459	473	446
Wayside Elementary School				
Square feet	147,375	147,375	147,375	147,375
Capacity (students)	713	713	713	713
Enrollment	602	581	591	608
<b>Middle School</b>				
Ocean Township Intermediate School				
Square feet	257,400	257,400	257,400	257,400
Capacity (students)	1,951	1,951	1,951	1,951
Enrollment	1,230	1,284	1,284	1,323
<b>High School</b>				
Ocean Township High School				
Square feet	200,215	200,215	200,215	200,215
Capacity (students)	1,326	1,326	1,326	1,326
Enrollment	1,238	1,236	1,279	1,319

**Number of Schools at June 30, 2013**

Elementary = 3  
Middle = 1  
High = 1

**Source:** District records.

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

2009	2008	2007	2006	2005	2004
59,580	59,580	59,580	59,580	59,580	43,080
477	477	477	477	477	345
371	372	369	369	386	483
76,160	76,160	76,160	76,160	76,160	72,160
609	609	609	609	609	577
461	469	477	466	506	619
147,375	147,375	147,375	147,375	147,375	147,375
713	713	713	713	713	713
658	677	680	702	720	868
257,400	257,400	257,400	257,400	257,400	192,400
1,951	1,951	1,951	1,951	1,951	1,459
1,314	1,292	1,363	1,412	1,424	1,106
200,215	200,215	200,215	200,215	200,215	200,215
1,326	1,326	1,326	1,326	1,326	1,326
1,366	1,423	1,450	1,410	1,430	1,377

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

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

	<b>Gross</b>				
	<b>Square Footage</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>School facilities</b>					
Ocean Township Elementary School	76,160	\$ 93,120	\$ 94,390	\$ 93,678	\$ 81,679
Ocean Township High School	200,215	305,615	391,314	319,582	307,507
Ocean Township Intermediate School	257,400	376,229	305,409	291,724	259,333
Wanamassa Elementary School	59,580	69,039	83,580	80,522	74,366
Wayside Elementary School	147,375	156,815	154,798	136,485	152,552
<b>Total School Facilities</b>		<u>1,000,818</u>	<u>1,029,491</u>	<u>921,991</u>	<u>875,437</u>
<b>Grand Total</b>		<u>\$ 1,000,818</u>	<u>\$ 1,029,491</u>	<u>\$ 921,991</u>	<u>\$ 875,437</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.

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<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 92,484	\$ 95,160	\$ 108,159	\$ 122,998	\$ 74,010	\$ 83,199
294,898	257,241	238,305	324,152	227,661	209,613
331,928	300,467	272,087	320,662	260,259	177,630
114,077	133,480	71,059	74,600	74,569	55,716
159,307	168,952	149,424	182,212	128,170	140,556
<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>\$ 992,694</u>	<u>\$ 955,300</u>	<u>\$ 839,034</u>	<u>\$ 1,024,624</u>	<u>\$ 764,669</u>	<u>\$ 666,714</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Insurance Schedule**  
**June 30, 2013**  
**Unaudited**

	<b>Coverage</b>	<b>Deductible</b>
<b>Commercial Property - Monmouth Ocean Counties Shared Services Insurance Fund</b>		
<b>Property</b>		
Blanket real and personal property, per occurrence	\$ 400,000,000	\$ 5,000
Blanket building and personal property	50,000,000	5,000
Blanket valuable papers and records	10,000,000	5,000
Demolition and increased cost of construction, per occurrence	10,000,000	
Fire department service charge	10,000	
Arson rewards	10,000	
Pollutant cleanup and removal	250,000	
Flood		
Zone (SFHA) A & V, per occurrence, per building/building contents	10,000,000	500,000
NJSBAIG annual aggregate	10,000,000	
Accounts receivable, per occurrence	250,000	
All other zones, per occurrence/NJSBAIG annual aggregate	50,000,000	10,000
Earthquake, per occurrence/NJSBAIG annual aggregate	50,000,000	
Terrorism, per occurrence/NJSBAIG annual aggregate	1,000,000	
<b>Electronic Data Processing</b>		
Blanket hardware/software, per occurrence	1,750,000	1,000
Coverage extensions:		
Transit	25,000	
Loss of income	10,000	
Flood, per occurrence	1,000,000	
Zones A & V, per building content		500,000
All other flood zones, per member/per occurrence		10,000
<b>Equipment Breakdown</b>		
Combined single limit per accident for property damage and business income	100,000,000	5,000
Sublimits:		
Off premises property damage	100,000	
Extra expense	10,000,000	
Service interruption	10,000,000	
Perishable goods	500,000	
Data restoration	100,000	
Contingent business income	100,000	
Demolition	1,000,000	
Ordinance or law	1,000,000	
Expediting expenses	500,000	
Hazardous substances	500,000	
Newly acquired locations - 120 days notice	250,000	
<b>Crime</b>		
Public employee dishonesty with faithful performance	1,000,000	1,000
Theft, Disappearance and destruction - loss of money & security on or off premises	25,000	500
Forgery & alteration	250,000	1,000
Computer fraud	1,000,000	1,000
Public officials bond - Board Treasurer	200,000	1,000
<b>Comprehensive General Liability</b>		
Bodily injury and property damage, combined single limit	11,000,000	
Bodily injury from products and completed operations, annual aggregate	11,000,000	
Sexual abuse		
Per occurrence	11,000,000	
Annual pool aggregate	17,000,000	
Personal injury and advertising injury, per occurrence/annual aggregate	11,000,000	
Employee benefits liability, per occurrence/annual aggregate	11,000,000	1,000
Premises medical payments		
Per accident	10,000	
Limit per person	5,000	
Terrorism, per occurrence/NJSBAIG annual aggregate	1,000,000	

(continued)

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Insurance Schedule**  
**June 30, 2013**  
**Unaudited**

	<u>Coverage</u>	<u>Deductible</u>
<b><u>Commercial Property - Monmouth Ocean Counties Shared Services Insurance Fund (continued)</u></b>		
<b><u>Automobile, Liability</u></b>		
Any auto, combined single limit for bodily injury and property damage, per accident	\$ 11,000,000	
Uninsured/underinsured motorists		
Symbol 6, Private passenger auto, combined single limit	1,000,000	
Symbol 6, All other vehicles		
Bodily injury per person	15,000	
Bodily injury per accident	30,000	
Property damage per accident	5,000	
Symbol 5, Personal injury protection (including pedestrians)	250,000	
Medical payments, private passenger vehicles	10,000	
All other vehicles	5,000	
Terrorism, per occurrence/NJSBAIG annual aggregate	1,000,000	
<b><u>Automobile, Physical Damage, Scheduled Vehicles Only</u></b>		
Symbol 7, Comprehensive		\$ 1,000
Symbol 7, Collision		1,000
Symbol 7, Hired car physical damage, \$75,000 limit		1,000
<b><u>Environmental Impairment Liability - ACE American Insurance Company (NJSBAIG)</u></b>		
Limits of Liability, per "pollution condition"		
Each school district	2,000,000	
Aggregate, all "pollution conditions"	11,000,000	
Self-insured retention per "pollution condition"	10,000	
<b><u>Workers Compensation - Monmouth Ocean Counties Shared Services Insurance Fund</u></b>		
Coverage A - Statutory		
Limits of liability:		
Bodily injury by accident, each accident	2,000,000	
Bodily injury by disease, each employee	2,000,000	
Bodily injury by disease, aggregate limit	2,000,000	
<b><u>School Leaders Errors and Omission - Monmouth Ocean Counties Shared Services Insurance Fund</u></b>		
Coverage A		
Limit of liability, each policy period, retro date July 1, 1986	11,000,000	
Each Claim		15,000
Coverage B, Retro Date July 1, 1986		
Limit of liability, each claim	100,000	15,000
Limit of liability, each policy period	300,000	
<b><u>School Time Compulsory Student Accident - Markel Insurance Co</u></b>		
Base plan maximum, full excess including interscholastic sports and football	1,000,000	
Excess medical	5,000,000	
Deductible		25,000
Accidental death dismemberment	20,000	
Catastrophic injury	500,000	
Volunteer workers	25,000	
<b><u>Bond -The Hartford Insurance Group</u></b>		
Kenneth Jannarone, BA/BS	3,000	
<b><u>Bond - NJSBAIG</u></b>		
Stephen Gallagher, Treasurer of School Monies	337,000	1,000

(continued)

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Insurance Schedule**  
**June 30, 2013**  
*Unaudited*

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	<u>Coverage</u>	<u>Deductible</u>
<b><u>Student Accident - Berkley Life and Health Insurance Co.</u></b>		
Aggregate limit of liability, per covered accident, accidental death and dismemberment	\$ 25,000	
Accidental Death and Dismemberment		
Class 1, School Coverage	10,000	
Class 2, Sports Coverage	10,000	
Class 3, Supervised and Sponsored Activities	10,000	
Total Benefit Maximum for all Accident Medical		
Class 1, School Coverage	25,000	
Class 2, Sports Coverage	25,000	
Class 3, Supervised and Sponsored Activities	25,000	

## **SINGLE AUDIT SECTION**

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

**Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ocean Township School District, in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the Ocean Township School District's basic financial statements, and have issued our report dated November 8, 2013.

**Internal Control Over Financial Reporting**

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

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

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


### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

  
SMOLIN, LUPIN & CO.,LLC  
Certified Public Accountants

  
Laura DiTommaso  
Licensed Public School Accountant  
License #CS00164

Red Bank, New Jersey  
November 8, 2013

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

**Independent Auditor's Report**

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

**Report on Compliance for each Major Federal and State Program**

We have audited the Ocean Township School District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey OMB Circular Letter 04-04 State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Ocean Township School District's major federal and state programs for the fiscal year ended June 30, 2013. The Ocean Township School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Ocean Township School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education,

State of New Jersey, U.S. OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB Circular Letter 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Ocean Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

#### ***Opinion on Each Major Federal and State Program***

In our opinion, the Ocean Township School District, in the County of Monmouth, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2013.

#### **Report on Internal Control Over Compliance**

Management of the Ocean Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the Ocean Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Ocean Township School District's internal control over compliance.

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

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

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

*Smolin, Lupin & Co., LLC*

SMOLIN, LUPIN & CO., LLC  
Certified Public Accountants

*Laura DiTommaso*

Laura DiTommaso  
Licensed Public School Accountant  
License #CS00164

Red Bank, New Jersey  
November 8, 2013

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**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2013**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2012	
				From	To	Deferred Revenue (Accts. Rec.)	Due to Grantor
<b>U.S. Department of Education</b>							
General Fund:							
Education Jobs Fund	84.410A	ARRA	\$ 840	7/1/12	9/30/12	\$ -	\$ -
Medical Assistance Program (SEMI)	93.778	N/A	122,299	7/1/12	6/30/13	-	-
Total General Fund						-	-
<b>U.S. Department of Education</b>							
<b>Passed-through State Department of Education:</b>							
Special Revenue Fund:							
Title I, Part A, Improving Basic Skills	84.010A	NCLB-13	431,070	9/1/12	8/31/13	-	-
Title I, Part A, Improving Basic Skills	84.010A	NCLB-12	481,318	9/1/11	8/31/12	(139,401)	-
Title II, Part A, Teacher and Principal Training and Recruiting	84.281A	NCLB-13	89,103	9/1/12	8/31/13	-	-
Title II, Part A, Teacher and Principal Training and Recruiting	84.281A	NCLB-12	106,637	9/1/11	8/31/12	(41,907)	-
Title IIIA, English Language Enhancement	84.294	NCLB-13	50,664	9/1/12	8/31/13	-	-
Title IIIA, English Language Enhancement	84.294	NCLB-12	45,195	9/1/11	8/31/12	(15,833)	-
Title IIIA, Immigrant	84.294	NCLB-12	21,470	9/1/11	8/31/12	(2,956)	-
Title IIIA, Immigrant	84.294	NCLB-13	24,863	9/1/12	8/31/13	-	-
IDEA, Part B	84.027	FT-13	1,009,749	9/1/12	8/31/13	-	-
IDEA, Part B	84.027	FT-12	990,333	9/1/11	8/31/12	(269,299)	-
IDEA, Preschool	84.173	PS-13	42,484	9/1/12	8/31/13	-	-
IDEA, Preschool	84.173	PS-12	42,219	9/1/11	8/31/12	(8,342)	-
Race to the Top	89.395A	N/A	38,332	9/1/12	8/31/13	-	-
Total Special Revenue Fund						(477,738)	-
<b>U.S. Department of Agriculture</b>							
<b>Passed-through State Department of Education:</b>							
Enterprise Fund:							
Food Distribution Program	10.550	N/A	58,347	7/1/12	6/30/13	-	-
Food Distribution Program	10.550	N/A	64,490	7/1/11	6/30/12	7,828	-
School Breakfast Program	10.553	N/A	22,613	7/1/12	6/30/13	-	-
School Breakfast Program	10.553	N/A	10,775	7/1/11	6/30/12	(774)	-
National School Lunch Program	10.555	N/A	329,202	7/1/12	6/30/13	-	-
National School Lunch Program	10.555	N/A	345,125	7/1/11	6/30/12	(16,174)	-
Special Milk Program	10.556	N/A	655	7/1/12	6/30/13	-	-
Special Milk Program	10.556	N/A	669	7/1/11	6/30/12	(72)	-
Total Enterprise Fund						(9,192)	-
<b>Total Federal Awards</b>						\$ (486,930)	\$ -

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

Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2013		
					Accounts Receivable	Deferred Revenue	Due to Grantor
\$ -	\$ -	\$ (840)	\$ -	\$ -	\$ (840)	\$ -	\$ -
-	122,299	(122,299)	-	-	-	-	-
-	122,299	(123,139)	-	-	(840)	-	-
18,393	292,571	(449,463)	-	-	(156,892)	-	-
(18,393)	147,752	(8,351)	-	-	-	-	-
4,774	42,251	(90,261)	-	-	(48,010)	-	-
(4,774)	44,445	(2,538)	-	-	-	-	-
-	30,270	(50,664)	-	-	(20,394)	-	-
-	17,694	(1,861)	-	-	-	-	-
(2,089)	5,104	(2,148)	-	-	-	-	-
2,089	21,627	(26,952)	-	-	(5,325)	-	-
15,938	801,262	(977,085)	-	-	(175,823)	-	-
(15,938)	271,110	(17,749)	15,938	-	-	-	-
1,563	33,568	(43,014)	-	-	(9,446)	-	-
(1,563)	8,342	-	-	-	-	-	-
-	23,332	(23,332)	-	-	-	-	-
-	1,739,328	(1,693,418)	15,938	-	(415,890)	-	-
-	53,163	(58,347)	-	-	-	5,184	-
-	-	(7,828)	-	-	-	-	-
-	20,384	(22,613)	-	-	(2,229)	-	-
-	774	-	-	-	-	-	-
-	308,018	(329,202)	-	-	(21,184)	-	-
-	16,174	-	-	-	-	-	-
-	589	(655)	-	-	(66)	-	-
-	72	-	-	-	-	-	-
-	399,174	(418,645)	-	-	(23,479)	5,184	-
\$ -	\$ 2,260,801	\$ (2,235,202)	\$ 15,938	\$ -	\$ (440,209)	\$ 5,184	\$ -

**OCEAN TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2013**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2012		Carryover/ (Walkover) Amount
					Deferred Revenue (Accts. Rec.)	Due to Grantor	
			From	To			
<b>State Department of Education</b>							
General Fund:							
Categorical Special Education Aid	13-495-034-5120-089	\$ 2,313,911	7/1/12	6/30/13	\$ -	\$ -	\$ -
Categorical Security Aid	13-495-034-5120-084	413,194	7/1/12	6/30/13	-	-	-
Adjustment Aid	13-495-034-5120-085	3,548,167	7/1/12	6/30/13	-	-	-
Categorical Transportation Aid	13-495-034-5120-014	1,343,242	7/1/12	6/30/13	-	-	-
Extraordinary Special Education Costs Aid	13-495-034-5120-473	287,717	7/1/12	6/30/13	-	-	-
Nonpublic Transportation Cost Aid	13-100-034-5120-068	30,368	7/1/12	6/30/13	-	-	-
Reimbursed TPAF Social Security Contributions	13-495-034-5095-002	2,304,043	7/1/12	6/30/13	-	-	-
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	2,169,792	7/1/11	6/30/12	(105,086)	-	-
On behalf TPAF Pension and Post Retirement	13-495-034-5095-006	4,206,678	7/1/12	6/30/13	-	-	-
Total General Fund					(105,086)	-	-
Special Revenue Fund:							
NJ Nonpublic Aid:							
Textbook Aid	13-100-034-5120-064	37,782	7/1/12	6/30/13	-	-	-
Textbook Aid	12-100-034-5120-064	36,171	7/1/11	6/30/12	-	1,964	-
Nursing	13-100-034-5120-070	52,437	7/1/12	6/30/13	-	-	-
Nursing	12-100-034-5120-070	51,667	7/1/11	6/30/12	-	285	-
Technology	13-100-034-5120-373	13,945	7/1/12	6/30/13	-	-	-
Auxiliary Services:							
Compensatory Education	13-100-034-5120-067	201,495	7/1/12	6/30/13	-	-	-
Home Instruction	13-100-034-5120-067	204	7/1/12	6/30/13	-	-	-
Home Instruction	12-100-034-5120-067	430	7/1/11	6/30/12	(430)	-	-
Handicapped Services:							
Examination and Classification	13-100-034-5120-066	116,589	7/1/12	6/30/13	-	-	-
Examination and Classification	12-100-034-5120-066	133,339	7/1/11	6/30/12	-	14,536	-
Corrective Speech	13-100-034-5120-066	41,404	7/1/12	6/30/13	-	-	-
Corrective Speech	12-100-034-5120-066	44,232	7/1/11	6/30/12	-	1,580	-
Supplemental Instruction	13-100-034-5120-066	82,567	7/1/12	6/30/13	-	-	-
Total Special Revenue Fund					(430)	18,365	-
Debt Service Fund:							
Debt Service Aid- Type II	13-495-034-5120-017	186,930	7/1/12	6/30/13	-	-	-
<b>State Department of Agriculture</b>							
Enterprise Fund:							
National School Lunch Program (State share)	13-100-010-3350-023	10,067	7/1/12	6/30/13	-	-	-
National School Lunch Program (State share)	12-100-010-3350-023	11,670	7/1/11	6/30/12	-	-	-
Total Enterprise Fund					-	-	-
<b>Total State Financial Assistance</b>					<b>\$ (105,516)</b>	<b>\$ 18,365</b>	<b>\$ -</b>

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

Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2013			Memo	
			Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
\$ 2,082,520	\$ (2,313,911)	\$ -	\$ -	\$ -	\$ -	\$ 231,391	\$ 2,313,911
371,875	(413,194)	-	-	-	-	41,319	413,194
2,210,081	(3,548,167)	-	-	-	-	1,338,086	3,548,167
1,208,918	(1,343,242)	-	-	-	-	134,324	1,343,242
-	(287,717)	-	-	-	-	287,717	287,717
-	(30,368)	-	-	-	-	30,368	30,368
2,199,062	(2,304,043)	-	(104,981)	-	-	-	2,304,043
105,086	-	-	-	-	-	-	-
4,206,678	(4,206,678)	-	-	-	-	-	4,206,678
12,384,220	(14,447,320)	-	(104,981)	-	-	2,063,205	14,447,320
37,782	(35,535)	-	-	-	2,247	-	35,535
-	-	1,964	-	-	-	-	-
52,437	(50,342)	-	-	-	2,095	-	50,342
-	-	285	-	-	-	-	-
13,945	(13,603)	-	-	-	342	-	13,603
-	-	-	-	-	-	-	-
201,495	(194,807)	-	-	-	6,688	-	194,807
-	(204)	-	(204)	-	-	-	204
430	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
116,589	(99,879)	-	-	-	16,710	-	99,879
-	-	14,536	-	-	-	-	-
41,404	(35,154)	-	-	-	6,250	-	35,154
-	-	1,580	-	-	-	-	-
82,567	(78,404)	-	-	-	4,163	-	78,404
546,649	(507,928)	18,365	(204)	-	38,495	-	507,928
186,930	(186,930)	-	-	-	-	-	186,930
9,433	(10,067)	-	634	-	-	-	-
11,141	(11,670)	-	(529)	-	-	-	-
20,574	(21,737)	-	105	-	-	-	-
\$ 13,138,373	\$ (15,163,915)	\$ 18,365	\$ (105,080)	\$ -	\$ 38,495	\$ 2,063,205	\$ 15,142,178

**Ocean Township School District  
Notes to Schedules of Expenditures of  
Federal Awards and State Financial Assistance  
June 30, 2013**

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**NOTE 1. GENERAL**

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

**NOTE 2. BASIS OF ACCOUNTING**

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

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$46,735 for the general fund and \$46,798 for the special revenue fund. See C-3 (Notes to the Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as presented below:

**Ocean Township School District  
Notes to Schedules of Expenditures of  
Federal Awards and State Financial Assistance  
June 30, 2013**

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**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (continued)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 123,139	\$ 14,494,055	\$ 14,617,194
Special Revenue Fund	1,740,219	546,423	2,286,642
Capital Projects Fund	-	-	-
Debt Service Fund	-	186,930	186,930
Food Service Fund	410,817	9,962	420,779
	<u>          </u>	<u>          </u>	<u>          </u>
Total Awards and Assistance	<u>\$ 2,274,175</u>	<u>\$ 15,237,370</u>	<u>\$ 17,511,545</u>

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5. OTHER**

Revenues and expenditures reported under the food distribution program represent current year value received and current year distributions, respectively. The amount reported as TPAF pension contributions represent the amount paid by the State on behalf of the District for the year ended June 30, 2013. TPAF social security contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2013.

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2013 amounted to \$4,206,678.

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

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

**NOTE 7. ADJUSTMENTS**

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

**OCEAN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

***Part I – Summary of Auditor's Results***

**Financial Statements**

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

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

**Federal Awards**

Internal Control over major programs:

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

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

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

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010A</u>	<u>NCLB Title I, Part A</u>
<u>84.027</u>	<u>IDEA, Part B</u>
<u>10.555</u>	<u>National School Lunch Program</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

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

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

### **State Financial Assistance**

**OCEAN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(continued)**

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**Part II – Schedule of Financial Statement Findings**

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

None were reported.

**OCEAN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(continued)**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal awards and state financial assistance programs, as required by U.S. OMB Circular A-133 and New Jersey OMB's Circular Letter 04-04.

No matters were reported.

**OCEAN TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
As Prepared by Management  
For the Fiscal Year Ended June 30, 2013**

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

**STATUS OF PRIOR-YEAR FINDINGS**

There were no prior-year audit findings for the fiscal year ended June 30, 2012 that we are required to report on.