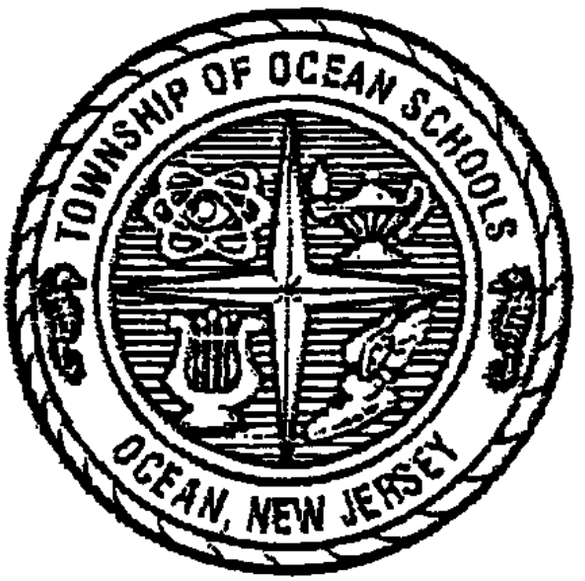
# TOWNSHIP OF OCEAN
# SCHOOL DISTRICT




TOWNSHIP OF OCEAN
BOARD OF EDUCATION
OAKHURST, NEW JERSEY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

# COMPREHENSIVE ANNUAL FINANCIAL REPORT
# OF THE TOWNSHIP OF OCEAN BOARD OF EDUCATION
# FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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TOWNSHIP OF OCEAN SCHOOL DISTRICT

KENNETH JANNARONE
SCHOOL BUSINESS ADMINISTRATOR

October 8, 2010

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

Dear Board Members:

The comprehensive annual financial report (CAFR) of the Township of Ocean School District (District) for the fiscal year ended June 30, 2010, is hereby submitted. This CAFR includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards, Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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



163 MONMOUTH ROAD, OAKHURST, N.J. 07755 • (732) 531-5600 EXT 3100 • FAX (732) 531-3874 • EMAIL: KJANNARONE@OCEAN.K12.NJ.US

**1) REPORTING ENTITY AND ITS SERVICES:** Township of Ocean School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds of the District are included in this report. The Township of Ocean Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2009-2010 fiscal year with an enrollment of 4,106 students, which is 64 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years.

STUDENT ENROLLMENT

| Fiscal Year | Student Enrollment | Percent Change |
|---|---|---|
| 2009-2010 | 4,106 | <1.535%> |
| 2008-2009 | 4,170 | <1.497%> |
| 2007-2008 | 4,233 | <2.443%> |
| 2006-2007 | 4,339 | <1.077%> |
| 2005-2006 | 4,386 | <1.620%> |

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

**3) MAJOR INITIATIVES**: The Township of Ocean Schools continues to meet the educational needs of all students. Our technology initiatives have progressed incrementally with our teacher laptop distribution now extending pr-k through 8 and the high school distribution slated for 2011-2012. Smartboards, Elmos, and data projectors continue to be added to classrooms, computer labs, and school libraries.

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

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

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

**5) BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balances at June 30, 2010.

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

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

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

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

**10) ACKNOWLEDGEMENTS**:

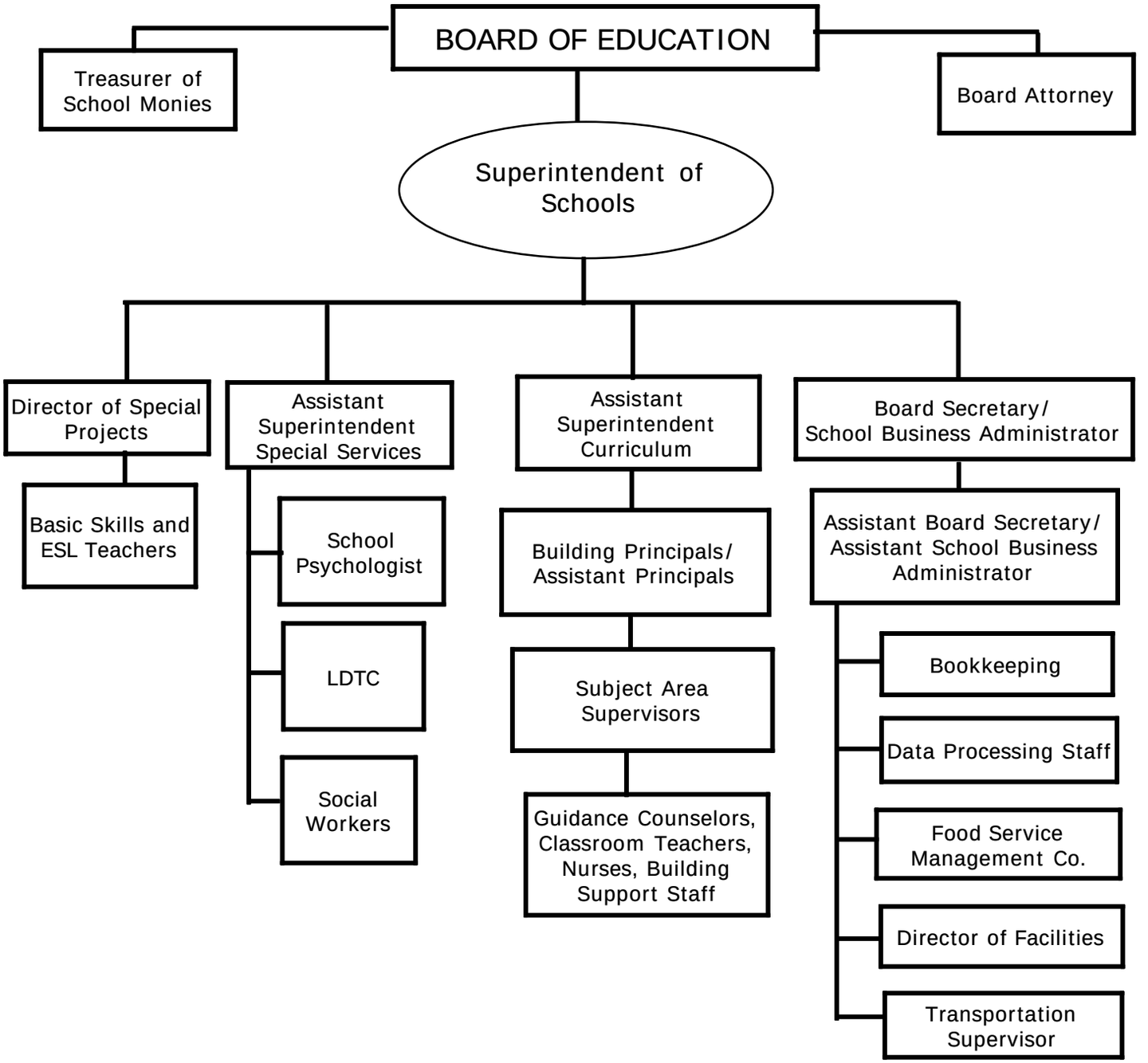
We would like to express our appreciation to the members of the Township of Ocean School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.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

Respectfully submitted,

John Lysko
Superintendent of Schools

Kenneth Jannarone
School Business Administrator

Township of Ocean School District
Organizational Chart



# TOWNSHIP OF OCEAN BOARD OF EDUCATION
# OAKHURST, NEW JERSEY

## ROSTER OF OFFICIALS
## JUNE 30, 2010

| Members of the Board of Education | Term Expires |
|---|---|
| Angela Hollis Finch, President | 2013 |
| Denise Parlamas, Vice President | 2012 |
| Sean Moore | 2013 |
| Sylvia Sylvia | 2013 |
| Michael Beson | 2012 |
| Anne Marie Sparaco | 2012 |
| Leslie Dorsett | 2011 |
| Janet Surmonte | 2011 |
| Joseph Hadden | 2011 |

Maria Goodwin – Student Representative

Kevin Smock – Student Representative

Other Officials

John Lysko, Superintendent (effective July 1, 2010)

Thomas M. Pagano, Superintendent (through June 30, 2010)

Kenneth Jannarone, Board Secretary/School Business Administrator

George Stone, Assistant School Business Administrator

Stephen Gallagher, Treasurer

Michael J. Gross, Esq., Board Attorney

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

# TOWNSHIP OF OCEAN BOARD OF EDUCATION
# OAKHURST, NEW JERSEY

CONSULTANTS AND ADVISORS
JUNE 30, 2010

---

## Board Attorney

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

## Board Auditor

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

## Official Depository

Sovereign Bank
Monmouth Road
Oakhurst, NJ 07755

# FINANCIAL SECTION

PADUANO,
DITOMMASO
& GOLDA, LLC

*Certified Public Accountants and Consultants*

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Township of Ocean School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Ocean Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Township of Ocean Board of Education, in the County of Monmouth, State of New Jersey, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2010 on our consideration of the Township of Ocean Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.



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

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

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

Paduano, DiTommaso & Golda, LLC
October 8, 2010

Certified Public Accountant
Licensed Public School Accountant #CS00164

# REQUIRED SUPPLEMENTARY INFORMATION

# PART I

The management's discussion and analysis of the Township of Ocean School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic annual financial statements and notes to enhance their understanding of the School District's financial performance. Certain comparative information between the current fiscal year (2009-2010) and the prior fiscal year (2008-2009) is presented in the Management's Discussion and Analysis.

## Financial Highlights

Key financial highlights for 2010 are as follows:

- In total, net assets decreased $201,999, which represents a 1 percent decrease from 2009.
- General revenues accounted for $63,379,200 in revenue or 88 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for $8,573,432 or 12 percent of total revenues of $71,952,632.
- Total assets of governmental activities decreased by $2,029,938 as cash and cash equivalents decreased by $1,445,690, receivables increased by $120,919 and net capital assets decreased by $705,167. The decrease in net capital assets represents depreciation net of the completed construction for the Wanamassa Boiler and the TOIS Piping/HVAC project which was completed in September 2009.
- The School District had $72,154,631 in expenses; only $8,573,432 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of $63,279,200 were adequate to provide for these programs.
- Among major funds, the General Fund had $64,583,645 in revenues and $66,624,525 in expenditures. The General Fund's balance decreased $2,328,846 from 2009.
- Fund Balance for the General Fund as of the fiscal year end was $4,772,928. The undesignated portion of surplus was $1,843,857. Based on our calculation of excess surplus, the maximum of undesignated fund balance (2%) is $1,419,588. The excess $424,269 must be utilized for tax relief in the succeeding year's budget.
- The revenues for operating grants and contributions were recorded as an offset to expenses in this current year rather than as a general revenue on Schedule A-2.

## Using this Comprehensive Annual Financial Report (CAFR)

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

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

## Reporting the School District as a Whole

### Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2010?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- Governmental activities - All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

- Business-type activities - This service is provided on a charge for goods or services basis to recover the expense of the goods or services provided. The Food Service fund is reported as a business activity.

## Reporting the School District's Most Significant Funds

### Fund Financial Statements

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

## Governmental Funds

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

## Proprietary Funds

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

## Long Term Debt

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

## Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 31 to 48 of this report.

## The School District as a Whole

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

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

Table 1 provides a summary of the School District's net assets for 2010 and 2009.

Table 1
Net Assets

| | 2010 | 2009 |
|---|---|---|
| Assets | | |
| Current and other assets | $ 5,961,063 | $ 7,264,369 |
| Capital assets | 40,599,355 | 41,319,451 |
| Total Assets | 46,560,418 | 48,583,820 |
| Liabilities | | |
| Long-term liabilities | 22,266,443 | 25,221,992 |
| Other liabilities | 5,534,002 | 4,399,856 |
| Total Liabilities | 27,800,445 | 29,621,848 |
| Net Assets | | |
| Invested in capital assets, net of debt | 17,782,626 | 16,045,890 |
| Restricted | 3,534,807 | 5,976,604 |
| Unrestricted | (2,557,460) | (3,060,522) |
| Total Net Assets | $ 18,759,973 | $ 18,961,972 |

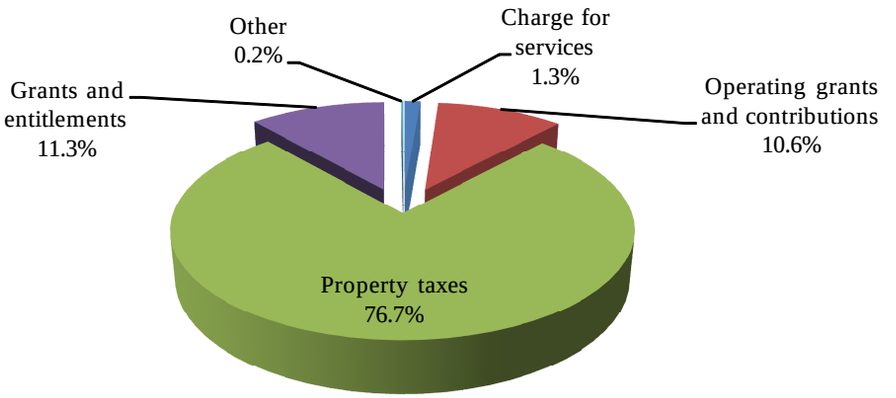
The District's combined net assets of $18,759,973 on June 30, 2010 results in a decrease of 1 percent from the prior year.

Table 2 shows the changes in net assets for fiscal year 2010 and 2009.

Table 2
Change In Net Assets

| | 2010 | 2009 |
|---|---|---|
| **Revenues** | | |
| Program revenues: | | |
| Charge for services | $ 962,441 | $ 1,002,755 |
| Operating grants and contributions | 7,610,991 | 7,318,050 |
| General revenues: | | |
| Property taxes | 55,163,243 | 52,928,037 |
| Grants and entitlements | 8,105,252 | 9,334,996 |
| Other | 110,705 | 284,895 |
| Total revenues | 71,952,632 | 70,868,733 |
| **Program Expenses** | | |
| Instruction | 41,074,186 | 39,952,493 |
| Support services: | | |
| Pupils and instructional staff | 11,769,167 | 11,236,106 |
| General and school administration and business services | 6,074,049 | 5,752,839 |
| Operations and maintenance of facilities | 6,924,274 | 7,338,569 |
| Pupil transportation | 3,918,662 | 3,913,472 |
| Interest on debt | 1,007,071 | 1,308,884 |
| Food service | 1,141,723 | 1,132,607 |
| Other | 245,499 | 206,231 |
| Total expenses | 72,154,631 | 70,841,201 |
| **Increase in Net Assets** | $ (201,999) | $ 27,532 |

SOURCES OF REVENUES FOR FISCAL YEAR 2010

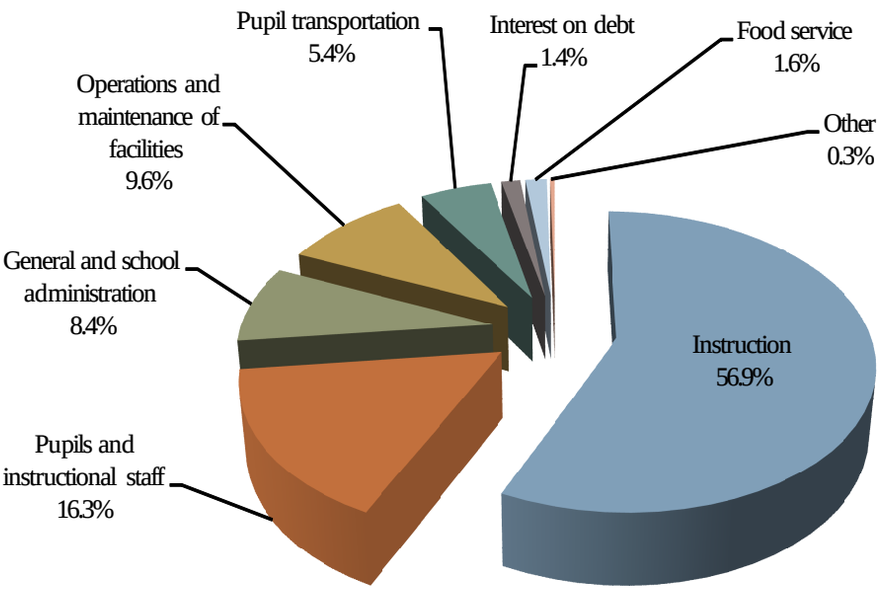


## Governmental Activities

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 Township of Ocean School District for fiscal year 2010 and 75 percent for fiscal year 2009. Property tax revenues increased by $2,235,206, which is a 4 percent increase over the prior year. The increase was needed to fund the additional expenditures associated with higher operating costs and no increase in state aid. Federal and state grants accounted for another 11 percent of revenues.

Total expenses for the fiscal year were $72,154,631.

EXPENSES FOR THE FISCAL YEAR 2010




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

Business-type Activities are shown above. Revenues for the Food Service Fund totaled $1,101,582 which were comprised of charges for services in the amount of $710,072 and federal and state reimbursements in the amount of $391,510. Total operating expenses totaled $1,141,723.

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

Table 3

| | Total Cost of Services 2010 | Net Cost of Services 2010 | Total Cost of Services 2009 | Net Cost of Services 2009 |
|---|---|---|---|---|
| Instruction | $ 41,074,186 | $ 35,949,466 | $ 39,952,493 | $ 34,963,765 |
| Support services: | | | | |
| Pupils and instructional staff | 11,769,167 | 10,717,323 | 11,236,106 | 10,244,241 |
| General and school administration and business services | 6,074,049 | 5,543,038 | 5,752,839 | 5,265,692 |
| Operations and maintenance of facilities | 6,924,274 | 6,503,197 | 7,338,569 | 6,966,384 |
| Pupil transportation | 3,918,662 | 3,793,842 | 3,913,472 | 3,798,673 |
| Interest and fiscal charges | 1,007,071 | 788,693 | 1,308,884 | 1,053,943 |
| Other | 245,499 | 245,499 | 206,231 | 191,056 |
| Total expenses | $ 71,012,908 | $ 63,541,058 | $ 69,708,594 | $ 62,483,754 |

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

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

## The School District's Funds

Information about the School District's governmental funds starts on page 23. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $70,805,334 and expenditures of $73,334,462. The net change in fund balance for the year was most significant in the General Fund, a decrease of $2,328,846. 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.

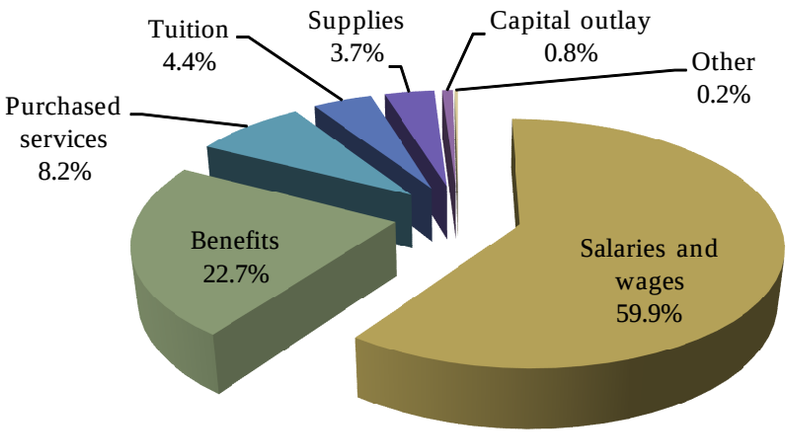



Table 4
Expenditures by Object for the Fiscal Year Ended June 30,

| | 2010 | 2009 | % Change |
|---|---|---|---|
| Salaries and wages | $ 39,896,595 | $ 38,526,252 | 3.56% |
| Benefits | 15,146,095 | 14,278,209 | 6.08% |
| Purchased services | 5,475,695 | 5,625,568 | -2.66% |
| Tuition | 2,936,248 | 2,770,279 | 5.99% |
| Supplies | 2,484,521 | 2,785,515 | -10.81% |
| Capital outlay | 533,548 | 907,672 | -41.22% |
| Other | 151,823 | 142,374 | 6.64% |
| Total | $ 66,624,525 | $ 65,035,869 | 2.44% |

Expenditures are up $1,588,656 or 2.44 percent over the prior year mostly due to salary increases and increased health benefit costs.

## General Fund Budgeting Highlights

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

During the course of the fiscal 2010 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Revisions in the budget were made to recognize revenues and expenditures that were not anticipated and to prevent over expenditures in specific expense accounts. Significant revisions are noted below.

- Unallocated benefits increased due to a 25% rate increase to the NJ State health Benefits and a large amount administrative retirements.
- School and general administrative costs increased due to additional professional and other purchased services.
- Administrative information technology salaries increased due to reclassification of technology personnel from maintenance.
- There were excess funds in out of district tuition placements as several anticipated placements were brought in house or moved to a less expensive placement and reduced extra services.
- Operation and maintenance costs decreased due to decreased utility costs which were from realized energy savings as a result of completing the energy projects in our schools and from reclassing technology salaries.
- Additional funds were needed to pay tuition to charter schools as additional students were enrolled.
- Various Instructional Aide salary lines were adjusted due to employee movement.
- There were decreases in tuition in the general fund due to the implementation of IDEA ARRA funds in this fiscal year.

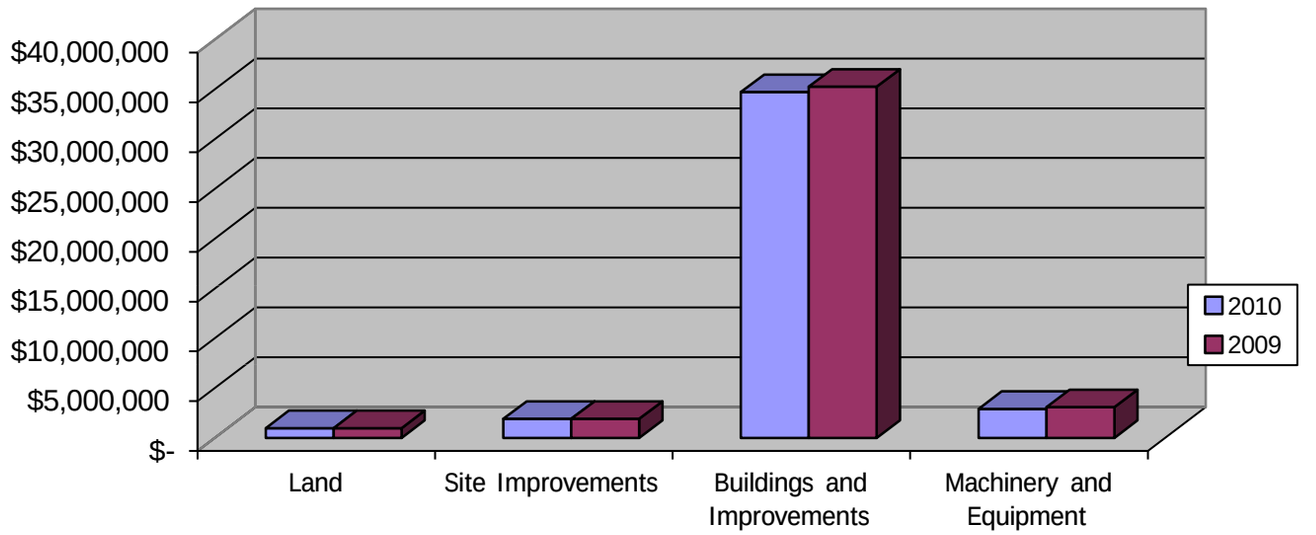
## Capital Assets

At the end of the fiscal year 2010, the School District had $40,521,965 invested in land, buildings, furniture and equipment, and vehicles. Table 5 shows fiscal 2010 balances compared to 2009.

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

| | 2010 | 2009 |
|---|---|---|
| Governmental Activities | | |
| Land | $ 984,968 | $ 984,968 |
| Site improvements | 1,910,696 | 1,910,696 |
| Buildings and improvements | 34,707,088 | 35,243,494 |
| Machinery and equipment | 2,919,213 | 3,087,976 |
| | $ 40,521,965 | $ 41,227,134 |

Capital assets decreased $705,167 from fiscal year 2009 to fiscal year 2010. 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, 2010, the School District had $24,998,436 as outstanding debt. Of this amount $2,131,707 is for compensated absences, $19,729 is for a capital lease payable at 9.25%, $50,000 is for environmental remediation and the balance of $22,797,000 is for bonds for school construction.

At June 30, 2010, the School District's overall legal debt margin was $130 million. For more detailed information, please refer to the Notes to Financial Statements.

## For the Future

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

The Township of Ocean School District's budget for 2010-2011 was defeated by vote. The contributing factors are thought to be the new tax basis for the Village of Loch Arbour and the change in the economy.

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

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

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

The School District had approved and completed two capital improvement projects in 2009 for two schools The School District has completed all other capital improvement projects in the prior year. It is one of the School District's goals and a budget priority to continue to upgrade and maintain the school facilities.

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

## Contacting the School District's Financial Management

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

# BASIC FINANCIAL STATEMENTS

# DISTRICT-WIDE FINANCIAL STATEMENTS

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

# TOWNSHIP OF OCEAN BOARD OF EDUCATION
## Statement of Net Assets
## June 30, 2010

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| ASSETS | | | |
| Cash and cash equivalents | $ 3,838,744 | $ 182,582 | $ 4,021,326 |
| Receivables, net | 149,320 | 19,143 | 168,463 |
| Inventory | - | 29,815 | 29,815 |
| Bond issuance costs | 61,567 | - | 61,567 |
| Restricted assets: | | | |
| Cash and cash equivalents | 181,522 | - | 181,522 |
| Capital reserve account - cash | 724,559 | - | 724,559 |
| Intergovernmental receivable | 773,811 | - | 773,811 |
| Capital assets, net | 40,521,965 | 77,390 | 40,599,355 |
| Total assets | 46,251,488 | 308,930 | 46,560,418 |
| LIABILITIES | | | |
| Accounts payable | 1,274,011 | 217,853 | 1,491,864 |
| Contracts payable | 567,800 | - | 567,800 |
| Bond premium | 224,771 | - | 224,771 |
| Accrued interest | 361,649 | - | 361,649 |
| Payable to state government | 134,777 | - | 134,777 |
| Deferred revenue | - | 21,148 | 21,148 |
| Noncurrent liabilities: | | | |
| Due within one year | 2,731,993 | - | 2,731,993 |
| Due beyond one year | 22,266,443 | - | 22,266,443 |
| Total liabilities | 27,561,444 | 239,001 | 27,800,445 |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 17,705,236 | 77,390 | 17,782,626 |
| Restricted for: | | | |
| Debt service | 94,782 | - | 94,782 |
| Capital projects | 811,244 | - | 811,244 |
| Other purposes | 2,628,781 | - | 2,628,781 |
| Unrestricted | (2,549,999) | (7,461) | (2,557,460) |
| Total net assets | $ 18,690,044 | $ 69,929 | $ 18,759,973 |

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

# TOWNSHIP OF OCEAN BOARD OF EDUCATION
## Statement of Activities
## For the Year Ended June 30, 2010

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Net (Expense) Revenue and Changes in Net Assets: Governmental Activities | Net (Expense) Revenue and Changes in Net Assets: Business-type Activities | Net (Expense) Revenue and Changes in Net Assets: Total |
|---|---|---|---|---|---|---|
| Governmental activities: | | | | | | |
| Instruction: | | | | | | |
| Regular | $ 30,869,776 | $ - | $ 3,846,078 | $ (27,023,698) | $ - | $ (27,023,698) |
| Special education | 6,760,065 | 24,968 | 901,200 | (5,833,897) | - | (5,833,897) |
| Other special instruction | 1,988,821 | - | 283,559 | (1,705,262) | - | (1,705,262) |
| Other instruction | 1,455,524 | - | 68,915 | (1,386,609) | - | (1,386,609) |
| Support services: | | | | | | |
| Instruction | 3,434,045 | - | - | (3,434,045) | - | (3,434,045) |
| Student and instruction related services | 8,335,122 | - | 1,051,844 | (7,283,278) | - | (7,283,278) |
| School administrative services | 3,370,056 | - | 59,280 | (3,310,776) | - | (3,310,776) |
| General administrative services | 1,146,016 | - | 377,913 | (768,103) | - | (768,103) |
| Central services | 948,110 | - | 62,435 | (885,675) | - | (885,675) |
| Administrative information technology | 609,867 | - | 31,383 | (578,484) | - | (578,484) |
| Plant operations and maintenance | 6,924,274 | 227,401 | 193,676 | (6,503,197) | - | (6,503,197) |
| Pupil transportation | 3,918,662 | - | 124,820 | (3,793,842) | - | (3,793,842) |
| Special schools | 187,863 | - | - | (187,863) | - | (187,863) |
| Charter school | 57,636 | - | - | (57,636) | - | (57,636) |
| Interest on long-term debt | 1,007,071 | - | 218,378 | (788,693) | - | (788,693) |
| | 71,012,908 | 252,369 | 7,219,481 | (63,541,058) | - | (63,541,058) |
| Business-type activities: | | | | | | |
| Food Service | 1,141,723 | 710,072 | 391,510 | - | (40,141) | (40,141) |
| Total business-type activities | 1,141,723 | 710,072 | 391,510 | - | (40,141) | (40,141) |
| Total primary government | $ 72,154,631 | $ 962,441 | $ 7,610,991 | $ (63,541,058) | $ (40,141) | $ (63,581,199) |
| General revenues: | | | | | | |
| Property Taxes Levied for: | | | | | | |
| General purposes | | | | $ 52,051,910 | $ - | $ 52,051,910 |
| Debt service | | | | 3,111,333 | - | 3,111,333 |
| Federal and State aid not restricted | | | | 8,105,252 | - | 8,105,252 |
| Investment Earnings | | | | 25,053 | - | 25,053 |
| Miscellaneous Income | | | | 85,652 | - | 85,652 |
| Total general revenues, special items, extraordinary items and transfers | | | | 63,379,200 | - | 63,379,200 |
| Change in Net Assets | | | | (161,858) | (40,141) | (201,999) |
| Net Assets—beginning | | | | 18,851,902 | 110,070 | 18,961,972 |
| Net Assets—ending | | | | $ 18,690,044 | $ 69,929 | $ 18,759,973 |

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

# FUND FINANCIAL STATEMENTS

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2010

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Cash and cash equivalents | $ 3,446,279 | $ - | $ 86,741 | $ 94,781 | $ 3,627,801 |
| Receivables, net | 23,693 | - | - | - | 23,693 |
| Due from other funds | 548,218 | - | - | - | 548,218 |
| Receivables from other governments | 125,627 | 581,211 | 192,600 | - | 899,438 |
| Restricted cash and cash equivalents | 724,559 | - | - | - | 724,559 |
| Total assets | $ 4,868,376 | $ 581,211 | $ 279,341 | $ 94,781 | $ 5,823,709 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | $ 790,672 | $ 90,872 | $ - | $ - | $ 881,544 |
| Contracts payable | 567,800 | - | - | - | 567,800 |
| Interfund payable | - | 355,562 | 192,656 | - | 548,218 |
| Payable to state government | - | 134,777 | - | - | 134,777 |
| Deferred revenue | - | - | - | - | - |
| Total liabilities | 1,358,472 | 581,211 | 192,656 | - | 2,132,339 |
| Fund balances: | | | | | |
| Reserved for: | | | | | |
| Encumbrances | 207,912 | - | 86,685 | - | 294,597 |
| Capital reserve account | 724,559 | - | - | - | 724,559 |
| Excess surplus | 424,269 | - | - | - | 424,269 |
| Excess surplus - designated for subsequent year's expenditures | 1,786,600 | - | - | - | 1,786,600 |
| Unreserved: | | | | | |
| Designated for subsequent year's expenditures | 210,000 | - | - | 94,780 | 304,780 |
| Unreserved, undesignated reported in: | | | | | |
| General fund | 156,564 | - | - | - | 156,564 |
| Special revenue fund | - | - | - | - | - |
| Debt service fund | - | - | - | 1 | 1 |
| Capital projects fund | - | - | - | - | - |
| Total fund balances | 3,509,904 | - | 86,685 | 94,781 | 3,691,370 |
| Total liabilities and fund balances | $ 4,868,376 | $ 581,211 | $ 279,341 | $ 94,781 | |

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

| | |
|---|---|
| The premiums and costs associated with the issuance of the various bonds are reflected as income and expense in the year the bonds are issued but are capitalized on the statement of net assets. The bond premium net of bond issuance costs is $201,930 and accumulated amortization is $38,724. | (163,206) |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is $65,540,158 and the accumulated depreciation is $25,018,193. | 40,521,965 |
| 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. | (25,360,085) |
| | $ 18,690,044 |

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|---|---|---|---|---|---|
| REVENUES | | | | | |
| Local sources: | | | | | |
| Local tax levy | $ 52,051,910 | $ - | $ - | $ 3,111,333 | $ 55,163,243 |
| Tuition charges | 24,968 | - | - | - | 24,968 |
| Interest earned on investments | 24,997 | - | 56 | - | 25,053 |
| Miscellaneous | 267,337 | - | - | - | 267,337 |
| Total - local sources | 52,369,212 | - | 56 | 3,111,333 | 55,480,601 |
| State sources | 12,121,153 | 580,965 | 192,600 | 218,378 | 13,113,096 |
| Federal sources | 93,280 | 2,118,357 | - | - | 2,211,637 |
| Total revenues | 64,583,645 | 2,699,322 | 192,656 | 3,329,711 | 70,805,334 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Regular instruction | 20,536,102 | 2,134,050 | - | - | 22,670,152 |
| Special education instruction | 4,781,510 | - | - | - | 4,781,510 |
| Other special instruction | 1,393,079 | - | - | - | 1,393,079 |
| Other instruction | 1,180,325 | - | - | - | 1,180,325 |
| Support services and undistributed costs: | | | | | |
| Instruction | 2,878,612 | 555,433 | - | - | 3,434,045 |
| Student and instruction related services | 6,019,791 | - | - | - | 6,019,791 |
| General administrative services | 998,428 | - | - | - | 998,428 |
| School administrative services | 2,472,397 | - | - | - | 2,472,397 |
| Central services and administrative information technology | 1,226,238 | - | - | - | 1,226,238 |
| Plant operations and maintenance | 6,078,561 | - | - | - | 6,078,561 |
| Pupil transportation | 3,134,340 | - | - | - | 3,134,340 |
| Unallocated benefits | 15,146,095 | - | - | - | 15,146,095 |
| Special schools | 187,863 | - | - | - | 187,863 |
| Transfer to charter school | 57,636 | - | - | - | 57,636 |
| Debt service: | | | | | |
| Principal | - | - | - | 2,420,000 | 2,420,000 |
| Interest and other charges | - | - | - | 1,022,430 | 1,022,430 |
| Capital outlay | 533,548 | 9,839 | 481,500 | - | 1,024,887 |
| Total expenditures | 66,624,525 | 2,699,322 | 481,500 | 3,442,430 | 73,247,777 |
| Excess (Deficiency) of revenues over expenditures | (2,040,880) | - | (288,844) | (112,719) | (2,442,443) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 934 | - | 288,900 | 207,498 | 497,332 |
| Transfers out | (288,900) | - | (208,432) | - | (497,332) |
| Total other financing sources (uses) | (287,966) | - | 80,468 | 207,498 | - |
| Net change in fund balances | (2,328,846) | - | (208,376) | 94,779 | (2,442,443) |
| Fund balance - July 1 | 5,838,750 | - | 295,061 | 2 | 6,133,813 |
| Fund balance - June 30 | $ 3,509,904 | $ - | $ 86,685 | $ 94,781 | $ 3,691,370 |

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2010

| | | |
|---|---|---|
| Total net change in fund balances - governmental funds (from B-2) | | $ (2,442,443) |
| 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 | $ (1,730,056) | |
| Capital outlays | 1,024,887 | (705,169) |
| Repayment of long-term debt, i.e. bond principal, is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. | | 2,456,832 |
| 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. | | 33,194 |
| In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in accrued interest is an addition in the reconciliation. (+) | | 27,881 |
| 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. (+) | | 467,847 |
| Change in net assets of governmental activities | | $ (161,858) |

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

# TOWNSHIP OF OCEAN BOARD OF EDUCATION
## Statement of Fund Net Assets
## Proprietary Funds
## June 30, 2010

| | Business-type Activities Enterprise Funds | Internal Service Funds |
|---|---|---|
| | Food Service Fund | Self-Insurance Activities |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | $ 182,582 | $ 392,466 |
| Other receivables | 19,143 | - |
| Inventories | 29,815 | - |
| Total current assets | 231,540 | 392,466 |
| Non-current assets: | | |
| Furniture, machinery and equipment | 471,256 | - |
| Less: accumulated depreciation | (393,866) | - |
| Total non-current assets | 77,390 | - |
| Total assets | $ 308,930 | $ 392,466 |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | $ 217,853 | $ 392,466 |
| Prepaid school lunches | 10,183 | - |
| Deferred revenue | 10,965 | - |
| Total current liabilities | 239,001 | 392,466 |
| NET ASSETS | | |
| Unrestricted | 69,929 | - |
| Total liabilities and net assets | $ 308,930 | $ 392,466 |

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2010

| | Business-type Activities Enterprise Funds | Internal Service Funds |
|---|---|---|
| | Food Service Fund | Self-Insurance Activities |
| **Operating Revenues** | | |
| Charges for services: | | |
| Daily sales - reimbursable program | $ 337,508 | $ - |
| Daily sales - non-reimbursable program | 363,022 | - |
| Special functions | 9,542 | - |
| Services provided to other funds | - | 2,102,469 |
| Total operating revenues | 710,072 | 2,102,469 |
| **Operating Expenses** | | |
| Cost of sales | 600,382 | - |
| Salaries | 348,464 | - |
| Employee benefits | 106,508 | 2,102,469 |
| Management fee | 45,000 | - |
| Insurance | 26,440 | - |
| Depreciation | 14,929 | - |
| Total operating expenses | 1,141,723 | 2,102,469 |
| Operating Income (loss) | (431,651) | - |
| **Non-operating Revenues** | | |
| State sources: | | |
| School lunch program | 15,044 | - |
| Breakfast program | 502 | - |
| Federal sources: | | |
| National school lunch program | 277,078 | - |
| Breakfast program | 6,181 | - |
| Special milk program | 1,073 | - |
| Food distribution program | 60,245 | - |
| Sodexho: | | |
| Food service guarantee | 31,387 | - |
| Total non-operating revenues | 391,510 | - |
| Change in Net Assets | (40,141) | - |
| Total Net Assets - Beginning | 110,070 | - |
| Total Net Assets - Ending | $ 69,929 | $ - |

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2010

| | Business-type Activities Enterprise Funds Food Service Fund | Internal Service Funds Self-Insurance Activities |
|---|---|---|
| Cash Flows from Operating Activities | | |
| Receipts from customers and other funds | $ 722,997 | $ 2,102,469 |
| Payments to employees | (348,464) | - |
| Payments for employee benefits | (106,508) | (2,043,089) |
| Payments to suppliers | (618,988) | - |
| Net cash provided by (used for) operating activities | (350,963) | 59,380 |
| Cash Flows from Non-capital Financing Activities | | |
| State sources | 17,183 | - |
| Federal sources | 371,065 | - |
| Net cash provided by non-capital financing activities | 388,248 | - |
| Net Increase in Cash and Cash Equivalents | 37,285 | 59,380 |
| Balance - Beginning of Year | 145,297 | 333,086 |
| Balance - End of Year | $ 182,582 | $ 392,466 |
| Reconciliation of Operating Loss to Net Cash Used for Operating Activities: | | |
| Operating loss | $ (431,651) | $ - |
| Adjustments to reconcile operating income (loss) to net cash used for operating activities | | |
| Depreciation | 14,929 | - |
| (Increase) decrease in accounts receivable, net | 2,742 | - |
| (Increase) decrease in inventories | (15,046) | - |
| Increase (decrease) in accounts payable | 63,988 | 59,380 |
| Increase/(decrease) in prepaid school lunches | 10,183 | - |
| Increase (decrease) in deferred revenue | 3,892 | - |
| Total adjustments | 80,688 | 59,380 |
| Net Cash Provided by (Used for) Operating Activities | $ (350,963) | $ 59,380 |

*Noncash noncapital financing activities:*

The Board of Education received $ 60,245 of food commodities from the US Department of Agriculture for the year ended June 30, 2010.

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

| | Unemployment Compensation Trust | Private Purpose Scholarship Fund | Agency Fund |
|---|---|---|---|
| ASSETS | | | |
| Cash and cash equivalents | $ 651,838 | $ 39,586 | $ 997,270 |
| Total Assets | 651,838 | 39,586 | $ 997,270 |
| LIABILITIES | | | |
| Payroll deductions and withholdings | 28,419 | - | $ 997,270 |
| Due to student groups | - | - | - |
| Total Liabilities | 28,419 | - | $ 997,270 |
| NET ASSETS | | | |
| Held in trust for unemployment claims and other purposes | $ 623,419 | | |
| Reserved for Scholarships | | $ 39,586 | |

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2010

| | Unemployment Compensation Trust | Private Purpose Scholarship Fund |
|---|---|---|
| ADDITIONS | | |
| Contributions: | | |
| Plan member | $ 114,204 | $ - |
| Scholarship donations | - | 55,137 |
| Total Contributions | 114,204 | 55,137 |
| Investment Earnings: | | |
| Interest | 1,608 | - |
| Net Investment Earnings | 1,608 | - |
| Total Additions | 115,812 | 55,137 |
| DEDUCTIONS | | |
| Quarterly contribution reports & assessment | 50,810 | - |
| Unemployment claims | 96,934 | - |
| Scholarships awarded | - | 15,551 |
| Total Deductions | 147,744 | 15,551 |
| Change in Net Assets | (31,932) | 39,586 |
| Net Assets - Beginning of Year | 655,351 | - |
| Net Assets - End of Year | $ 623,419 | $ 39,586 |

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

# NOTES TO THE BASIC FINANCIAL STATEMENTS

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### A. Reporting Entity

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

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

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

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

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

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

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

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

Continued

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

The District has reported the following major government funds:

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

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

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

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

The District reports the following major proprietary fund:

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

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

Continued

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Additionally, the District reports the following fiduciary fund types:

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

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

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

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

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

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

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

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

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

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

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

Continued

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets/Budgetary Control

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

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

E. Cash, Cash Equivalents and Investments

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

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

F. Interfund Receivable/Payable

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

G. Inventories

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

Inventories in the enterprise fund are expensed using the consumption method. Enterprise fund inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. At June 30, 2010, the unused Food Donation Program commodities of $10,965 are reported as deferred revenue in the enterprise fund.

Continued

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets

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

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

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2010, no material liability existed for compensated absences in the food service fund.

Continued

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Deferred Revenue

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

K. Accrued Liabilities and Long-term Obligations

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

L. Unamortized Bond Premiums, Discounts and Bond Issuance Costs

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

M. Fund Equity

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

N. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for reserve fund balance – excess surplus is a required calculation pursuant to the New Jersey Comprehensive Education Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve fund balance of the general fund at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in the subsequent years' budget. The District has excess fund balance generated during the 2010 fiscal year in the amount of $424,269 which will be designated for tax relief in 2011-2012.

O. Net Assets

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

P. Management Estimates

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

Continued

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. On-Behalf Payments

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

R. Allocation of expenses

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

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

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

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net asset – governmental activities as reported in the District-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, capital leases and compensated absences, are not due and payable in the current period and therefore are not reported in the funds. The details of this $25,360,085 difference are as follows:

| | | |
|---|---|---|
| Capital leases payable | $ | 19,729 |
| Bonds payable | | 22,797,000 |
| Accrued interest payable | | 361,649 |
| Claims and judgments | | 50,000 |
| Compensated absences | | 2,131,707 |
| Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities | $ | 25,360,085 |

NOTE 3. DEPOSITS AND INVESTMENTS

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

Continued

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Deposits

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

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

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

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

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

Operating cash, in the form of Negotiable Order of Withdrawal ("NOW") accounts, is held in the District's name by a commercial banking institution. At June 30, 2010, the carrying amount of the District's deposits was $2,600,219 and the bank balance was $3,379,452.

Based on levels of risk, $250,000 of the District's cash deposits on June 30, 2010 were secured by federal depository insurance. The remaining bank balance of $3,129,452 was covered by the New Jersey Governmental Unit Deposit Protection Act (GUDPA).

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

At June 30, 2010, 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.

Continued

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Investments

New Jersey statutes permit the District to purchase the following types of securities:

a. Bonds or other obligations of the United States or obligations guaranteed by the United States

b. Bond of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.

c. Bonds or other obligations of the School District.

d. New Jersey Cash Management Fund, New Jersey Arbitrage Rebate Management Fund and M.B.I.A. Class.

The Board of Education participates in the New Jersey Asset and Rebate Management Program which is a joint investment trust for local government units in the State of New Jersey. It was formed to make available comprehensive investment management, accounting and rebate calculation services for the issuers of tax exempt bonds and complies with all New Jersey statutes and regulations for the allowable investment of public funds. The Board participates in the joint investment account which provides a convenient method for local governments to pool funds for temporary investing. These investments consist of United States Treasury Bills and notes and other obligations guaranteed by the United States of America, Federal agency bonds and notes with a maturity not greater than 397 days, and fully collateralized repurchase agreements. The carrying amount and fair value as of June 30, 2010 was $1,664,046.

Additionally, the Board has invested in the Morgan Stanley Institutional Liquidity Funds Government Securities Portfolio (MSILF). This fund seeks preservation of capital, daily liquidity, and maximum current income. The portfolio seeks to maintain a stable net asset value of $1 per share by investing all of its assets in US Treasury obligations and US Government Securities. The fund is a money market fund in compliance with SEC rule 2a-7. At June 30, 2010, the District's balance was $86,695.

Custodial Credit Risk: Pursuant to GASB 40, the NJARM and MSILF, which are pooled investments, are exempt from custodial credit risk disclosure. The District does not have a policy for custodial credit risk.

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

Interest Rate Risk: The District does not have policy to limit interest rate risk. The weighted average maturity of the NJARM portfolio at December 31, 2009, was 55 days and MSILF at July 31, 2010, was 38 days.

Continued

NOTE 4. RECEIVABLES

Receivables at June 30, 2010, 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:

| | Governmental Fund Financial Statements | Government Wide Financial Statements |
|---|---|---|
| State Aid | $ 307,877 | $ 308,856 |
| Federal Aid | 456,784 | 474,948 |
| Other | 706,688 | 158,470 |
| Gross Receivables | 1,471,349 | 942,274 |
| Less: Allowance for Uncollectibles | - | - |
| Total Receivables, net | $ 1,471,349 | $ 942,274 |

NOTE 5. RESTRICTED ASSETS

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

NOTE 6. CAPITAL ASSETS

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2010:

| | Beginning Balance | Transfers or Additions | Transfers or Retirements | Ending Balance |
|---|---|---|---|---|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | $ 984,968 | $ - | $ - | $ 984,968 |
| Construction in progress | - | - | - | - |
| Total capital assets not being depreciated | 984,968 | - | - | 984,968 |
| Capital assets being depreciated: | | | | |
| Site improvements | 1,910,696 | - | - | 1,910,696 |
| Building and building improvements | 50,346,255 | 492,641 | - | 50,838,896 |
| Machinery and equipment | 11,528,915 | 532,246 | 255,563 | 11,805,598 |
| Totals at historical cost | 63,785,866 | 1,024,887 | 255,563 | 64,555,190 |
| Less accumulated depreciation for: | | | | |
| Building and improvements | 15,102,761 | 1,029,047 | - | 16,131,808 |
| Equipment | 8,440,939 | 701,009 | 255,563 | 8,886,385 |
| | 23,543,700 | 1,730,056 | 255,563 | 25,018,193 |
| Total capital assets being depreciated, net of accumulated depreciation | 40,242,166 | (705,169) | - | 39,536,997 |
| Government activity capital assets, net | $ 41,227,134 | $ (705,169) | $ - | $ 40,521,965 |

Continued

NOTE 6. CAPITAL ASSETS (continued)

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

| | |
|---|---|
| Instruction | $ 1,136,655 |
| General and business adminstrative services | 74,568 |
| Plant operations and maintenance | 119,602 |
| Pupil transportation | 316,359 |
| School administrative services | 82,872 |
| Total | $ 1,730,056 |

The following is a summary of the business-type capital assets for the year ended June 30, 2010:

| | Beginning Balance | Transfers or Additions | Transfers or Retirements | Ending Balance |
|---|---|---|---|---|
| Business-type activities | | | | |
| Capital assets being depreciated: | | | | |
| Equipment | $ 471,256 | $ - | $ - | $ 471,256 |
| Less accumulated depreciation | 378,937 | 14,929 | - | 393,866 |
| Enterprise fund capital assets, net | $ 92,319 | $ (14,929) | $ - | $ 77,390 |

NOTE 7. LONG-TERM LIABILITIES

Bonds Payable

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

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2011 | $ 2,485,000 | $ 914,099 | $ 3,399,099 |
| 2012 | 2,570,000 | 824,959 | 3,394,959 |
| 2013 | 2,600,000 | 733,099 | 3,333,099 |
| 2014 | 2,665,000 | 637,943 | 3,302,943 |
| 2015 | 2,730,000 | 540,715 | 3,270,715 |
| 2016 -2021 | 6,495,000 | 1,590,510 | 8,085,510 |
| 2022 - 2023 | 3,252,000 | 223,234 | 3,475,234 |
| | $ 22,797,000 | $ 5,464,559 | $ 28,261,559 |

Continued

NOTE 7. LONG-TERM LIABILITIES (continued)

Bonds Authorized But Not Issued

As of June 30, 2010, the District had no authorized but not issued bonds.

Unamortized Bond Premium

Unamortized bond premium as of June 30, 2010 and 2009 is $163,206 and $196,397, respectively.

Capital Lease Payable

The District is leasing equipment totaling $163,000 under capital leases. The capital lease is for a term of no more than five years. The following is a schedule of the future minimum lease payments under this capital lease and the present value of the net minimum lease payments at June 30, 2010:

| Year Ending June 30, | Amount |
|---|---|
| 2011 | $ 20,263 |
| Less: amount representing interest | 534 |
| Present value of net minimum lease payments | $ 19,729 |

Changes in Long-Term Liabilities

| | Balance July 1, 2009 | Increases | Decreases | Balance June 30, 2010 | Amounts Due within One Year |
|---|---|---|---|---|---|
| Compensated absences payable | $ 2,599,554 | $ 71,765 | $ 539,612 | $ 2,131,707 | $ 227,264 |
| Serial bonds payable with interest rates ranging from 4.10% to 4.875% | 25,217,000 | - | 2,420,000 | 22,797,000 | 2,485,000 |
| Capital lease payable with interest rate of 9.25% | 56,561 | - | 36,832 | 19,729 | 19,729 |
| Environmental remediation | 50,000 | - | - | 50,000 | - |
| | $ 27,923,115 | $ 71,765 | $ 2,996,444 | $ 24,998,436 | $ 2,731,993 |

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.

Continued

## NOTE 8. PENSION PLANS

### Plan Descriptions

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

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

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

### Public Employees' Retirement System (PERS)

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

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

### Funding Policy

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

Continued

NOTE 8. PENSION PLANS (continued)

Funding Policy (continued)

The Board's actuarially determined contributions to PERS for the years ended June 30, 2010, 2009 and 2008 were $601,450, $539,268 and $406,646, respectively, equal to the required contributions for each year. During the year ended June 30, 2010, the State of New Jersey contributed $1,899,551 to the TPAF for post-retirement medical benefits and normal costs of pension on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board $2,302,950 during the fiscal year ended June 30, 2010 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws of 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Laws 2007 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 84,590 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 made post-retirement (PRM) contributions of $1.38 billion for fiscal year 2009 and $3.22 million for fiscal year 2008.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid $116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in fiscal year 2009.

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

NOTE 10. RISK MANAGEMENT AND HEALTH INSURANCE

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

Property and Liability Insurance

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

Continued

## NOTE 10. 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.

### 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.

Exhibits B-4 and B-5 reflect the activity of the internal service fund.

## NOTE 11. DEFERRED COMPENSATION

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

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

Participants' rights under the plan are equal to the fair market value of the deferred account for each participant. The District has no liability for losses under the plan.

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

## NOTE 12. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2010, the interfund receivables and payables that resulted from regularly recurring operational transfers are detailed below:

| | |
|---|---|
| Due to the General Fund from the Capital Projects Fund for interest income | $ 56 |
| Due to the General Fund from the Capital Projects Fund in anticipation of State Aid | 192,600 |
| Due to the General Fund from the Special Revenue Fund to cover cash overdraft | 355,562 |
| | $ 548,218 |

Continued

NOTE 12. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (continued)

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

Interfund transfers during the year were as follows:

| | Transfers from Other Funds | Transfers to Other Funds |
|---|---|---|
| General Fund | $ 934 | $ 288,900 |
| Capital Projects | 288,900 | 208,432 |
| Debt Service | 207,498 | - |
| Proprietary Fund | - | - |
| | $ 497,332 | $ 497,332 |

The general fund transferred $288,900 from the capital reserve for approved capital projects. The District budgeted $207,498 of unused capital projects funds to the debt service account. The capital projects account transferred $878 of unspent capital projects funds back to the capital reserve fund. New Jersey statute requires that interest earned on the investments in the capital projects fund be credited to the general or debt service fund.

NOTE 13. ECONOMIC DEPENDENCY

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

NOTE 14. CONTINGENT LIABILITIES

Litigation

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

As a result of the School Funding Reform Act's (SFRA) impact on property taxes on the Village of Loch Arbour, the Village has brought suit in connection with the funding formula. Specifically, the SFRA repealed a portion of the previous funding formula which exempted the Village from the previous funding formula and established a unique tax formula for Village residents to pay to the School District. Prior to the enactment of the SFRA, the Village paid the Township approximately $330,000 per year for education costs. Under the current funding formula, the Village must now pay the Township approximately $1.9 million in education costs. The Village has currently made all applicable payments to the Township. In January 2010, the Superior Court ruled against the Village and the matter is now pending before the Appellate Division. There is no liability to the Board as a result of this litigation.

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.

Continued

## NOTE 15. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2009 to June 30, 2010 fiscal year is as follows:

| | |
|---|---|
| Beginning balance, July 1, 2009 | $ 1,010,718 |
| Interest earnings | 1,863 |
| Deposits (per approved budget) | 878 |
| Withdrawals | |
| Board resolution (per approved budget) | (288,900) |
| Ending balance, June 30, 2010 | $ 724,559 |

The June 30, 2010 LRFP balance of local support costs of uncompleted capital projects is $4,236,976.

## NOTE 16. DEFICIT FUND BALANCES

As reflected on Exhibit A-1, Statement of Net Assets, a deficit in unrestricted net assets of $2,557,460 existed as of June 30, 2010 for governmental activities. The primary cause of this deficit is the District not recognizing the receivable for the last state aid payment and the recording of the long-term liability for compensated absences. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net Assets, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net assets for governmental activities does not indicate that the District is facing financial difficulties.

## NOTE 17. FUND BALANCE APPROPRIATED

### General Fund (Exhibit B-1)

Of the $3,509,904 General Fund balance in the fund financial statements at June 30, 2010, $207,912 is reserved for encumbrances, $424,269 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7, $1,786,600 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2010; $724,559 has been reserved in the Capital Reserve Account, $210,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2010; and $156,563 is unreserved and undesignated.

### Debt Service Fund

The Debt Service Fund fund balance at June 30, 2010 of $1 is unreserved and undesignated.

Continued

## NOTE 18. SUBSEQUENT EVENT

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2010 through October 8, 2010, the date that the financial statements were issued, for possible disclosure and recognition in the financial statements. The following item occurred subsequent to June 30, 2010.

On August 24, 2010 the Board authorized application to the local finance board for approval to issue refunding bonds for all or a portion of its remaining outstanding 2002 school bonds and approved a refunding school bond ordinance of $9,500,000. The bonds to be refunded mature on or after March 1, 2013 in the amount of $8,542,000. The purpose of the issuance of the refunding school bonds is to realize interest cost savings.

## NOTE 19. ENVIRONMENTAL MATTERS

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

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

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

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

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

Based on the information compiled to date on soil and ground water for the Bus Compound, the Bus Compound ground water investigation is still ongoing and is close to completion. NJDEP has agreed to the scope for delineation and has indicated that this portion of the property would be a likely candidate for monitored natural attenuation. A remedial action report proposing natural attenuation with a Classification Exception Area for ground water contamination was submitted to the NJDEP on November 29, 2007. Remedial investigation reports were submitted on July 8, 2008 and December 2, 2009. As a result of those reports, the NJDEP held that although those reports satisfied the requirements of their June 2, 2008 Notice of Deficiency, an additional deficiency had been identified related to a receptor evaluation concerning vapor intrusion. Further sampling is required to determine if a vapor intrusion risk exists in certain areas of the property. The Board of Education has reflected $50,000 as a liability in the General Long-term Debt account group to provide for these estimated costs and any additional costs that may be incurred.

# REQUIRED SUPPLEMENTARY INFORMATION

# PART II

# BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|---|---|---|---|---|
| REVENUES: | | | | | |
| Local sources: | | | | | |
| Local tax levy | $ 52,051,910 | $ - | $ 52,051,910 | $ 52,051,910 | $ - |
| Tuition | 15,000 | - | 15,000 | 24,968 | 9,968 |
| Interest on investments | 150,000 | - | 150,000 | 23,134 | (126,866) |
| Capital reserve interest | 5,000 | - | 5,000 | 1,863 | (3,137) |
| Miscellaneous | 55,000 | - | 55,000 | 39,936 | (15,064) |
| Rental fee | 170,000 | - | 170,000 | 227,401 | 57,401 |
| Total - local sources | 52,446,910 | - | 52,446,910 | 52,369,212 | (77,698) |
| State sources: | | | | | |
| Categorical special education aid | 2,241,059 | - | 2,241,059 | 2,241,059 | - |
| Categorical security aid | 369,930 | - | 369,930 | 369,930 | - |
| Adjustment aid | 5,960,022 | - | 5,960,022 | 3,874,014 | (2,086,008) |
| Categorical transportation aid | 1,277,805 | - | 1,277,805 | 1,269,193 | (8,612) |
| Adult education aid | - | - | - | 29,400 | 29,400 |
| Extraordinary aid | 121,589 | - | 121,589 | 251,543 | 129,954 |
| Aid in lieu adjustment | - | - | - | 35,536 | 35,536 |
| On-behalf TPAF pension contributions (non-budgeted) | - | - | - | 1,899,551 | 1,899,551 |
| Reimbursed TPAF social security contributions (non-budgeted) | - | - | - | 2,308,950 | 2,308,950 |
| Total - state sources | 9,970,405 | - | 9,970,405 | 12,279,176 | 2,308,771 |
| Federal sources: | | | | | |
| Medical assistance program | 24,397 | - | 24,397 | 93,280 | 68,883 |
| Total - federal sources | 24,397 | - | 24,397 | 93,280 | 68,883 |
| Total revenues | 62,441,712 | - | 62,441,712 | 64,741,668 | 2,299,956 |
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE: | | | | | |
| Regular programs - instruction: | | | | | |
| Salaries of teachers: | | | | | |
| Preschool/kindergarten | 506,293 | - | 506,293 | 502,471 | 3,822 |
| Grades 1-5 | 6,818,192 | 22,898 | 6,841,090 | 6,807,947 | 33,143 |
| Grades 6-8 | 4,656,968 | 46,045 | 4,703,013 | 4,638,459 | 64,554 |
| Grades 9-12 | 6,963,011 | (58,010) | 6,905,001 | 6,821,460 | 83,541 |
| Regular programs - home instruction: | | | | | |
| Salaries of teachers | 46,500 | (12,500) | 34,000 | 33,365 | 635 |
| Purchased professional-educational services | 30,000 | 17,500 | 47,500 | 47,013 | 487 |
| Regular programs - undistributed instruction: | | | | | |
| Other salaries for instruction | 153,290 | 2,176 | 155,466 | 154,417 | 1,049 |
| Purchased professional-educational services | 10,500 | (1,250) | 9,250 | 5,945 | 3,305 |
| Purchased technical services | 167,946 | 14,870 | 182,816 | 182,069 | 747 |
| Other purchased services (400 - 500 series) | 56,438 | (3,600) | 52,838 | 24,235 | 28,603 |
| General supplies | 1,197,341 | (9,548) | 1,187,793 | 1,030,528 | 157,265 |
| Textbooks | 352,446 | (5,750) | 346,696 | 280,476 | 66,220 |
| Other objects | 11,595 | 3,900 | 15,495 | 7,717 | 7,778 |
| Total regular programs | 20,970,520 | 16,731 | 20,987,251 | 20,536,102 | 451,149 |

(Continued)

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|---|---|---|---|---|
| Special education - instruction: | | | | | |
| Learning and/or language disabilities: | | | | | |
| Salaries of teachers | $ 934,723 | $ 1,925 | $ 936,648 | $ 911,691 | $ 24,957 |
| Other salaries for instruction | 322,430 | 5,749 | 328,179 | 321,794 | 6,385 |
| General supplies | 9,006 | 990 | 9,996 | 9,126 | 870 |
| Textbooks | 4,400 | (150) | 4,250 | 4,065 | 185 |
| Total learning and/or language disabilities | 1,270,559 | 8,514 | 1,279,073 | 1,246,676 | 32,397 |
| Behavioral disabilities: | | | | | |
| Salaries of teachers | 369,140 | - | 369,140 | 368,140 | 1,000 |
| Other salaries for instruction | 45,183 | (15,258) | 29,925 | 10,637 | 19,288 |
| General supplies | 1,603 | (70) | 1,533 | 1,450 | 83 |
| Textbooks | 1,000 | 210 | 1,210 | 1,197 | 13 |
| Total behavioral disabilities | 416,926 | (15,118) | 401,808 | 381,424 | 20,384 |
| Multiple disabilities: | | | | | |
| Salaries of teachers | 206,865 | - | 206,865 | 203,345 | 3,520 |
| Other salaries for instruction | 108,858 | 36,188 | 145,046 | 136,254 | 8,792 |
| General supplies | 4,016 | - | 4,016 | 2,929 | 1,087 |
| Textbooks | 1,500 | (220) | 1,280 | 878 | 402 |
| Total multiple disabilities | 321,239 | 35,968 | 357,207 | 343,406 | 13,801 |
| Resource room: | | | | | |
| Salaries of teachers | 2,312,963 | 12,469 | 2,325,432 | 2,270,601 | 54,831 |
| General supplies | 9,815 | - | 9,815 | 9,049 | 766 |
| Textbooks | 4,840 | 420 | 5,260 | 4,359 | 901 |
| Total resource room | 2,327,618 | 12,889 | 2,340,507 | 2,284,009 | 56,498 |
| Preschool disabilities - part-time: | | | | | |
| Salaries of teachers | 360,025 | 1,155 | 361,180 | 360,988 | 192 |
| Other salaries for instruction | 161,042 | 2,096 | 163,138 | 160,138 | 3,000 |
| General supplies | 5,000 | (750) | 4,250 | 4,147 | 103 |
| Textbooks | - | 750 | 750 | 722 | 28 |
| Total preschool disabilities - part-time | 526,067 | 3,251 | 529,318 | 525,995 | 3,323 |
| Total special education - instruction | 4,862,409 | 45,504 | 4,907,913 | 4,781,510 | 126,403 |
| Basic skills/remedial - instruction: | | | | | |
| Salaries of teachers | 843,722 | (55,725) | 787,997 | 702,833 | 85,164 |
| Other salaries for instruction | 17,709 | - | 17,709 | 17,708 | 1 |
| Other purchased services (400 - 500 series) | - | 365 | 365 | 365 | - |
| General supplies | 13,508 | 684 | 14,192 | 12,908 | 1,284 |
| Textbooks | 2,538 | (338) | 2,200 | 700 | 1,500 |
| Total basic skills/remedial - instruction | 877,477 | (55,014) | 822,463 | 734,514 | 87,949 |

(Continued)

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|---|---|---|---|---|
| Bilingual education - instruction: | | | | | |
| Salaries of teachers | $ 652,690 | $ - | $ 652,690 | $ 652,690 | $ - |
| Purchased professional-educational services | - | 2,000 | 2,000 | 1,842 | 158 |
| Other purchased services (400 - 500 series) | 170 | 100 | 270 | 189 | 81 |
| General supplies | 5,155 | (100) | 5,055 | 3,844 | 1,211 |
| Total bilingual education - instruction | 658,015 | 2,000 | 660,015 | 658,565 | 1,450 |
| School sponsored cocurricular activities - instruction: | | | | | |
| Salaries | 318,968 | - | 318,968 | 277,756 | 41,212 |
| Purchased services (300 - 500 series) | 30,595 | - | 30,595 | 18,500 | 12,095 |
| Supplies and materials | 11,932 | (350) | 11,582 | 6,114 | 5,468 |
| Other objects | 1,645 | - | 1,645 | 300 | 1,345 |
| Transfers to cover deficit | 5,000 | - | 5,000 | 5,000 | - |
| Total school sponsored cocurricular activities - instruction | 368,140 | (350) | 367,790 | 307,670 | 60,120 |
| School sponsored athletics - instruction: | | | | | |
| Salaries | 636,378 | (10,000) | 626,378 | 584,605 | 41,773 |
| Purchased services (300 - 500 series) | 119,740 | 16,785 | 136,525 | 135,473 | 1,052 |
| Supplies and materials | 77,925 | - | 77,925 | 75,099 | 2,826 |
| Other objects | 8,780 | - | 8,780 | 6,830 | 1,950 |
| Transfers to cover deficit | 63,000 | 10,000 | 73,000 | 70,648 | 2,352 |
| Total school sponsored athletics - instruction | 905,823 | 16,785 | 922,608 | 872,655 | 49,953 |
| Total - instruction | 28,642,384 | 25,656 | 28,668,040 | 27,891,016 | 777,024 |
| Undistributed expenditures: | | | | | |
| Instruction: | | | | | |
| Tuition to other LEAs within state - regular | 88,200 | 3,528 | 91,728 | 91,728 | - |
| Tuition to other LEAs within state - special | 231,683 | 56,472 | 288,155 | 256,367 | 31,788 |
| Tuition to county vocational school districts - regular | 472,400 | 45,000 | 517,400 | 517,139 | 261 |
| Tuition to county vocational school districts - special | 70,000 | 31,000 | 101,000 | 93,000 | 8,000 |
| Tuition to CSSD and regional day schools | 140,287 | (46,000) | 94,287 | 92,169 | 2,118 |
| Tuition to private schools for disabled within state | 2,261,639 | (422,336) | 1,839,303 | 1,768,477 | 70,826 |
| Tuition state facilities | 59,732 | - | 59,732 | 59,732 | - |
| Total undistributed expenditures - instruction | 3,323,941 | (332,336) | 2,991,605 | 2,878,612 | 112,993 |
| Attendance and social work services: | | | | | |
| Salaries | 89,030 | - | 89,030 | 89,030 | - |
| Other purchased services (400 - 500 series) | 100 | - | 100 | - | 100 |
| Supplies and materials | 200 | - | 200 | - | 200 |
| Total attendance and social work services | 89,330 | - | 89,330 | 89,030 | 300 |
| Health services: | | | | | |
| Salaries | 460,500 | (25,000) | 435,500 | 435,500 | - |
| Purchased professional and technical services | 500 | 36,243 | 36,743 | 36,243 | 500 |
| Supplies and materials | 16,057 | - | 16,057 | 13,709 | 2,348 |
| Total health services | 477,057 | 11,243 | 488,300 | 485,452 | 2,848 |

(Continued)

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|---|---|---|---|---|
| Speech, occupational therapy, physical therapy, related services: | | | | | |
| Salaries | $ 769,273 | $ 12,425 | $ 781,698 | $ 781,698 | $ - |
| Purchased professional-educational services | 208,965 | (6,000) | 202,965 | 154,847 | 48,118 |
| Supplies and materials | 4,855 | (1,180) | 3,675 | 3,442 | 233 |
| Other objects | 1,000 | - | 1,000 | 282 | 718 |
| Total speech, occupational therapy, physical therapy, related services | 984,093 | 5,245 | 989,338 | 940,269 | 49,069 |
| Other support services - students - extra services: | | | | | |
| Salaries | 137,798 | (33,842) | 103,956 | 103,956 | - |
| Total other support services - students - extra services | 137,798 | (33,842) | 103,956 | 103,956 | - |
| Other support services - guidance: | | | | | |
| Salaries of other professional staff | 1,016,747 | (1,325) | 1,015,422 | 1,014,190 | 1,232 |
| Salaries of secretarial and clerical assistants | 114,340 | - | 114,340 | 113,540 | 800 |
| Other purchased services (400 - 500 series) | 10,107 | 1,250 | 11,357 | 10,142 | 1,215 |
| Supplies and materials | 50,769 | - | 50,769 | 45,900 | 4,869 |
| Other objects | 5,975 | (1,250) | 4,725 | 4,090 | 635 |
| Total other support services - guidance | 1,197,938 | (1,325) | 1,196,613 | 1,187,862 | 8,751 |
| Other support services - child study team: | | | | | |
| Salaries of other professional staff | 1,378,822 | - | 1,378,822 | 1,376,518 | 2,304 |
| Salaries of secretarial and clerical assistants | 61,030 | 550 | 61,580 | 61,550 | 30 |
| Purchased professional-educational services | 15,000 | 26,000 | 41,000 | 38,649 | 2,351 |
| Other purchased professional and technical services | 29,000 | (1,500) | 27,500 | 18,219 | 9,281 |
| Other purchased services (400 - 500 series) | 6,200 | 1,500 | 7,700 | 6,149 | 1,551 |
| Supplies and materials | 31,874 | - | 31,874 | 27,728 | 4,146 |
| Other objects | 5,000 | - | 5,000 | 4,238 | 762 |
| Total other support services - child study team | 1,526,926 | 26,550 | 1,553,476 | 1,533,051 | 20,425 |
| Improvement of instructional services: | | | | | |
| Salaries of supervisors of instruction | 716,040 | - | 716,040 | 716,039 | 1 |
| Salaries of other professional staff | 112,761 | 7,250 | 120,011 | 118,305 | 1,706 |
| Salaries of secretarial and clerical assistants | 97,342 | (3,300) | 94,042 | 91,478 | 2,564 |
| Other purchased services (400 - 500 series) | 12,500 | (5,000) | 7,500 | 5,726 | 1,774 |
| Supplies and materials | 9,372 | - | 9,372 | 7,630 | 1,742 |
| Other objects | 3,000 | - | 3,000 | 2,304 | 696 |
| Total improvement of instructional services | 951,015 | (1,050) | 949,965 | 941,482 | 8,483 |
| Educational media services/school library: | | | | | |
| Salaries | 517,825 | - | 517,825 | 517,825 | - |
| Purchased professional and technical services | 3,500 | - | 3,500 | 3,500 | - |
| Other purchased services (400 - 500 series) | 100 | - | 100 | 46 | 54 |
| Supplies and materials | 115,937 | (25) | 115,912 | 95,962 | 19,950 |
| Other objects | 14,525 | 25 | 14,550 | 13,092 | 1,458 |
| Total educational media services/school library | 651,887 | - | 651,887 | 630,425 | 21,462 |

(Continued)

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|---|---|---|---|---|
| Instructional Staff Training Services: | | | | | |
| Salaries of other professional staff | $ 69,841 | $ - | $ 69,841 | $ 66,055 | $ 3,786 |
| Salaries of secretarial and clerical assistants | 5,978 | - | 5,978 | 5,978 | - |
| Purchased professional-educational services | 7,000 | (1,500) | 5,500 | 4,678 | 822 |
| Other purchased services (400 - 500 series) | 45,950 | 300 | 46,250 | 31,553 | 14,697 |
| Other objects | 2,001 | (2,000) | 1 | - | 1 |
| Total instructional staff training services | 130,770 | (3,200) | 127,570 | 108,264 | 19,306 |
| Support services - general administration: | | | | | |
| Salaries | 468,878 | 6,358 | 475,236 | 474,177 | 1,059 |
| Legal services | 131,000 | 2,900 | 133,900 | 103,568 | 30,332 |
| Audit fees | 34,000 | 12,100 | 46,100 | 40,095 | 6,005 |
| Other purchased professional services | 67,625 | 25,000 | 92,625 | 70,346 | 22,279 |
| Purchased technical services | 20,500 | 5,000 | 25,500 | 9,937 | 15,563 |
| Communications/telephone | 286,000 | 10,000 | 296,000 | 186,778 | 109,222 |
| BOE other purchased professional services | 1,500 | - | 1,500 | 1,405 | 95 |
| Other purchased services (400 - 500 series) | 66,000 | - | 66,000 | 53,259 | 12,741 |
| General supplies | 32,000 | 10,000 | 42,000 | 13,124 | 28,876 |
| BOE in-house training/meeting supplies | 2,000 | - | 2,000 | 1,617 | 383 |
| Miscellaneous expenditures | 50,000 | 10,000 | 60,000 | 43,890 | 16,110 |
| BOE membership dues and fees | 500 | - | 500 | 232 | 268 |
| Total support services - general administration | 1,160,003 | 81,358 | 1,241,361 | 998,428 | 242,933 |
| Support services - school administration: | | | | | |
| Salaries of principals/assistant principals | 1,246,250 | 1,600 | 1,247,850 | 1,247,849 | 1 |
| Salaries of other professional staff | 341,339 | - | 341,339 | 341,339 | - |
| Salaries of secretarial and clerical assistants | 697,114 | (1,000) | 696,114 | 670,530 | 25,584 |
| Purchased professional and technical services | 900 | - | 900 | 860 | 40 |
| Other purchased services (400 - 500 series) | 255,014 | 9,600 | 264,614 | 158,666 | 105,948 |
| Supplies and materials | 58,765 | 19,800 | 78,565 | 30,844 | 47,721 |
| Other objects | 30,000 | 5,000 | 35,000 | 22,309 | 12,691 |
| Total support services - school administration | 2,629,382 | 35,000 | 2,664,382 | 2,472,397 | 191,985 |
| Central services: | | | | | |
| Salaries | 570,775 | 1,657 | 572,432 | 571,772 | 660 |
| Purchased professional services | 84,290 | 2,700 | 86,990 | 80,329 | 6,661 |
| Purchased technical services | 89,000 | 10,000 | 99,000 | 50,956 | 48,044 |
| Other purchased services (400 - 500 series) | 54,063 | 5,300 | 59,363 | 29,358 | 30,005 |
| Supplies and materials | 18,909 | 9,289 | 28,198 | 11,795 | 16,403 |
| Miscellaneous expenditures | 8,430 | - | 8,430 | 5,784 | 2,646 |
| Total central services | 825,467 | 28,946 | 854,413 | 749,994 | 104,419 |
| Administrative information technology: | | | | | |
| Salaries | 209,457 | 239,503 | 448,960 | 446,261 | 2,699 |
| Other purchased services (400 - 500 series) | 30,295 | - | 30,295 | 29,983 | 312 |
| General supplies | - | 10,000 | 10,000 | - | 10,000 |
| Total administrative information technology | 239,752 | 249,503 | 489,255 | 476,244 | 13,011 |

(Continued)

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|---|---|---|---|---|
| Required allowable maintenance for school facilities: | | | | | |
| Salaries | $ 453,327 | $ 19,200 | $ 472,527 | $ 462,596 | $ 9,931 |
| Cleaning, repair and maintenance services | 436,104 | (12,980) | 423,124 | 288,016 | 135,108 |
| General supplies | 230,943 | (24,020) | 206,923 | 124,826 | 82,097 |
| Total required allowable maintenance for school facilities | 1,120,374 | (17,800) | 1,102,574 | 875,438 | 227,136 |
| Other operation and maintenance of plant services: | | | | | |
| Salaries | 2,254,485 | (297,003) | 1,957,482 | 1,953,843 | 3,639 |
| Salaries of non-instructional aids | 54,000 | - | 54,000 | 53,488 | 512 |
| Purchased professional and technical services | 83,200 | 34,000 | 117,200 | 93,380 | 23,820 |
| Cleaning, repair and maintenance services | 251,145 | (71,000) | 180,145 | 129,788 | 50,357 |
| Rental of land and buildings other than lease purchase agreements | 8,500 | 3,000 | 11,500 | 10,133 | 1,367 |
| Other purchased property services | 284,100 | (7,000) | 277,100 | 235,491 | 41,609 |
| Insurance | 403,733 | (56,785) | 346,948 | 315,985 | 30,963 |
| Travel | - | 1,000 | 1,000 | 436 | 564 |
| General supplies | 336,283 | 80,000 | 416,283 | 377,500 | 38,783 |
| Energy (natural gas) | 817,220 | - | 817,220 | 608,758 | 208,462 |
| Energy (electricity) | 1,242,000 | - | 1,242,000 | 1,023,394 | 218,606 |
| Other objects | 24,000 | 6,000 | 30,000 | 26,480 | 3,520 |
| Total other operation and maintenance of plant services | 5,758,666 | (307,788) | 5,450,878 | 4,828,676 | 622,202 |
| Care and upkeep of grounds: | | | | | |
| Salaries | 165,883 | - | 165,883 | 156,686 | 9,197 |
| Cleaning, repair and maintenance services | 25,500 | - | 25,500 | 12,370 | 13,130 |
| General supplies | 58,000 | 24,000 | 82,000 | 77,999 | 4,001 |
| Total care and upkeep of grounds | 249,383 | 24,000 | 273,383 | 247,055 | 26,328 |
| Security: | | | | | |
| Salaries | 120,924 | 6,708 | 127,632 | 127,392 | 240 |
| Total security | 120,924 | 6,708 | 127,632 | 127,392 | 240 |
| Student transportation services: | | | | | |
| Salaries of non-instructional aids | 166,342 | - | 166,342 | 150,429 | 15,913 |
| Salaries for pupil transportation: | | | | | |
| (between home and school) - regular | 1,348,053 | (40,287) | 1,307,766 | 1,245,977 | 61,789 |
| (between home and school) - special education | 349,138 | - | 349,138 | 340,061 | 9,077 |
| (other than between home and school) | 75,000 | - | 75,000 | 38,428 | 36,572 |
| Other purchased professional and technical services | 5,000 | - | 5,000 | 4,700 | 300 |
| Cleaning, repair and maintenance services | 412,000 | 29,000 | 441,000 | 434,863 | 6,137 |
| Contracted services (between home and school)-vendors | 425,000 | (4,606) | 420,394 | 409,531 | 10,863 |
| Contracted services (Sp Ed) - vendors | 9,000 | - | 9,000 | 9,000 | - |
| Contracted services (Sp Ed) - joint agreements | - | 5,011 | 5,011 | 5,011 | - |
| Contracted services - aid in lieu payments | 145,000 | 9,000 | 154,000 | 152,138 | 1,862 |
| Miscellaneous purchased services - transportation | 140,895 | 1,350 | 142,245 | 126,130 | 16,115 |
| Supplies and materials | 9,309 | - | 9,309 | 7,056 | 2,253 |
| Transporation supplies | 218,000 | - | 218,000 | 196,741 | 21,259 |
| Miscellaneous expenditures | 12,500 | 2,000 | 14,500 | 14,275 | 225 |
| Total student transportation services | 3,315,237 | 1,468 | 3,316,705 | 3,134,340 | 182,365 |

(Continued)

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|---|---|---|---|---|
| Personal services - employee benefits: | | | | | |
| Unallocated benefits: | | | | | |
| Group insurance | $ 21,500 | $ - | $ 21,500 | $ 17,700 | $ 3,800 |
| Social security contributions | 861,620 | (70,000) | 791,620 | 791,122 | 498 |
| Other retirement contribution - regular | 699,846 | (98,396) | 601,450 | 601,450 | - |
| Other retirement contribution - ERIP | 56,000 | (20,000) | 36,000 | 34,792 | 1,208 |
| Workmen's compensation | 595,480 | (32,000) | 563,480 | 525,319 | 38,161 |
| Health benefits | 8,183,307 | 121,500 | 8,304,807 | 8,254,027 | 50,780 |
| Tuition reimbursement | 200,000 | (35,899) | 164,101 | 164,101 | - |
| Other employee benefits | 260,500 | 291,895 | 552,395 | 549,083 | 3,312 |
| Total unallocated benefits | 10,878,253 | 157,100 | 11,035,353 | 10,937,594 | 97,759 |
| Food services: | | | | | |
| Transfers to cover deficit (Enterprise) | 10,000 | - | 10,000 | - | 10,000 |
| Total food services | 10,000 | - | 10,000 | - | 10,000 |
| On-behalf contributions: | | | | | |
| On-behalf TPAF pension contributions (non-budgeted) | - | - | - | 1,899,551 | (1,899,551) |
| Reimbursed TPAF social security contributions (non-budgeted) | - | - | - | 2,308,950 | (2,308,950) |
| Total on-behalf contributions | - | - | - | 4,208,501 | (4,208,501) |
| | - | - | - | - | - |
| Total personal services - employee benefits | 10,888,253 | 157,100 | 11,045,353 | 15,146,095 | (4,100,742) |
| Total undistributed expenditures | 35,778,196 | (70,220) | 35,707,976 | 37,954,462 | (2,246,486) |
| Total general current expense | 64,420,580 | (44,564) | 64,376,016 | 65,845,478 | (1,469,462) |
| CAPITAL OUTLAY: | | | | | |
| Equipment: | | | | | |
| Regular programs - instruction: | | | | | |
| Grades 1-5 | 6,000 | - | 6,000 | - | 6,000 |
| Grades 6-8 | - | 2,948 | 2,948 | 2,933 | 15 |
| Undistributed expenditures: | | | | | |
| School administration | 266,600 | (7,720) | 258,880 | 215,733 | 43,147 |
| Required maintenance school facilities | 231,074 | (55,671) | 175,403 | 119,561 | 55,842 |
| Custodial services | - | 8,725 | 8,725 | 8,725 | - |
| Care and upkeep of grounds | - | 14,550 | 14,550 | 14,487 | 63 |
| Undistributed expenditures - non instructional services: | | | | | |
| School buses - regular | 171,768 | - | 171,768 | 160,968 | 10,800 |
| Total equipment | 675,442 | (37,168) | 638,274 | 522,407 | 115,867 |
| Facilities acquisition and construction services: | | | | | |
| Construction services | - | 32,396 | 32,396 | 11,141 | 21,255 |
| Total facilities acquisition and construction services | - | 32,396 | 32,396 | 11,141 | 21,255 |
| Increase in capital reserve | - | - | - | - | - |
| Total capital outlay | 675,442 | (4,772) | 670,670 | 533,548 | 137,122 |

(Continued)

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|---|---|---|---|---|
| SPECIAL SCHOOLS: | | | | | |
| Summer school - instruction: | | | | | |
| Salaries of teachers | $ 154,750 | $ - | $ 154,750 | $ 128,001 | $ 26,749 |
| Other salaries for instruction | 60,363 | - | 60,363 | 58,805 | 1,558 |
| General supplies | 1,500 | - | 1,500 | 1,057 | 443 |
| Total summer school - instruction | 216,613 | - | 216,613 | 187,863 | 28,750 |
| Total special schools | 216,613 | - | 216,613 | 187,863 | 28,750 |
| Transfer of funds to Charter School | 8,300 | 49,336 | 57,636 | 57,636 | - |
| Total expenditures | 65,320,935 | - | 65,320,935 | 66,624,525 | (1,303,590) |
| Excess (deficiency) of revenues over (under) expenditures | (2,879,223) | - | (2,879,223) | (1,882,857) | 996,366 |
| Other financing sources (uses): | | | | | |
| Operating transfers in: | | | | | |
| Transfer from other funds | - | - | - | 934 | 934 |
| Operating transfers out: | | | | | |
| Transfer to capital projects | (288,900) | - | (288,900) | (288,900) | - |
| Capital leases (non-budgeted) | - | - | - | - | - |
| Total other financing sources (uses) | (288,900) | - | (288,900) | (287,966) | 934 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses) | (3,168,123) | - | (3,168,123) | (2,170,823) | 997,300 |
| Fund balance, July 1 | 6,943,751 | - | 6,943,751 | 6,943,751 | - |
| Fund balance, June 30 | $ 3,775,628 | $ - | $ 3,775,628 | $ 4,772,928 | $ 997,300 |

Recapitulation

| | |
|---|---|
| Reserve for encumbrances | $ 207,912 |
| Reserved excess surplus - designated for subsequent year's expenditures | 1,786,600 |
| Reserve for excess surplus | 424,269 |
| Capital reserve | 724,559 |
| Unreserved - designated for subsequent year's expenditures | 210,000 |
| Unrestricted fund balance | 1,419,588 |
| Reconciliation to governmental funds statements (GAAP) | 4,772,928 |
| Last state aid payment not recognized on GAAP basis | (1,263,024) |
| Fund Balance per governmental funds (GAAP) | $ 3,509,904 |

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

# TOWNSHIP OF OCEAN BOARD OF EDUCATION
## Budgetary Comparison Schedule
## Special Revenue Fund
## For the Fiscal Year Ended June 30, 2010

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|---|---|---|---|---|
| REVENUES: | | | | | |
| State sources | $ 677,239 | $ 55,438 | $ 732,677 | $ 580,965 | $ (151,712) |
| Federal sources | 1,405,010 | 1,713,802 | 3,118,812 | 2,322,665 | (796,147) |
| Total Revenues | 2,082,249 | 1,769,240 | 3,851,489 | 2,903,630 | (947,859) |
| EXPENDITURES: | | | | | |
| Instruction | | | | | |
| Salaries of teachers | 231,861 | 235,133 | 466,994 | 332,925 | 134,069 |
| Other salaries for instruction | 425,047 | 137,758 | 562,805 | 524,033 | 38,772 |
| Purchased professional and technical services | 90,853 | (29,634) | 61,219 | 51,978 | 9,241 |
| General supplies | 641,915 | (434,761) | 207,154 | 168,555 | 38,599 |
| Textbooks | 44,333 | 7,292 | 51,625 | 39,557 | 12,068 |
| Miscellaneous purchased services | 542,053 | 810,880 | 1,352,933 | 1,029,861 | 323,072 |
| Total Instruction | 1,976,062 | 726,668 | 2,702,730 | 2,146,909 | 555,821 |
| Support Services | | | | | |
| Salaries of secretaries and clerical assistants | - | 120,301 | 120,301 | 102,370 | 17,931 |
| Other salaries | - | 4,663 | 4,663 | 1,385 | 3,278 |
| Personal services - employee benefits | - | 97,258 | 97,258 | 71,177 | 26,081 |
| Purchased professional-educational services | - | 620,187 | 620,187 | 528,135 | 92,052 |
| Travel | - | 13,617 | 13,617 | 13,617 | - |
| Supplies and materials | 106,187 | (80,354) | 25,833 | 25,339 | 494 |
| Total Support Services | 106,187 | 775,672 | 881,859 | 742,023 | 139,836 |
| Facilities Acquisition and Construction Services: | | | | | |
| Instructional equipment | - | 21,900 | 21,900 | 14,698 | 7,202 |
| Noninstructional equipment | - | 245,000 | 245,000 | - | 245,000 |
| Total Facilities Acquisition and Construction Services | - | 266,900 | 266,900 | 14,698 | 252,202 |
| Total Expenditures | 2,082,249 | 1,769,240 | 3,851,489 | 2,903,630 | 947,859 |
| Other Financing Sources (Uses) | | | | | |
| Transfer in from general fund | - | - | - | - | - |
| Transfer out to whole school reform (general fund) | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - |
| | - | - | - | - | - |
| Total Outflows | 2,082,249 | 1,769,240 | 3,851,489 | 2,903,630 | 947,859 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses) | $ - | $ - | $ - | $ - | $ - |

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

# NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Required Supplementary Information
Budgetary Comparison Schedule
Budget-to-GAAP Reconciliation
Fiscal Year ended June 30, 2010

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

| | General Fund | Special Revenue Fund |
|---|---|---|
| Sources/inflows of resources | | |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule | $ 64,741,668 | $ 2,903,630 |
| Difference - budget to GAAP: | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | - | (204,308) |
| State aid payment recognized for budgetary purposes, not recognized for GAAP statements until subsequent year. | (1,263,024) | - |
| State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes. | 1,105,001 | - |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. | $ 64,583,645 | $ 2,699,322 |
| Uses/outflows of resources | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule. | $ 66,624,525 | $ 2,903,630 |
| 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. | - | (204,308) |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. | $ 66,624,525 | $ 2,699,322 |

# OTHER SUPPLEMENTARY INFORMATION

# SCHOOL LEVEL SCHEDULES

# SPECIAL REVENUE FUND
# DETAIL STATEMENTS

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

# TOWNSHIP OF OCEAN BOARD OF EDUCATION
## Special Revenue Fund
## Combining Schedule of Revenues and Expenditures - Budgetary Basis
## For the Fiscal Year Ended June 30, 2010

| | I.D.E.A. Part B | | | I.D.E.A. Part B ARRA | | Title I Basic | | Total Other Special Projects (Ex. E-1a) | Total Nonpublic Programs (Ex. E-1b) | Totals 2010 |
|---|---|---|---|---|---|---|---|---|---|---|
| | Regular 2009-2010 | Carryover | Preschool 2009-2010 | Regular 2009-2010 | Preschool 2009-2010 | 2009-2010 | Carryover | | | |
| REVENUES: | | | | | | | | | | |
| State sources | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 580,965 | $ 580,965 |
| Federal sources | 964,530 | 17,062 | 41,220 | 607,358 | 473 | 446,619 | 11,531 | 233,872 | - | 2,322,665 |
| Total revenues | $ 964,530 | $ 17,062 | $ 41,220 | $ 607,358 | $ 473 | $ 446,619 | $ 11,531 | $ 233,872 | $ 580,965 | $ 2,903,630 |
| EXPENDITURES: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Salaries of teachers | $ - | $ - | $ - | $ - | $ - | $ 256,764 | $ 4,875 | $ 71,286 | $ - | $ 332,925 |
| Other salaries for instruction | 465,135 | - | 40,503 | - | - | - | - | 18,395 | - | 524,033 |
| Purchased professional and technical services | - | - | - | - | - | - | - | - | 51,978 | 51,978 |
| General supplies | 42,589 | - | - | 45,715 | - | 3,283 | 4,229 | 72,739 | - | 168,555 |
| Textbooks | - | - | - | - | - | - | - | - | 39,557 | 39,557 |
| Miscellaneous purchased services | 188,000 | - | - | 352,431 | - | - | - | - | 489,430 | 1,029,861 |
| Total instruction | 695,724 | - | 40,503 | 398,146 | - | 260,047 | 9,104 | 162,420 | 580,965 | 2,146,909 |
| Support services: | | | | | | | | | | |
| Salaries of secretarial and clerical assistants | 85,308 | 17,062 | - | - | - | - | - | - | - | 102,370 |
| Other salaries | - | - | - | - | - | - | 1,385 | - | - | 1,385 |
| Personal services - employee benefits | - | - | - | - | - | 61,075 | - | 10,102 | - | 71,177 |
| Purchased professional and technical services | 179,402 | - | 717 | 194,514 | 473 | 121,241 | 1,042 | 30,746 | - | 528,135 |
| Travel | 3,075 | - | - | - | - | 2,491 | - | 8,051 | - | 13,617 |
| Supplies and materials | 1,021 | - | - | - | - | 1,765 | - | 22,553 | - | 25,339 |
| Total support services | 268,806 | 17,062 | 717 | 194,514 | 473 | 186,572 | 2,427 | 71,452 | - | 742,023 |
| Facilities acquisition and construction services: | | | | | | | | | | |
| Instructional equipment | - | - | - | 14,698 | - | - | - | - | - | 14,698 |
| Total expenditures | $ 964,530 | $ 17,062 | $ 41,220 | $ 607,358 | $ 473 | $ 446,619 | $ 11,531 | $ 233,872 | $ 580,965 | $ 2,903,630 |

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis (Continued)
For the Fiscal Year Ended June 30, 2010

| | Title I ARRA 2009-2010 | Title I ARRA SIA 2009-2010 | Title II, Part A Teacher and Principal Training & Recruiting 2009-2010 | Title II, Part D Enhancing Education Through Technology 2009-2010 | Title III Part A 2009-2010 | Title III Part A Carryover | Title IV Safe and Drug Free Schools 2009-2010 | Title IV Safe and Drug Free Schools Carryover | Carry forward to E-1 Total Other Special Projects |
|---|---|---|---|---|---|---|---|---|---|
| REVENUES: | | | | | | | | | |
| State sources | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Federal sources | 53,957 | 7,879 | 119,841 | 4,591 | 34,619 | 1,230 | 11,744 | 11 | 233,872 |
| Total revenues | $ 53,957 | $ 7,879 | $ 119,841 | $ 4,591 | $ 34,619 | $ 1,230 | $ 11,744 | $ 11 | $ 233,872 |
| EXPENDITURES: | | | | | | | | | |
| Instruction: | | | | | | | | | |
| Salaries of teachers | $ 5,061 | $ - | $ 64,995 | $ - | $ - | $ 1,230 | $ - | $ - | $ 71,286 |
| Other salaries for instruction | - | - | - | - | 18,395 | - | - | - | 18,395 |
| Purchased professional and technical services | - | - | - | - | - | - | - | - | - |
| General supplies | 47,913 | 7,879 | 3,504 | 865 | 10,841 | - | 1,737 | - | 72,739 |
| Textbooks | - | - | - | - | - | - | - | - | - |
| Miscellaneous purchased services | - | - | - | - | - | - | - | - | - |
| Total instruction | 52,974 | 7,879 | 68,499 | 865 | 29,236 | 1,230 | 1,737 | - | 162,420 |
| Support services: | | | | | | | | | |
| Salaries of secretarial and clerical assistants | - | - | - | - | - | - | - | - | - |
| Other salaries | - | - | - | - | - | - | - | - | - |
| Personal services - employee benefits | - | - | 8,527 | - | 1,575 | - | - | - | 10,102 |
| Purchased professional and technical services | 700 | - | 17,850 | - | 2,189 | - | 10,007 | - | 30,746 |
| Travel | - | - | 6,000 | 932 | 1,119 | - | - | - | 8,051 |
| Supplies and materials | 283 | - | 18,965 | 2,794 | 500 | - | - | 11 | 22,553 |
| Total support services | 983 | - | 51,342 | 3,726 | 5,383 | - | 10,007 | 11 | 71,452 |
| Facilities acquisition and construction services: | | | | | | | | | |
| Instructional equipment | - | - | - | - | - | - | - | - | - |
| Total expenditures | $ 53,957 | $ 7,879 | $ 119,841 | $ 4,591 | $ 34,619 | $ 1,230 | $ 11,744 | $ 11 | $ 233,872 |

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis (Continued)
For the Fiscal Year Ended June 30, 2010

| | N.J. Nonpublic Handicapped Services Ch. 193 | | | N.J. Nonpublic | | | Carry forward to E-1 |
|---|---|---|---|---|---|---|---|
| | Examination and Classification | Corrective Speech | Supplemental Instruction | Auxiliary Services Ch. 192 Compensatory | Nonpublic Nursing | Nonpublic Textbooks | Total Nonpublic Programs |
| REVENUES: | | | | | | | |
| State sources | $ 151,356 | $ 50,215 | $ 89,201 | $ 198,658 | $ 51,978 | $ 39,557 | $ 580,965 |
| Federal sources | - | - | - | - | - | - | - |
| Total revenues | $ 151,356 | $ 50,215 | $ 89,201 | $ 198,658 | $ 51,978 | $ 39,557 | $ 580,965 |
| EXPENDITURES: | | | | | | | |
| Instruction: | | | | | | | |
| Salaries of teachers | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Other salaries for instruction | - | - | - | - | - | - | - |
| Purchased professional and technical services | - | - | - | - | 51,978 | - | 51,978 |
| General supplies | - | - | - | - | - | - | - |
| Textbooks | - | - | - | - | - | 39,557 | 39,557 |
| Miscellaneous purchased services | 151,356 | 50,215 | 89,201 | 198,658 | - | - | 489,430 |
| Total instruction | 151,356 | 50,215 | 89,201 | 198,658 | 51,978 | 39,557 | 580,965 |
| 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 | - | - | - | - | - | - | - |
| Total support services | - | - | - | - | - | - | - |
| Facilities acquisition and construction services: | | | | | | | |
| Instructional equipment | - | - | - | - | - | - | - |
| Total expenditures | $ 151,356 | $ 50,215 | $ 89,201 | $ 198,658 | $ 51,978 | $ 39,557 | $ 580,965 |

# CAPITAL PROJECTS FUND
# DETAIL STATEMENTS

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2010

| Project Title/Issue | Approval Date | Revised Budgetary Appropriations | GAAP Expenditures to Date Prior Years | GAAP Expenditures to Date Current Year | Unexpended Appropriations June 30, 2010 |
|---|---|---|---|---|---|
| Additions and Alterations to Township of Ocean Intermediate School | 10/19/2001 | $ 13,472,977 | $ 13,265,479 | $ 207,498 | $ - |
| Wayside Library Renovations | 2/17/2004 | 269,743 | 268,865 | 878 | - |
| Energy System Upgrades | 5/15/2007 | 6,113,000 | 6,026,315 | - | 86,685 |
| Wanamassa Boiler Replacement and HVAC Upgrades | 6/30/2009 | 195,670 | - | 195,670 | - |
| Township of Ocean Intermediate School Unit Ventilator Branch Piping | 6/30/2009 | 285,830 | - | 285,830 | - |
| Totals | | $ 20,337,220 | $ 19,560,659 | $ 689,876 | $ 86,685 |

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, 2010

| | | |
|---|---|---|
| Revenues and Other Financing Sources | | |
| State sources | $ | 192,600 |
| Transfer from capital reserve | | 288,900 |
| Total revenues | | 481,500 |
| | | |
| Expenditures and Other Financing Uses | | |
| Purchased professional and technical services | | - |
| Construction services | | 481,500 |
| Other objects | | - |
| Transfer to capital reserve | | 878 |
| Transfer to debt service fund | | 207,498 |
| Total expenditures | | 689,876 |
| | | |
| Excess (deficiency) of revenues over (under) expenditures | | (208,376) |
| | | |
| Fund balance - beginning | | 295,061 |
| | | |
| Fund balance - ending | $ | 86,685 |

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Additions and Alterations to Township of Ocean Intermediate School
From Inception and for the Fiscal Year Ended June 30, 2010

| | Prior Periods | Current Year | Totals | Revised Authorized Cost |
|---|---|---|---|---|
| Revenues and Other Financing Sources | | | | |
| State sources | $ 4,243,519 | $ - | $ 4,243,519 | $ 4,243,519 |
| Bond proceeds and transfers | 9,229,458 | - | 9,229,458 | 9,229,458 |
| Transfer from capital reserve | - | - | - | - |
| Total revenues | 13,472,977 | - | 13,472,977 | 13,472,977 |
| Expenditures and Other Financing Uses | | | | |
| Purchased professional and technical services | 1,230,780 | - | 1,230,780 | 1,210,173 |
| Construction services | 10,484,770 | - | 10,484,770 | 12,252,127 |
| Other objects | 10,677 | - | 10,677 | 10,677 |
| Transfer to debt service fund | 1,539,252 | 207,498 | 1,746,750 | - |
| Total expenditures | 13,265,479 | 207,498 | 13,472,977 | 13,472,977 |
| Excess (deficiency) of revenues over (under) expenditures | $ 207,498 | $ (207,498) | $ - | $ - |

| | |
|---|---|
| Additional project information | |
| Project number | 3810-040-01-0922 |
| Grant date | 10/19/2001 |
| Bond authorization date | 12/11/2001 |
| Bonds authorized | $ 9,229,458 |
| Bonds issued | $ 9,229,458 |
| Original authorized cost | $ 13,472,977 |
| Additional authorized cost | $ - |
| Revised authorized cost | $ 13,472,977 |
| Percentage increase over original authorized cost | 0% |
| Percentage completion | 100% |
| Original target completion date | September 2004 |
| Revised target completion date | September 2004 |

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Wayside Library Renovations
From Inception and for the Fiscal Year Ended June 30, 2010

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Energy System Upgrades
From Inception and for the Fiscal Year Ended June 30, 2010

| | Prior Periods | Current Year | Totals | Revised Authorized Cost |
|---|---|---|---|---|
| Revenues and Other Financing Sources | | | | |
| State sources | $ - | $ - | $ - | $ - |
| Bond proceeds and transfers | 6,113,000 | - | 6,113,000 | 6,113,000 |
| Transfer from capital reserve | - | - | - | - |
| Total revenues | 6,113,000 | - | 6,113,000 | 6,113,000 |
| Expenditures and Other Financing Uses | | | | |
| Purchased professional and technical services | 695,370 | - | 695,370 | 695,370 |
| Construction services | 5,330,945 | - | 5,330,945 | 5,417,630 |
| Other objects | - | - | - | - |
| Total expenditures | 6,026,315 | - | 6,026,315 | 6,113,000 |
| Excess (deficiency) of revenues over (under) expenditures | $ 86,685 | $ - | $ 86,685 | $ - |

| | |
|---|---|
| Additional project information | |
| Project number | 3810-040-05-1000 |
| Grant date | 5/1/2007 |
| Bond authorization date | 8/23/2007 |
| Bonds authorized | $ 6,113,000 |
| Bonds issued | $ 6,113,000 |
| Original authorized cost | $ 6,113,000 |
| Additional authorized cost | $ - |
| Revised authorized cost | $ 6,113,000 |
| Percentage increase over original authorized cost | 0% |
| Percentage completion | 63% |
| Original target completion date | September 2008 |
| Revised target completion date | September 2010 |

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Wanamassa Boiler Replacement and HVAC Upgrades
From Inception and for the Fiscal Year Ended June 30, 2010

| | Prior Periods | Current Year | Totals | Revised Authorized Cost |
|---|---|---|---|---|
| Revenues and Other Financing Sources | | | | |
| State sources | $ - | $ 78,268 | $ 78,268 | $ 78,268 |
| Bond proceeds and transfers | - | - | - | - |
| Transfer from capital reserve | - | 117,402 | 117,402 | 117,402 |
| Total revenues | - | 195,670 | 195,670 | 195,670 |
| Expenditures and Other Financing Uses | | | | |
| Purchased professional and technical services | - | - | - | - |
| Construction services | - | 195,670 | 195,670 | 195,670 |
| Other objects | - | - | - | - |
| Total expenditures | - | 195,670 | 195,670 | 195,670 |
| Excess (deficiency) of revenues over (under) expenditures | $ - | $ - | $ - | $ - |

| | |
|---|---|
| Additional project information | |
| Project number | 3810-079-09-1007 |
| Grant date | 3/20/2009 |
| Bond authorization date | N/A |
| Bonds authorized | N/A |
| Bonds issued | N/A |
| Original authorized cost | $ 147,000 |
| Additional authorized cost | $ 48,670 |
| Revised authorized cost | $ 195,670 |
| Percentage increase over original authorized cost | 33% |
| Percentage completion | 100% |
| Original target completion date | October 2009 |
| Revised target completion date | October 2009 |

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Township of Ocean Intermediate School Unit Ventilator Branch Piping
From Inception and for the Fiscal Year Ended June 30, 2010

| | Prior Periods | Current Year | Totals | Revised Authorized Cost |
|---|---|---|---|---|
| Revenues and Other Financing Sources | | | | |
| State sources | $ - | $ 114,332 | $ 114,332 | $ 114,332 |
| Bond proceeds and transfers | - | - | - | - |
| Transfer from capital reserve | - | 171,498 | 171,498 | 171,498 |
| Total revenues | - | 285,830 | 285,830 | 285,830 |
| Expenditures and Other Financing Uses | | | | |
| Purchased professional and technical services | - | - | - | - |
| Construction services | - | 285,830 | 285,830 | 285,830 |
| Other objects | - | - | - | - |
| Total expenditures | - | 285,830 | 285,830 | 285,830 |
| Excess (deficiency) of revenues over (under) expenditures | $ - | $ - | $ - | $ - |

| | |
|---|---|
| Additional project information | |
| Project number | 3810-040-09-1004 |
| Grant date | 3/20/2009 |
| Bond authorization date | N/A |
| Bonds authorized | N/A |
| Bonds issued | N/A |
| Original authorized cost | $ 334,500 |
| Additional authorized cost | $ (48,670) |
| Revised authorized cost | $ 285,830 |
| Percentage increase over original authorized cost | -15% |
| Percentage completion | 100% |
| Original target completion date | October 2009 |
| Revised target completion date | October 2009 |

# PROPRIETARY FUND DETAIL STATEMENTS

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

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

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

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

# FIDUCIARY FUNDS
# DETAIL STATEMENTS

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

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

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

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

# TOWNSHIP OF OCEAN BOARD OF EDUCATION
## Combining Statement of Fiduciary Net Assets
## Trust and Agency Funds
## June 30, 2010

| | Trust | | | Agency | | |
|---|---|---|---|---|---|---|
| | Unemployment Compensation | Private Purpose | Total Trust Fund | Student Activity | Payroll | Total Agency Fund |
| ASSETS: | | | | | | |
| Cash and cash equivalents | $ 651,838 | $ 39,586 | $ 691,424 | $ 367,063 | $ 997,270 | $ 1,364,333 |
| Total assets | $ 651,838 | $ 39,586 | $ 691,424 | $ 367,063 | $ 997,270 | $ 1,364,333 |
| LIABILITIES | | | | | | |
| Payroll deductions and withholdings | 28,419 | - | 28,419 | $ - | $ 997,270 | $ 997,270 |
| Due to student groups | - | - | - | 367,063 | - | 367,063 |
| Total liabilities | 28,419 | - | 28,419 | $ 367,063 | $ 997,270 | $ 1,364,333 |
| NET ASSETS | | | | | | |
| Reserved | 623,419 | 39,586 | 663,005 | | | |
| Total net assets | $ 623,419 | $ 39,586 | $ 663,005 | | | |

# TOWNSHIP OF OCEAN BOARD OF EDUCATION
## Combining Statement of Changes in Fiduciary Net Assets
## Fiduciary Funds
## For the Fiscal Year Ended June 30, 2010

| | Unemployment Compensation Trust | Private Purpose Scholarship Trust | Total Trusts |
|---|---|---|---|
| ADDITIONS: | | | |
| Contributions | | | |
| Plan member | $ 114,204 | $ - | $ 114,204 |
| Other | - | 55,137 | 55,137 |
| Total contributions | 114,204 | 55,137 | 169,341 |
| Investment earnings: | | | |
| Interest | 1,608 | - | 1,608 |
| Net investment earnings | 1,608 | - | 1,608 |
| Total Additions | 115,812 | 55,137 | 170,949 |
| DEDUCTIONS: | | | |
| Quarterly contribution reports | 50,810 | - | 50,810 |
| Unemployment claims | 96,934 | - | 96,934 |
| Scholarships awarded | - | 15,551 | 15,551 |
| Total Deductions | 147,744 | 15,551 | 163,295 |
| Change in Net Assets | (31,932) | 39,586 | 7,654 |
| Net Assets - Beginning of Year | 655,351 | - | 655,351 |
| Net Assets - End of Year | $ 623,419 | $ 39,586 | $ 663,005 |

# TOWNSHIP OF OCEAN BOARD OF EDUCATION
## Student Activity Agency Fund
## Schedule of Receipts and Disbursements
## For the Fiscal Year Ended June 30, 2010

| | Balance July 1, 2009 | Cash Receipts | Cash Disbursements | Balance June 30, 2010 |
|---|---|---|---|---|
| ELEMENTARY SCHOOLS: | | | | |
| Ocean Township Elementary | $ 3,755 | $ 8,463 | $ 6,439 | $ 5,779 |
| Wayside | 5,084 | 9,051 | 10,540 | 3,595 |
| Wanamassa | 7,523 | 6,166 | 6,909 | 6,780 |
| Total elementary schools | 16,362 | 23,680 | 23,888 | 16,154 |
| INTERMEDIATE SCHOOL | 56,563 | 94,026 | 91,377 | 59,212 |
| HIGH SCHOOL | 343,789 | 554,601 | 606,693 | 291,697 |
| Total all schools | $ 416,714 | $ 672,307 | $ 721,958 | $ 367,063 |

# TOWNSHIP OF OCEAN BOARD OF EDUCATION
## Payroll Agency Fund
## Schedule of Receipts and Disbursements
## For the Fiscal Year Ended June 30, 2010

| | Balance July 1, 2009 | Additions | Deletions | Balance June 30, 2010 |
|---|---|---|---|---|
| ASSETS: | | | | |
| Cash and cash equivalents | $ 791,618 | $ 19,627,542 | $ 19,421,890 | $ 997,270 |
| Total assets | $ 791,618 | $ 19,627,542 | $ 19,421,890 | $ 997,270 |
| LIABILITIES: | | | | |
| Payroll deductions and withholdings | $ 791,618 | $ 19,627,542 | $ 19,421,890 | $ 997,270 |
| Total liabilities | $ 791,618 | $ 19,627,542 | $ 19,421,890 | $ 997,270 |

# LONG-TERM DEBT SCHEDULES

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

# TOWNSHIP OF OCEAN BOARD OF EDUCATION
## Schedule of Serial Bonds
## As of June 30, 2010

| Issue | Date of Issue | Amount of Issue | Annual Maturities Date | Annual Maturities Amount | Interest Rate | Balance July 1, 2009 | Issued | Retired | Balance June 30, 2010 |
|---|---|---|---|---|---|---|---|---|---|
| School refunding bonds | 5/1/2009 | $ 8,275,000 | 6/1/2011 | 1,310,000 | 3.00% | $ 8,275,000 | $ - | $ 1,260,000 | $ 7,015,000 |
| | | | 6/1/2012 | 1,380,000 | 3.00% | | | | |
| | | | 6/1/2013 | 1,395,000 | 3.00% | | | | |
| | | | 6/1/2014 | 1,440,000 | 3.00% | | | | |
| | | | 6/1/2015 | 1,490,000 | 3.50% | | | | |
| School renovations and additions | 3/29/2002 | $ 14,642,000 | 3/1/2011-2016 | 850,000 | 4.25-4.625% | 11,092,000 | - | 850,000 | 10,242,000 |
| | | | 3/1/2017-2020 | 855,000 | 4.70-4.875% | | | | |
| | | | 3/1/2021 | 860,000 | 4.875% | | | | |
| | | | 3/1/2022 | 862,000 | 4.875% | | | | |
| School bonds - Energy project | 9/1/2007 | $ 6,113,000 | 9/1/2010 | 325,000 | 4.125% | 5,850,000 | - | 310,000 | 5,540,000 |
| | | | 9/1/2011 | 340,000 | 4.125% | | | | |
| | | | 9/1/2012 | 355,000 | 4.125% | | | | |
| | | | 9/1/2013 | 375,000 | 4.125% | | | | |
| | | | 9/1/2014 | 390,000 | 4.125% | | | | |
| | | | 9/1/2015 | 405,000 | 4.125% | | | | |
| | | | 9/1/2016 | 425,000 | 4.125% | | | | |
| | | | 9/1/2017 | 445,000 | 4.125% | | | | |
| | | | 9/1/2018 | 465,000 | 4.125% | | | | |
| | | | 9/1/2019 | 485,000 | 4.125% | | | | |
| | | | 9/1/2020 | 505,000 | 4.125% | | | | |
| | | | 9/1/2021 | 510,000 | 4.200% | | | | |
| | | | 9/1/2022 | 515,000 | 4.250% | | | | |
| | | | | | | $ 25,217,000 | $ - | $ 2,420,000 | $ 22,797,000 |

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Schedule of Obligations under Capital Lease
As of June 30, 2010

| Description | Amount of Original Issue | Balance July 1, 2009 | Issued Current Year | Retired Current Year | Balance June 30, 2010 |
|---|---|---|---|---|---|
| Xerox Copiers | $ 163,000 | $ 56,561 | $ - | $ 36,832 | $ 19,729 |
| | | $ 56,561 | $ - | $ 36,832 | $ 19,729 |

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2010

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|---|---|---|---|---|
| REVENUES: | | | | | |
| Local sources: | | | | | |
| Local tax levy | $ 3,111,333 | $ - | $ 3,111,333 | $ 3,111,333 | $ - |
| State sources: | | | | | |
| Debt service aid - Type II | 218,378 | - | 218,378 | 218,378 | - |
| Total revenues | 3,329,711 | - | 3,329,711 | 3,329,711 | - |
| EXPENDITURES: | | | | | |
| Regular debt service: | | | | | |
| Interest | 1,120,012 | - | 1,120,012 | 1,022,430 | 97,582 |
| Redemption of principal | 2,425,000 | - | 2,425,000 | 2,420,000 | 5,000 |
| Total expenditures | 3,545,012 | - | 3,545,012 | 3,442,430 | 102,582 |
| Excess (deficiency) of revenues over (under) expenditures | (215,301) | - | (215,301) | (112,719) | 102,582 |
| Other financing sources (uses): | | | | | |
| Operating transfers in | 215,300 | - | 215,300 | 207,498 | (7,802) |
| Total other financing sources (uses) | 215,300 | - | 215,300 | 207,498 | (7,802) |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures | (1) | - | (1) | 94,779 | 94,780 |
| Fund balances, July 1 | 1 | - | 1 | 2 | 1 |
| Fund balances, June 30 | $ - | $ - | $ - | $ 94,781 | $ 94,781 |
| Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures | | | | | |
| Budgeted fund balance | $ 1 | $ - | $ 1 | $ 1 | $ - |

# STATISTICAL SECTION

CONTENTS PAGE


Financial Trends 76 - 82

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

Revenue Capacity 83 - 88

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

Debt Capacity 89 - 92

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

Demographic and Economic Information 93 - 94

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

Operating Information 95 - 100

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.


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

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

| | June 30, 2010 | June 30, 2009 | June 30, 2008 | June 30, 2007 | June 30, 2006 | June 30, 2005 | June 30, 2004 | June 30, 2003 |
|---|---|---|---|---|---|---|---|---|
| Governmental activities | | | | | | | | |
| Invested in capital assets, net of related debt | $ 17,705,236 | $ 15,953,571 | $ 12,398,864 | $ 13,212,935 | $ 12,141,494 | $ 10,977,152 | $ 6,416,013 | $ (7,457,953) |
| Restricted | 3,534,807 | 5,976,604 | 8,712,095 | 3,296,371 | 3,298,375 | 4,455,473 | 5,442,750 | 18,286,801 |
| Unrestricted | (2,549,999) | (3,078,273) | (2,223,231) | 766,275 | (890,211) | (1,016,536) | (172,013) | (1,001,555) |
| Total governmental activities net assets | $ 18,690,044 | $ 18,851,902 | $ 18,887,728 | $ 17,275,581 | $ 14,549,658 | $ 14,416,089 | $ 11,686,750 | $ 9,827,293 |
| Business-type activities | | | | | | | | |
| Invested in capital assets, net of related debt | $ 77,390 | $ 92,319 | $ 109,160 | $ 126,232 | $ 139,309 | $ 136,124 | $ 151,912 | $ 120,997 |
| Restricted | - | - | - | - | - | - | - | - |
| Unrestricted | (7,461) | 17,751 | (62,448) | (31,374) | (20,121) | 8,992 | 16,470 | 67,722 |
| Total business-type activities net assets | $ 69,929 | $ 110,070 | $ 46,712 | $ 94,858 | $ 119,188 | $ 145,116 | $ 168,382 | $ 188,719 |
| District-wide | | | | | | | | |
| Invested in capital assets, net of related debt | $ 17,782,626 | $ 16,045,890 | $ 12,508,024 | $ 13,339,167 | $ 12,280,803 | $ 11,113,276 | $ 6,567,925 | $ (7,336,956) |
| Restricted | 3,534,807 | 5,976,604 | 8,712,095 | 3,296,371 | 3,298,375 | 4,455,473 | 5,442,750 | 18,286,801 |
| Unrestricted | (2,557,460) | (3,060,522) | (2,285,679) | 734,901 | (910,332) | (1,007,544) | (155,543) | (933,833) |
| Total district net assets | $ 18,759,973 | $ 18,961,972 | $ 18,934,440 | $ 17,370,439 | $ 14,668,846 | $ 14,561,205 | $ 11,855,132 | $ 10,016,012 |

Source: District records

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

| | June 30, 2010 | June 30, 2009 | June 30, 2008 | June 30, 2007 | June 30, 2006 | June 30, 2005 | June 30, 2004 | June 30, 2003 |
|---|---|---|---|---|---|---|---|---|
| Expenses | | | | | | | | |
| Governmental activities | | | | | | | | |
| Instruction | | | | | | | | |
| Regular | $ 30,869,776 | $ 29,853,090 | $ 31,403,830 | $ 30,493,052 | $ 28,727,656 | $ 27,139,122 | $ 25,943,765 | $ 24,188,808 |
| Special education | 6,760,065 | 6,685,215 | 6,787,935 | 6,641,597 | 5,702,888 | 4,847,330 | 4,251,337 | 3,675,342 |
| Other special education | 1,988,821 | 2,017,043 | 2,062,716 | 1,688,817 | 1,608,853 | 1,544,172 | 1,007,814 | 1,074,177 |
| Other instruction | 1,455,524 | 1,397,145 | 1,536,734 | 1,506,792 | 1,459,389 | 1,738,116 | 1,787,225 | 1,784,615 |
| Support Services | | | | | | | | |
| Instruction | 3,434,045 | 3,292,240 | 2,971,655 | 2,396,367 | 2,482,940 | 2,157,695 | 2,296,703 | 2,237,581 |
| Student & instruction related services | 8,335,122 | 7,943,866 | 6,745,992 | 6,807,909 | 6,356,887 | 5,509,657 | 5,029,503 | 4,853,811 |
| School administrative services | 3,370,056 | 3,372,965 | 3,086,920 | 3,023,913 | 2,336,634 | 2,623,838 | 2,440,173 | 2,456,795 |
| General administrative services | 1,146,016 | 1,161,748 | 1,086,689 | 1,173,956 | 1,919,276 | 1,297,524 | 2,143,253 | 2,052,813 |
| Central services | 948,110 | 929,609 | 848,343 | 606,651 | 725,358 | 726,953 | - | - |
| Administrative information technology | 609,867 | 288,517 | | | | | | |
| Plant operations and maintenance | 6,924,274 | 7,338,569 | 7,668,599 | 7,001,421 | 7,027,307 | 6,103,272 | 6,024,406 | 4,635,649 |
| Pupil transportation | 3,918,662 | 3,913,472 | 3,745,741 | 3,672,414 | 3,559,049 | 3,112,889 | 3,074,160 | 3,615,234 |
| Special Schools | 187,863 | 190,883 | 179,677 | 194,374 | 83,692 | 76,322 | 74,345 | 47,818 |
| Charter schools | 57,636 | 15,348 | 2,793 | - | - | - | - | - |
| Interest on long-term debt | 1,007,071 | 1,308,884 | 1,245,843 | 1,107,017 | 1,172,100 | 1,231,377 | 1,504,487 | 1,642,881 |
| Total governmental activities expenses | 71,012,908 | 69,708,594 | 69,373,467 | 66,314,280 | 63,162,029 | 58,108,267 | 55,577,171 | 52,265,524 |
| Business-type activities: | | | | | | | | |
| Food service | 1,141,723 | 1,132,607 | 1,105,399 | 1,077,716 | 1,105,246 | 1,140,614 | 1,075,571 | 1,022,070 |
| Total business-type activities expense | 1,141,723 | 1,132,607 | 1,105,399 | 1,077,716 | 1,105,246 | 1,140,614 | 1,075,571 | 1,022,070 |
| Total district expenses | $ 72,154,631 | $ 70,841,201 | $ 70,478,866 | $ 67,391,996 | $ 64,267,275 | $ 59,248,881 | $ 56,652,742 | $ 53,287,594 |
| Program Revenues | | | | | | | | |
| Governmental activities: | | | | | | | | |
| Charges for services: | | | | | | | | |
| Instruction (tuition) | $ 24,968 | $ 53,793 | $ - | $ 36,343 | $ 33,833 | $ 46,343 | $ 56,506 | $ 51,807 |
| Support services | 227,401 | 194,755 | 174,100 | - | - | - | - | - |
| Special schools | - | 15,175 | 23,075 | - | - | - | - | - |
| Operating grants and contributions | 7,219,481 | 6,961,117 | 8,861,298 | - | - | - | 1,352,658 | 1,286,395 |
| Total governmental activities program revenues | 7,471,850 | 7,224,840 | 9,058,473 | 36,343 | 33,833 | 46,343 | 1,409,164 | 1,338,202 |
| Business-type activities | | | | | | | | |
| Charges for services: | | | | | | | | |
| Food service | 710,072 | 739,032 | 782,304 | 796,280 | 834,191 | 870,329 | 839,174 | 763,540 |
| Operating grants and contributions | 391,510 | 356,933 | 274,949 | 257,106 | 245,127 | 246,321 | 216,160 | 222,045 |
| Total business-type activities program revenues | 1,101,582 | 1,095,965 | 1,057,253 | 1,053,386 | 1,079,318 | 1,116,650 | 1,055,334 | 985,585 |
| Total district program revenues | $ 8,573,432 | $ 8,320,805 | $ 10,115,726 | $ 1,089,729 | $ 1,113,151 | $ 1,162,993 | $ 2,464,498 | $ 2,323,787 |



(continued)

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

| | June 30, 2010 | June 30, 2009 | June 30, 2008 | June 30, 2007 | June 30, 2006 | June 30, 2005 | June 30, 2004 | June 30, 2003 |
|---|---|---|---|---|---|---|---|---|
| Net (Expense) Revenue | | | | | | | | |
| Governmental activities | $ (63,541,058) | $ (62,483,754) | $ (60,314,994) | $ (66,277,937) | $ (63,128,196) | $ (58,061,924) | $ (54,168,007) | $ (50,927,322) |
| Business-type activities | (40,141) | (36,642) | (48,146) | (24,330) | (25,928) | (23,964) | (20,237) | (36,485) |
| Total district-wide net expense | $ (63,581,199) | $ (62,520,396) | $ (60,363,140) | $ (66,302,267) | $ (63,154,124) | $ (58,085,888) | $ (54,188,244) | $ (50,963,807) |
| General Revenues and Other Changes in Net Assets | | | | | | | | |
| Governmental activities | | | | | | | | |
| Property taxes levied for general purposes, net | $ 52,051,910 | $ 50,344,384 | $ 49,485,090 | $ 47,642,573 | $ 44,143,259 | $ 42,722,698 | $ 39,841,709 | $ 36,923,133 |
| Taxes levied for debt service | 3,111,333 | 2,583,653 | 2,213,751 | 2,844,064 | 2,767,546 | 2,669,748 | 2,596,041 | 2,474,755 |
| Federal and state aid not restricted | 8,105,252 | 9,334,996 | 9,481,032 | 17,700,801 | 15,879,559 | 14,974,249 | 13,232,697 | 11,515,606 |
| Investment earnings | 25,053 | 216,587 | 683,044 | 550,626 | 279,564 | 168,451 | 117,025 | 341,432 |
| Transfers | - | (100,000) | - | - | - | - | - | - |
| Miscellaneous income | 85,652 | 68,308 | 64,222 | 265,796 | 191,836 | 256,117 | 239,992 | 198,621 |
| Total governmental activities | 63,379,200 | 62,447,928 | 61,927,139 | 69,003,860 | 63,261,764 | 60,791,263 | 56,027,464 | 51,453,547 |
| Business-type activities: | | | | | | | | |
| Investment earnings | - | - | - | - | - | 698 | - | - |
| Transfers | - | 100,000 | - | - | - | - | - | - |
| Total business-type activities | - | 100,000 | - | - | - | 698 | - | - |
| Total district-wide | $ 63,379,200 | $ 62,547,928 | $ 61,927,139 | $ 69,003,860 | $ 63,261,764 | $ 60,791,961 | $ 56,027,464 | $ 51,453,547 |
| Change in Net Assets | | | | | | | | |
| Governmental activities | $ (161,858) | $ (35,826) | $ 1,612,145 | $ 2,725,923 | $ 133,568 | $ 2,729,339 | $ 1,859,457 | $ 526,225 |
| Business-type activities | (40,141) | 63,358 | (48,146) | (24,330) | (25,928) | (23,266) | (20,237) | (36,485) |
| Total district | $ (201,999) | $ 27,532 | $ 1,563,999 | $ 2,701,593 | $ 107,640 | $ 2,706,073 | $ 1,839,220 | $ 489,740 |

Source: District records

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

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

| | June 30, 2010 | June 30, 2009 | June 30, 2008 | June 30, 2007 | June 30, 2006 | June 30, 2005 | June 30, 2004 | June 30, 2003 | June 30, 2002 | June 30, 2001 |
|---|---|---|---|---|---|---|---|---|---|---|
| General Fund | | | | | | | | | | |
| Reserved | $ 3,143,340 | $ 5,181,541 | $ 5,524,096 | $ 3,981,396 | $ 2,635,632 | $ 3,107,174 | $ 1,621,028 | $ 607,468 | $ 523,535 | $ 1,186,972 |
| Unreserved | 366,564 | 657,209 | 944,332 | 839,919 | 743,859 | 1,415,253 | 1,698,256 | 1,949,151 | 2,066,837 | 2,961,199 |
| Total general fund | $ 3,509,904 | $ 5,838,750 | $ 6,468,428 | $ 4,821,315 | $ 3,379,491 | $ 4,522,427 | $ 3,319,284 | $ 2,556,619 | $ 2,590,372 | $ 4,148,171 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | $ 86,685 | $ - | $ 1,840,890 | $ 21,038 | $ 28,637 | $ - | $ 2,578,560 | $ 12,515,334 | $ 1,072,006 | $ 1,053,292 |
| Unreserved | | | | | | | | | | |
| Special revenue fund | - | - | (5,522) | (8,628) | 7,419 | (8,309) | (5,522) | (15,391) | - | - |
| Capital projects fund | - | 295,061 | 1,097,108 | 1,758,053 | 1,812,461 | 1,884,695 | 2,528,021 | 5,163,936 | 19,690,221 | 40,679 |
| Debt service fund | 94,781 | 2 | 1 | 1 | 1 | 1 | 1 | 63 | 63 | 9,852 |
| Permanent fund | - | - | - | - | - | - | - | - | - | - |
| Total all other governmental funds | $ 181,466 | $ 295,063 | $ 2,932,477 | $ 1,770,464 | $ 1,848,518 | $ 1,876,387 | $ 5,101,060 | $ 17,663,942 | $ 20,762,290 | $ 1,103,823 |

Source: District records

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

| | June 30, 2010 | June 30, 2009 | June 30, 2008 | June 30, 2007 | June 30, 2006 | June 30, 2005 | June 30, 2004 | June 30, 2003 | June 30, 2002 | June 30, 2001 |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenues | | | | | | | | | | |
| Tax levy | $ 55,163,243 | $ 52,928,037 | $ 51,698,841 | $ 50,486,637 | $ 46,910,805 | $ 45,392,446 | $ 42,437,750 | $ 39,397,888 | $ 34,276,233 | $ 32,693,198 |
| Tuition charges | 24,968 | 68,967 | 23,075 | 36,343 | 33,833 | 46,343 | 56,506 | 51,807 | 83,992 | 110,126 |
| Interest earnings | 25,053 | 216,587 | 683,044 | 550,626 | 279,564 | 168,451 | 117,025 | 341,432 | 241,217 | 467,472 |
| Miscellaneous | 267,337 | 532,621 | 238,322 | 265,796 | 191,836 | 256,117 | 239,992 | 198,621 | 150,548 | 186,578 |
| State sources | 13,113,096 | 14,640,564 | 16,885,039 | 16,371,322 | 14,368,278 | 13,611,036 | 13,275,454 | 11,724,479 | 17,407,969 | 10,725,674 |
| Federal sources | 2,211,637 | 1,655,549 | 1,457,291 | 1,329,479 | 1,511,281 | 1,363,213 | 1,309,900 | 1,079,521 | 941,163 | 770,609 |
| Total revenue | 70,805,334 | 70,042,325 | 70,985,612 | 69,040,203 | 63,295,597 | 60,837,606 | 57,436,627 | 52,793,748 | 53,101,122 | 44,953,657 |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular Instruction | 22,670,152 | 21,799,901 | 21,006,552 | 20,402,035 | 20,075,584 | 19,500,440 | 18,473,320 | 17,841,412 | 17,201,429 | 16,588,165 |
| Special education instruction | 4,781,510 | 4,707,955 | 4,306,544 | 4,210,778 | 3,809,545 | 3,328,671 | 2,904,914 | 2,600,277 | 2,363,994 | 2,317,913 |
| Other special instruction | 1,393,079 | 1,404,080 | 1,310,956 | 1,071,315 | 1,075,322 | 1,059,567 | 688,628 | 782,842 | 877,961 | 939,942 |
| Other instruction | 1,180,325 | 1,125,096 | 1,049,647 | 1,023,338 | 1,034,728 | 1,267,385 | 1,308,153 | 1,384,482 | 1,484,136 | 1,446,102 |
| Support Services: | | | | | | | | | | |
| Instruction | 3,434,045 | 3,292,240 | 2,971,655 | 2,396,367 | 2,482,940 | 2,157,695 | 2,296,703 | 2,237,582 | 1,841,703 | 1,755,334 |
| Student & inst. related services | 6,019,791 | 5,718,458 | 5,200,921 | 5,370,346 | 5,027,233 | 4,451,300 | 4,229,171 | 4,213,095 | 3,798,214 | 3,535,527 |
| General & business administrative services | 998,428 | 1,014,555 | 960,522 | 884,872 | 1,583,275 | 1,712,380 | 1,510,123 | 1,514,627 | 1,616,996 | 1,448,194 |
| School administrative services | 2,472,397 | 2,475,110 | 2,389,780 | 2,350,113 | 1,646,778 | 1,954,109 | 2,227,175 | 2,271,570 | 2,411,268 | 2,244,577 |
| Central services | 749,994 | 742,919 | 673,691 | 606,651 | 725,358 | 726,953 | - | - | - | - |
| Administrative information technology | 476,244 | 228,003 | | | | | | | | |
| Plant operations and maintenance | 6,078,561 | 6,453,715 | 6,725,919 | 6,154,093 | 6,300,025 | 5,403,522 | 5,294,190 | 4,301,129 | 4,256,459 | 4,077,531 |
| Pupil transportation | 3,134,340 | 3,113,502 | 2,979,135 | 2,900,206 | 2,743,880 | 2,347,673 | 2,322,209 | 2,186,221 | 2,045,590 | 1,866,899 |
| Unallocated benefits | 15,146,095 | 14,278,209 | 16,608,192 | 16,350,526 | 13,981,833 | 12,444,503 | 11,894,749 | 10,354,788 | 8,189,870 | 8,105,523 |
| Special Schools | 187,863 | 190,882 | 179,677 | 194,374 | 83,692 | 76,322 | 62,255 | 47,817 | 42,840 | 40,138 |
| Transfer to Charter Schools | 57,636 | 15,348 | 2,793 | - | - | - | 12,090 | - | - | - |

(continued)

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

| | June 30, 2010 | June 30, 2009 | June 30, 2008 | June 30, 2007 | June 30, 2006 | June 30, 2005 | June 30, 2004 | June 30, 2003 | June 30, 2002 | June 30, 2001 |
|---|---|---|---|---|---|---|---|---|---|---|
| Capital outlay | 1,111,572 | 2,700,609 | 5,009,751 | 902,517 | 1,306,501 | 3,758,868 | 13,653,196 | 3,713,252 | 2,496,704 | 1,092,380 |
| Debt service: | | | | | | | | | | |
| Principal | 2,420,000 | 2,343,000 | 1,865,000 | 1,725,000 | 1,585,000 | 1,425,000 | 1,285,000 | 1,130,000 | 875,000 | 790,000 |
| Interest and other charges | 1,022,430 | 1,421,769 | 1,048,751 | 1,119,064 | 1,182,546 | 1,244,748 | 1,311,103 | 1,344,755 | 760,387 | 804,758 |
| Total expenditures | 73,334,462 | 73,025,351 | 74,289,486 | 67,661,595 | 64,644,240 | 62,859,136 | 69,472,979 | 55,923,849 | 50,262,551 | 47,052,983 |
| Excess (Deficiency) of revenues over (under) expenditures | (2,529,128) | (2,983,026) | (3,303,874) | 1,378,608 | (1,348,643) | (2,021,530) | (12,036,352) | (3,130,101) | 2,838,571 | (2,099,326) |
| Other Financing sources (uses) | | | | | | | | | | |
| Capital leases (non-budgeted) | $ - | $ - | $ - | $ - | $ 163,000 | $ - | $ 236,135 | $ - | $ 620,097 | $ 436,744 |
| Proceeds from bonds | - | 8,275,000 | 6,113,000 | - | - | - | - | - | 14,642,000 | - |
| Payments to refunding bond escrow | - | (8,459,066) | - | - | - | - | - | - | - | - |
| Transfers in | 497,332 | 888,505 | 899,804 | 84,531 | 324,286 | 14,387 | 383,268 | - | 120,560 | 47,405 |
| Transfers out | (497,332) | (988,505) | (899,804) | (84,531) | (324,286) | (14,387) | (383,268) | - | (120,560) | (47,405) |
| Total other financing sources (uses) | - | (284,066) | 6,113,000 | - | 163,000 | - | 236,135 | - | 15,262,097 | 436,744 |
| Net change in fund balances | $ (2,529,128) | $ (3,267,092) | $ 2,809,126 | $ 1,378,608 | $ (1,185,643) | $ (2,021,530) | $ (11,800,217) | $ (3,130,101) | $ 18,100,668 | $ (1,662,582) |
| Debt service as a percentage of noncapital expenditures | 4.77% | 5.35% | 4.21% | 4.26% | 4.37% | 4.52% | 4.65% | 4.74% | 3.42% | 3.47% |

Source: District records

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

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

| Description | June 30, 2010 | June 30, 2009 | June 30, 2008 | June 30, 2007 | June 30, 2006 | June 30, 2005 | June 30, 2004 | June 30, 2003 | June 30, 2002 | June 30, 2001 |
|---|---|---|---|---|---|---|---|---|---|---|
| E Rate refund | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 49,414 |
| Receipts from athletic fund | - | - | - | - | - | - | - | 48,032 | - | - |
| Accumulated income - payroll agency account | - | - | - | - | - | - | - | - | - | 58 |
| Facility charge | 227,401 | 194,755 | 174,099 | 241,444 | 147,550 | 126,675 | 126,456 | 118,250 | 117,750 | 105,465 |
| Prior year insurance refunds | - | - | 10,071 | - | - | 77,233 | 92,797 | - | - | - |
| Prior year miscellaneous refunds | 8,026 | 31,991 | 26,232 | 6,455 | 7,310 | 45,410 | 16,008 | 28,210 | 25,954 | 30,081 |
| Sponsorship | 23,950 | 22,000 | 23,650 | 3,000 | 22,100 | - | - | - | - | - |
| Sale of books | - | - | - | - | - | - | - | 1,474 | - | - |
| Telephone commissions | - | - | - | - | - | - | - | 139 | 1,491 | 678 |
| Cancellation of prior year checks | - | - | - | 7,271 | - | - | - | - | 4,613 | - |
| Miscellaneous | | 5,769 | 4,270 | 5,679 | 5,084 | 1,180 | 4,731 | 2,516 | 740 | 882 |
| Total other local revenue | $ 259,377 | $ 254,515 | $ 238,322 | $ 263,849 | $ 182,044 | $ 250,498 | $ 239,992 | $ 198,621 | $ 150,548 | $ 186,578 |

Source: District Records

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

| Fiscal Year Ended June 30, | Vacant Land | Residential | Farm Reg. | Qualified Farm | Commercial | Industrial | Apartment | Total Assessed Value | Less : Tax Exempt Property | Public Utilities [a] | Net Valuation Taxable | Estimated Actual (County Equalized) Value | Direct School Tax Rate [b] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2001 | $ 38,986,000 | $ 1,374,309,800 | $ 2,944,700 | $ 115,100 | $ 247,579,000 | $ 3,080,100 | $ 80,390,100 | $ 1,747,404,800 | $ - | $ 3,362,070 | $ 1,750,766,870 | $ 2,132,106,457 | 1.895 |
| 2002 | 46,477,400 | 1,395,177,500 | 1,997,900 | 15,300 | 252,256,800 | 3,080,100 | 80,390,100 | 1,779,395,100 | - | 3,196,621 | 1,782,591,721 | 2,339,152,472 | 2.050 |
| 2003 | 73,067,100 | 1,412,386,200 | 1,997,900 | 15,300 | 273,823,600 | 3,080,100 | 80,390,100 | 1,844,760,300 | - | 3,015,051 | 1,847,775,351 | 2,698,841,372 | 2.198 |
| 2004 | 65,608,100 | 1,439,899,400 | 1,997,900 | 15,300 | 290,703,100 | 3,080,100 | 80,062,700 | 1,881,366,600 | - | 2,595,697 | 1,883,962,297 | 3,178,708,458 | 2.315 |
| 2005 | 128,139,000 | 3,540,957,600 | 1,008,800 | 3,200 | 636,902,500 | 7,047,700 | 194,035,400 | 4,508,094,200 | - | 4,230,419 | 4,512,324,619 | 3,704,615,768 | 1.016 |
| 2006 | 137,653,400 | 3,557,304,600 | 1,008,800 | 3,200 | 646,551,200 | 7,047,700 | 192,513,400 | 4,542,082,300 | - | 3,737,125 | 4,545,819,425 | 4,889,481,534 | 1.065 |
| 2007 | 115,614,800 | 3,647,007,700 | 1,008,800 | 3,200 | 657,156,600 | - | 174,312,600 | 4,595,103,700 | - | 3,370,995 | 4,598,474,695 | 5,440,101,338 | 1.105 |
| 2008 | 108,809,100 | 3,701,801,300 | 1,008,800 | 3,200 | 650,095,600 | - | 174,312,600 | 4,636,030,600 | - | 3,335,276 | 4,639,365,876 | 5,821,430,884 | 1.105 |
| 2009 | 99,774,500 | 3,731,125,700 | 1,008,800 | 3,200 | 653,898,600 | - | 174,312,600 | 4,660,123,400 | - | 4,425,876 | 4,664,549,276 | 5,622,766,306 | 1.121 |
| 2010 | 94,206,500 | 3,405,982,600 | 864,200 | 3,000 | 646,389,100 | - | 167,082,500 | 4,314,527,900 | - | 5,730,952 | 4,320,258,852 | 5,535,729,615 | 1.263 |

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

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by the County board of taxation.
Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment
a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
b Tax rates are per $100

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

| Fiscal Year Ended June 30, | Vacant Land | Residential | Farm Reg. | Qualified Farm | Commercial | Industrial | Apartment | Total Assessed Value | Less : Tax Exempt Property | Public Utilities [a] | Net Valuation Taxable | Estimated Actual (County Equalized) Value | Total Direct School Tax Rate [b] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2001 | $ 449,300 | $ 31,544,600 | $ - | $ - | $ 2,166,600 | $ - | $ 147,600 | $ 34,308,100 | $ - | $ 56,826 | $ 34,364,926 | $ 51,076,487 | 0.873 |
| 2002 | 1,233,400 | 66,336,200 | - | - | 3,576,000 | - | 263,400 | 71,409,000 | - | 79,830 | 71,488,830 | 53,814,425 | 0.420 |
| 2003 | 1,233,400 | 66,600,800 | - | - | 3,576,000 | - | 263,400 | 71,673,600 | - | 79,424 | 71,753,024 | 71,567,466 | 0.418 |
| 2004 | 1,233,400 | 66,488,300 | - | - | 3,576,000 | - | 263,400 | 71,561,100 | - | 60,715 | 71,621,815 | 84,719,953 | 0.419 |
| 2005 | 1,233,400 | 66,770,000 | - | - | 3,576,000 | - | 263,400 | 71,842,800 | - | 48,774 | 71,891,574 | 98,997,671 | 0.417 |
| 2006 | 1,233,400 | 67,834,400 | - | - | 3,576,000 | - | 263,400 | 72,907,200 | - | 31,547 | 72,938,747 | 137,889,910 | 0.412 |
| 2007 | 1,233,400 | 68,026,900 | - | - | 3,598,900 | - | 263,400 | 73,122,600 | - | 24,272 | 73,146,872 | 179,473,339 | 0.410 |
| 2008 | 3,823,600 | 191,110,900 | - | - | 9,058,600 | - | 803,200 | 204,796,300 | - | 68,604 | 204,864,904 | 187,038,594 | 0.410 |
| 2009 | 3,523,600 | 191,079,900 | - | - | 9,058,600 | - | 803,200 | 204,465,300 | - | 72,171 | 204,537,471 | 172,470,574 | 0.146 |
| 2010 | 3,083,600 | 190,882,000 | - | - | 8,278,600 | - | 753,200 | 202,997,400 | - | 91,363 | 203,088,763 | 194,726,874 | 0.871 |

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

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.
Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment

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

b Tax rates are per $100

# TOWNSHIP OF OCEAN BOARD OF EDUCATION
## Property Tax Rates - Direct and Overlapping Governments
## Per $100 of Assessed Valuation
## Last Ten Years
## *Unaudited*

### Township of Ocean

| Fiscal Year Ended June 30, | Township of Ocean Board of Education Direct Rate | | | Overlapping Rates | | Total Direct and Overlapping Tax Rate |
|---|---|---|---|---|---|---|
| | Basic Rate [a] | General Obligation Debt Service [b] | Total Direct School Tax Rate | Township of Ocean | Monmouth County | |
| 2001 | 1.810 | 0.085 | 1.895 | 0.550 | 0.572 | 3.017 |
| 2002 | 1.953 | 0.097 | 2.050 | 0.569 | 0.588 | 3.207 |
| 2003 | 2.060 | 0.138 | 2.198 | 0.569 | 0.631 | 3.398 |
| 2004 | 2.173 | 0.142 | 2.315 | 0.564 | 0.642 | 3.521 |
| 2005 | 1.041 | 0.065 | 1.106 | 0.346 | 0.250 | 1.702 |
| 2006 | 1.002 | 0.063 | 1.065 | 0.296 | 0.313 | 1.674 |
| 2007 | 1.043 | 0.062 | 1.105 | 0.308 | 0.320 | 1.733 |
| 2008 | 1.058 | 0.047 | 1.105 | 0.308 | 0.320 | 1.733 |
| 2009 | 1.064 | 0.057 | 1.121 | 0.355 | 0.323 | 1.799 |
| 2010 | 1.200 | 0.063 | 1.263 | 0.428 | 0.350 | 2.041 |

### Village of Loch Arbour

| Fiscal Year Ended June 30, | Township of Ocean Board of Education Direct Rate | | | Overlapping Rates | | Total Direct and Overlapping Tax Rate |
|---|---|---|---|---|---|---|
| | Basic Rate [a] | General Obligation Debt Service [b] | Total Direct School Tax Rate | Village of Loch Arbour | Monmouth County | |
| 2001 | 0.873 | N/A | 0.873 | 0.943 | 0.695 | 2.511 |
| 2002 | 0.400 | 0.020 | 0.420 | 0.533 | 0.332 | 1.285 |
| 2003 | 0.392 | 0.026 | 0.418 | 0.531 | 0.417 | 1.366 |
| 2004 | 0.393 | 0.026 | 0.419 | 0.550 | 0.441 | 1.410 |
| 2005 | 0.392 | 0.025 | 0.417 | 0.573 | 0.464 | 1.454 |
| 2006 | 0.388 | 0.024 | 0.412 | 0.595 | 0.569 | 1.576 |
| 2007 | 0.392 | 0.018 | 0.410 | 0.665 | 0.614 | 1.689 |
| 2008 | 0.392 | 0.018 | 0.410 | 0.614 | 0.665 | 1.689 |
| 2009 | 0.138 | 0.008 | 0.146 | 0.242 | 0.234 | 0.622 |
| 2010 | 0.827 | 0.044 | 0.871 | 0.280 | 0.260 | 1.411 |

Source: Borough Tax Collector

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

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

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

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

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

| | 2010 | |
|---|---|---|
| | Taxable Assessed Value | % of Total District Net Assessed Value |
| Seaview Square LLC c/o Linque Management | $ 99,000,000 | 2.29% |
| Woodshire Apartments | 52,766,400 | 1.22% |
| Sunset Arcadia Center, Inc. | 29,032,600 | 0.67% |
| Continental Land Developers, LLC | 25,678,200 | 0.59% |
| Ocean Seniors, LLC | 23,987,300 | 0.56% |
| Sears Roebuck & Co | 22,517,600 | 0.52% |
| Westwood Oaks Associates | 21,576,600 | 0.50% |
| Cold Indian Springs Corp | 20,060,000 | 0.46% |
| Gold Enterprises c/o Salem Management | 18,487,500 | 0.43% |
| Hollywood Golf Club | 15,420,000 | 0.36% |
| TOTAL | $ 328,526,200 | 7.60% |

| | 2001 | |
|---|---|---|
| | Taxable Assessed Value | % of Total District Net Assessed Value |
| Woodshire Apartments | $ 22,198,000 | 1.27% |
| Equitable Insurance | 18,489,400 | 1.06% |
| Continental Land Development | 12,000,000 | 0.69% |
| Gold Enterprises | 10,346,000 | 0.59% |
| Sears Roebuck & Co | 9,643,000 | 0.55% |
| Cold Indian Springs Corp | 9,174,000 | 0.53% |
| Westwood Oaks Associates | 8,636,200 | 0.49% |
| Continental Enterprises | 6,300,000 | 0.36% |
| Coolidge Cobblestone | 6,100,000 | 0.35% |
| Hollywood Gold Club | 4,961,500 | 0.28% |
| TOTAL | $ 107,848,100 | 6.17% |

Source: Municipal Tax Assessor

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

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

| | 2010 | |
|---|---|---|
| | Taxable Assessed Value | % of Total District Net Assessed Value |
| Individual Taxpayer #1 | $ 4,612,000 | 2.27% |
| Individual Taxpayer #2 | 3,900,300 | 1.92% |
| Individual Taxpayer #3 | 2,893,900 | 1.42% |
| Individual Taxpayer #4 | 2,722,200 | 1.34% |
| Individual Taxpayer #5 | 2,579,900 | 1.27% |
| Individual Taxpayer #6 | 2,558,900 | 1.26% |
| Individual Taxpayer #7 | 2,527,400 | 1.24% |
| 601 Main Street, LLC | 2,471,000 | 1.22% |
| Individual Taxpayer #8 | 2,352,900 | 1.16% |
| Individual Taxpayer #9 | 2,345,500 | 1.15% |
| TOTAL | $ 28,964,000 | 14.26% |

| | 2001 | |
|---|---|---|
| | Taxable Assessed Value | % of Total District Net Assessed Value |
| Individual Taxpayer #1 | $ 832,500 | 2.43% |
| Gabcar, LLC | 576,700 | 1.68% |
| Individual Taxpayer #2 | 526,800 | 1.54% |
| Individual Taxpayer #3 | 509,100 | 1.48% |
| Individual Taxpayer #4 | 507,000 | 1.48% |
| Individual Taxpayer #5 | 500,200 | 1.46% |
| Individual Taxpayer #6 | 454,100 | 1.32% |
| Hanna Realty | 447,600 | 1.30% |
| Individual Taxpayer #7 | 442,700 | 1.29% |
| Individual Taxpayer #8 | 432,000 | 1.26% |
| TOTAL | $ 5,228,700 | 15.24% |

Source: Municipal Tax Assessor

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

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

### Township of Ocean

| Year Ended December 31, | Total Tax Levy for the Fiscal Year | Collected within the Fiscal Year of the Levy [a] | | Collections in Subsequent Years |
|---|---|---|---|---|
| | | Amount | Percentage of Levy | |
| 2000 | $ 52,603,542 | $ 51,687,560 | 98.26% | $ 1,055,825 |
| 2001 | 55,064,399 | 54,224,296 | 98.47% | 663,765 |
| 2002 | 59,364,448 | 58,329,702 | 98.26% | 912,150 |
| 2003 | 65,625,858 | 64,506,190 | 98.29% | 846,089 |
| 2004 | 69,049,665 | 68,000,796 | 98.48% | 617,171 |
| 2005 | 73,725,327 | 73,122,126 | 99.18% | 583,553 |
| 2006 | 79,255,476 | 78,085,541 | 98.52% | 3,493 |
| 2007 | 82,714,716 | 81,708,783 | 98.78% | 977,538 |
| 2008 | 86,385,299 | 84,678,411 | 98.02% | 1,062,300 |
| 2009 | 82,714,916 | 81,708,783 | 98.78% | N/A |

### Village of Loch Arbour

| Year Ended December 31, | Total Tax Levy for the Fiscal Year | Collected within the Fiscal Year of the Levy [a] | | Collections in Subsequent Years |
|---|---|---|---|---|
| | | Amount | Percentage of Levy | |
| 2000 | $ 797,296 | $ 789,501 | 99.02% | N/A |
| 2001 | 863,165 | 858,588 | 99.47% | N/A |
| 2002 | 919,466 | 913,916 | 99.40% | N/A |
| 2003 | 980,146 | 975,176 | 99.49% | N/A |
| 2004 | 1,013,569 | 1,012,497 | 99.89% | N/A |
| 2005 | 1,053,140 | 1,052,966 | 99.98% | N/A |
| 2006 | 1,150,979 | 1,150,979 | 100.00% | N/A |
| 2007 | 1,237,939 | 1,237,987 | 100.00% | N/A |
| 2008 | 1,274,429 | 1,257,678 | 98.69% | N/A |
| 2009 | 1,966,149 | 1,941,374 | 98.74% | N/A |

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

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

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

| Year Ended June 30, | Governmental Activities | | Business-Type Activities | Total District | Percentage of Personal Income [a] | Per Capita [a] |
|---|---|---|---|---|---|---|
| | General Obligation Bonds | Capital Leases | Capital Leases | | | |
| 2001 | $ 16,880,000 | $ - | $ - | $ 16,880,000 | 1.41% | 618 |
| 2002 | 30,085,808 | - | - | 30,085,808 | 2.53% | 1,098 |
| 2003 | 29,517,000 | - | - | 29,517,000 | 2.46% | 1,073 |
| 2004 | 28,232,000 | 739,785 | - | 28,971,785 | 1.85% | 1,042 |
| 2005 | 26,807,000 | - | - | 26,807,000 | 2.00% | 960 |
| 2006 | 25,222,000 | 148,721 | - | 25,370,721 | 1.72% | 905 |
| 2007 | 23,497,000 | 120,784 | - | 23,617,784 | 1.51% | 842 |
| 2008 | 27,745,000 | 90,151 | - | 27,835,151 | 1.72% | 977 |
| 2009 | 25,217,000 | 56,561 | - | 25,273,561 | N/A | 888 |
| 2010 | 22,979,000 | 19,729 | - | 22,998,729 | N/A | 808 |

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

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

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

Township of Ocean

| Year Ended June 30, | General Obligation Bonds | Deductions | Net General Bonded Debt Outstanding | Percentage of Actual Taxable Value of Property [a] | Net Bonded Debt Per Capita [b] |
|---|---|---|---|---|---|
| 2001 | $ 16,510,047 | $ - | $ 16,510,047 | 0.94% | 610.67 |
| 2002 | 29,349,544 | - | 29,349,544 | 1.65% | 1,082.01 |
| 2003 | 28,780,967 | - | 28,780,967 | 1.56% | 1,057.07 |
| 2004 | 27,499,329 | - | 27,499,329 | 1.46% | 998.89 |
| 2005 | 26,085,762 | - | 26,085,762 | 0.58% | 944.18 |
| 2006 | 24,510,740 | - | 24,510,740 | 0.54% | 883.40 |
| 2007 | 22,746,506 | - | 22,746,506 | 0.49% | 818.54 |
| 2008 | 26,912,650 | - | 26,912,650 | 0.58% | 953.71 |
| 2009 | 24,420,143 | - | 24,420,143 | 0.52% | 865.90 |
| 2010 | 22,076,615 | | 22,076,615 | 0.51% | 782.75 |

Village of Loch Arbour

| Year Ended June 30, | General Obligation Bonds | Deductions | Net General Bonded Debt Outstanding | Percentage of Actual Taxable Value of Property [a] | Net Bonded Debt Per Capita [b] |
|---|---|---|---|---|---|
| 2001 | $ 369,953 | $ - | $ 369,953 | 1.08% | 1,316.56 |
| 2002 | 736,264 | - | 736,264 | 1.03% | 2,610.87 |
| 2003 | 736,033 | - | 736,033 | 1.03% | 2,610.05 |
| 2004 | 732,671 | - | 732,671 | 1.02% | 2,598.12 |
| 2005 | 721,238 | - | 721,238 | 1.00% | 2,557.58 |
| 2006 | 711,260 | - | 711,260 | 0.98% | 2,540.21 |
| 2007 | 750,494 | - | 750,494 | 1.03% | 2,709.36 |
| 2008 | 832,350 | - | 832,350 | 0.41% | 3,026.73 |
| 2009 | 796,857 | - | 796,857 | 0.39% | 2,908.24 |
| 2010 | 720,385 | - | 720,385 | 0.35% | 2,638.77 |

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

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

a See Exhibit J-6 for property tax data
b Population data can be found in Exhibit J-14

# TOWNSHIP OF OCEAN BOARD OF EDUCATION
## Direct and Overlapping Government Activities Debt
## For the Year Ended December 31, 2009
*Unaudited*

| | Debt Outstanding | Estimated Percentage Applicable [a] | Estimated Share of Overlapping Debt |
|---|---|---|---|
| Debt repaid with property taxes | | | |
| Township of Ocean | 23,334,819 | 100.000% | $ 23,334,819 |
| Village of Loch Arbour | 978,562 | 100.000% | 978,562 |
| Monmouth County General Obligation Debt | 467,533,612 | 5.290% | 24,732,528 |
| Other debt | | | - |
| Subtotal overlapping debt | | | 49,045,909 |
| Township of Ocean Board of Education Direct Debt | | | 24,907,000 |
| Total Direct and Overlapping Debt | | | $ 73,952,909 |

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2010

| | | |
|---|---|---|
| Equalized valuation basis | | |
| 2010 | $ | 5,730,456,489 |
| 2009 | | 5,795,236,880 |
| 2008 | | 6,008,469,478 |
| | $ | 17,534,162,847 |
| Average equalized valuation of taxable property | $ | 5,844,720,949 |
| Debt limit (4 % of average equalization value) | | 233,788,838 [a] |
| Total Net Debt Applicable to Limit | | 22,797,000 |
| Legal debt margin | $ | 210,991,838 |

| | Fiscal Year | | | | | | | | | Fiscal Year |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
| Debt limit | $ 233,788,838 | $ 232,310,414 | $ 220,233,676 | $ 190,838,595 | $ 159,420,312 | $ 131,045,645 | $ 105,694,523 | $ 97,816,789 | $ 87,587,307 | $ 81,299,822 |
| Total net debt applicable to limit | 22,797,000 | 25,217,000 | 27,745,000 | 23,497,000 | 25,222,000 | 26,807,000 | 28,232,000 | 29,517,000 | 30,647,000 | 16,880,000 |
| Legal debt margin | $ 210,991,838 | $ 207,093,414 | $ 192,488,676 | $ 167,341,595 | $ 134,198,312 | $ 104,238,645 | $ 77,462,523 | $ 68,299,789 | $ 56,940,307 | $ 64,419,822 |
| Total net debt applicable to the limit as a percentage of debt limit | 9.75% | 10.85% | 12.60% | 12.31% | 15.82% | 20.46% | 26.71% | 30.18% | 34.99% | 20.76% |

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

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

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

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

Township of Ocean

| Year | Population [a] | Personal Income [b] | Per Capita Personal Income [c] | Unemployment Rate [d] |
|---|---|---|---|---|
| 2001 | 27,036 | $ 1,185,880,068 | $ 43,863 | 3.20% |
| 2002 | 27,125 | 1,176,872,375 | 43,387 | 4.70% |
| 2003 | 27,227 | 1,188,022,918 | 43,634 | 4.70% |
| 2004 | 27,530 | 1,556,683,850 | 56,545 | 3.90% |
| 2005 | 27,628 | 1,328,133,216 | 48,072 | 3.50% |
| 2006 | 27,746 | 1,456,637,254 | 52,499 | 3.50% |
| 2007 | 27,789 | 1,551,348,714 | 55,826 | 3.40% |
| 2008 | 28,219 | 1,601,569,345 | 56,755 | 4.50% |
| 2009 | 28,202 | N/A | N/A | 8.30% |
| 2010 | 28,204 | N/A | N/A | N/A |

Village of Loch Arbour

| Year | Population [a] | Personal Income [b] | Per Capita Personal Income [c] | Unemployment Rate [d] |
|---|---|---|---|---|
| 2001 | 281 | $ 12,325,503 | $ 43,863 | 3.20% |
| 2002 | 282 | 12,235,134 | 43,387 | 4.70% |
| 2003 | 282 | 12,304,788 | 43,634 | 4.70% |
| 2004 | 282 | 13,125,690 | 46,545 | 3.70% |
| 2005 | 282 | 13,556,304 | 48,072 | 6.20% |
| 2006 | 280 | 14,699,720 | 52,499 | 6.30% |
| 2007 | 277 | 15,463,802 | 55,826 | 5.70% |
| 2008 | 275 | 15,607,625 | 56,755 | 7.40% |
| 2009 | 274 | N/A | N/A | 11.90% |
| 2010 | 273 | N/A | N/A | N/A |

Sources:

a Population information provided by the NJ Dept of Labor and Workforce Development. Estimate is based on July 1 of the audit year.

b Personal income has been estimated based upon the municipal population and per capita personal income presented.

c Per capita personal income by municipality not available. The Per Capita Personal Income amounts presented represent the figures available for Monmouth County, NJ as provided by the State of New Jersey, Department of Education, Division of Finance.

d Unemployment data provided by the NJ Dept of Labor and Workforce Development.

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

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

TOWNSHIP OF OCEAN

| | 2010 | | 2001 | |
|---|---|---|---|---|
| Employer | Employees | Percentage of Total Municipal Employment | Employees | Percentage of Total Municipal Employment |

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

VILLAGE OF LOCH ARBOUR

| | 2010 | | 2001 | |
|---|---|---|---|---|
| Employer | Employees | Percentage of Total Municipal Employment | Employees | Percentage of Total Municipal Employment |
| LEAN II T/A The Lake House | 20 | 11.43% | N/A | |
| Allenhurst Carwash | 15 | 8.57% | N/A | |
| Richard P. Nobile, DDS | 5 | 2.86% | N/A | |
| Village of Loch Arbour | 5 | 2.86% | N/A | |
| Wilson's Deli | 3 | 1.71% | N/A | |
| Provident Investors | 2 | 1.14% | N/A | |
| Loch Arbour Liquors, Inc. | 1 | 0.57% | N/A | |

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

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

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

| Function/Program | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|
| Instruction: | | | | | | |
| Regular | 285.1 | 284.0 | 281.8 | 290.6 | 283.0 | 277.7 |
| Special education | 95.5 | 93.8 | 90.5 | 92.5 | 86.5 | 75.0 |
| Other special education | 51.6 | 54.2 | 55.0 | 49.1 | 49.6 | 55.5 |
| Other instruction | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 8.0 |
| Support Services: | | | | | | |
| Student and instruction related services | 76.1 | 76.6 | 80.6 | 65.6 | 72.6 | 70.0 |
| General Administration | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 |
| School administration services | 33.0 | 37.0 | 36.0 | 37.0 | 42.0 | 42.6 |
| Central services | 9.5 | 9.5 | 9.5 | 10.5 | 11.0 | 11.0 |
| Administrative information technology | 9.0 | 3.0 | - | - | - | - |
| Plant operations and maintenance | 59.5 | 66.5 | 65.5 | 68.5 | 65.5 | 63.5 |
| Pupil transportation | 51.0 | 54.0 | 53.0 | 59.0 | 60.0 | 60.0 |
| Total | 681.3 | 689.6 | 682.9 | 683.8 | 681.2 | 671.3 |

Source: District Records

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

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

| Fiscal Year | Enrollment | Operating Expenditures [a] | Cost Per Pupil | Percentage Change | Teaching Staff [b] | Pupil/Teacher Ratio | | | Average Daily Enrollment (ADE) [c] | Average Daily Attendance (ADA) [c] | % Change in Average Daily Enrollment | Student Attendance Percentage |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Elementary | Middle School | Senior High School | | | | |
| 2001 | 4,387 | $ 44,365,845 | $ 10,113 | N/A | 385 | 15.8:1 | 12.5:1 | 11.6:1 | 4,387 | 4,204 | N/A | 95.83% |
| 2002 | 4,445 | 46,130,460 | 10,378 | 2.62% | 419 | 15.4:1 | 12.4:1 | 11.6:1 | 4,443 | 4,257 | 1.28% | 95.81% |
| 2003 | 4,418 | 49,735,842 | 11,258 | 8.47% | 403 | 15.8:1 | 11.8:1 | 11.7:1 | 4,418 | 4,235 | -0.56% | 95.86% |
| 2004 | 4,461 | 53,223,680 | 11,931 | 5.98% | 404 | 13.4:1 | 12.3:1 | 11.6:1 | 4,461 | 4,274 | 0.97% | 95.81% |
| 2005 | 4,458 | 56,430,520 | 12,658 | 6.10% | 418 | 13.1:1 | 11.3:1 | 11.9:1 | 4,456 | 4,278 | -0.11% | 96.01% |
| 2006 | 4,386 | 60,570,193 | 13,810 | 9.10% | 361 | 12.3:1 | 11.6:1 | 12.4:1 | 4,372 | 4,179 | -1.89% | 95.59% |
| 2007 | 4,339 | 63,915,014 | 14,730 | 6.67% | 358 | 12.7:1 | 11.3:1 | 12.4:1 | 4,312 | 4,119 | -1.37% | 95.53% |
| 2008 | 4,233 | 66,365,984 | 15,678 | 6.43% | 364 | 12.3:1 | 10.6:1 | 12.0:1 | 4,232 | 4,051 | -1.86% | 95.72% |
| 2009 | 4,170 | 66,559,974 | 15,962 | 1.81% | 369 | 11.7:1 | 10.5:1 | 11.7:1 | 4,158 | 3,980 | -1.75% | 95.72% |
| 2010 | 4,106 | 68,780,460 | 16,751 | 4.95% | 370 | 11.3:1 | 10.6:1 | 11.5:1 | 4,076 | 3,905 | -1.97% | 95.80% |

Sources: District Records

Note: Enrollment based on annual October district count.

a Operating expenditures equal total governmental expenditures less debt service and capital outlay.
b Teaching staff includes only full-time equivalents of certificated staff.
c Average daily enrollment and average daily attendant are obtained from the School Register Summary (SRS)

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

| District Building | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
|---|---|---|---|---|---|---|---|---|---|---|
| Elementary | | | | | | | | | | |
| Wanamassa Elementary School | | | | | | | | | | |
| Square feet | 59,580 | 59,580 | 59,580 | 59,580 | 59,580 | 59,580 | 43,080 | 43,080 | 43,080 | 43,080 |
| Capacity (students) | 477 | 477 | 477 | 477 | 477 | 477 | 345 | 345 | 345 | 345 |
| Enrollment | 410 | 371 | 372 | 369 | 369 | 386 | 483 | 495 | 523 | 547 |
| Ocean Township Elementary School | | | | | | | | | | |
| Square feet | 76,160 | 76,160 | 76,160 | 76,160 | 76,160 | 76,160 | 72,160 | 72,160 | 72,160 | 72,160 |
| Capacity (students) | 609 | 609 | 609 | 609 | 609 | 609 | 577 | 577 | 577 | 577 |
| Enrollment | 446 | 461 | 469 | 477 | 466 | 506 | 619 | 609 | 640 | 662 |
| Wayside School | | | | | | | | | | |
| Square feet | 147,375 | 147,375 | 147,375 | 147,375 | 147,375 | 147,375 | 147,375 | 147,375 | 147,375 | 147,375 |
| Capacity (students) | 713 | 713 | 713 | 713 | 713 | 713 | 713 | 713 | 713 | 713 |
| Enrollment | 608 | 658 | 677 | 680 | 702 | 720 | 868 | 897 | 898 | 884 |
| Middle School | | | | | | | | | | |
| Ocean Township Intermediate School | | | | | | | | | | |
| Square feet | 257,400 | 257,400 | 257,400 | 257,400 | 257,400 | 257,400 | 192,400 | 192,400 | 192,400 | 192,400 |
| Capacity (students) | 1,951 | 1,951 | 1,951 | 1,951 | 1,951 | 1,951 | 1,459 | 1,459 | 1,459 | 1,459 |
| Enrollment | 1,323 | 1,314 | 1,292 | 1,363 | 1,412 | 1,424 | 1,106 | 1,115 | 1,081 | 1,059 |
| High School | | | | | | | | | | |
| Ocean Township High School | | | | | | | | | | |
| Square feet | 200,215 | 200,215 | 200,215 | 200,215 | 200,215 | 200,215 | 200,215 | 200,215 | 200,215 | 200,215 |
| Capacity (students) | 1,326 | 1,326 | 1,326 | 1,326 | 1,326 | 1,326 | 1,326 | 1,326 | 1,326 | 1,326 |
| Enrollment | 1,319 | 1,366 | 1,423 | 1,450 | 1,410 | 1,430 | 1,377 | 1,341 | 1,319 | 1,243 |

Number of Schools at June 30, 2010
- Elementary = 3
- Middle = 1
- High =1

Source: District records.

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

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

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

| Undistributed Expenditures - Required Maintenance for School Facilities 11-000-261-XXX | Gross Square Footage | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|---|---|---|---|---|---|---|---|---|
| School facilities | | | | | | | | | |
| Ocean Township Elementary | 76,160 | $ 81,679 | $ 92,484 | $ 95,160 | $ 108,159 | $ 122,998 | $ 74,010 | $ 83,199 | $ 122,152 |
| Ocean Township High School | 200,215 | 307,507 | 294,898 | 257,241 | 238,305 | 324,152 | 227,661 | 209,613 | 232,060 |
| Ocean Township Intermediate School | 257,400 | 259,333 | 331,928 | 300,467 | 272,087 | 320,662 | 260,259 | 177,630 | 194,067 |
| Wanamassa Elementary School | 59,580 | 74,366 | 114,077 | 133,480 | 71,059 | 74,600 | 74,569 | 55,716 | 55,374 |
| Wayside Elementary School | 147,375 | 152,552 | 159,307 | 168,952 | 149,424 | 182,212 | 128,170 | 140,556 | 157,458 |
| Total School Facilities | | 875,437 | 992,694 | 955,300 | 839,034 | 1,024,624 | 764,669 | 666,714 | 761,111 |
| Grand Total | | $ 875,437 | $ 992,694 | $ 955,300 | $ 839,034 | $ 1,024,624 | $ 764,669 | $ 666,714 | $ 761,111 |

Source: District Records

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

# TOWNSHIP OF OCEAN BOARD OF EDUCATION
## Insurance Schedule
## June 30, 2010
*Unaudited*

| | Coverage | Deductible |
|---|---|---|
| Commercial Property - Monmouth Ocean Counties Shared Services Insurance Fund | | |
| Property | | |
| Blanket real and personal property, per occurrence | $ 300,000,000 | $ 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 A & V, per occurrence | 10,000,000 | 500,000 |
| NJSBAIG annual aggregate | 10,000,000 | |
| 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 | |
| Electronic Data Processing | | |
| 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 |
| Equipment Breakdown | | 5,000 |
| 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 | 250,000 | |
| Newly acquired locations - 60 days notice | 250,000 | |
| Crime | | |
| Public employee dishonesty with faithful performance | 1,000,000 | 1,000 |
| Theft, Disappearance and destruction - loss of money & security on or off premises | 25,000 | 500 |
| Forgery & alteration | 250,000 | 1,000 |
| Computer fraud | 1,000,000 | 1,000 |
| Public officials bond - Assistant Board Treasurer | 200,000 | 1,000 |
| Comprehensive General Liability | | |
| 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)

# TOWNSHIP OF OCEAN BOARD OF EDUCATION
## Insurance Schedule
## June 30, 2010
*Unaudited*

| | Coverage | Deductible |
|---|---|---|
| Commercial Property - Monmouth Ocean Counties Shared Services Insurance Fund (continued) | | |
| Automobile, Liability | | |
| Any auto, combined single limit for bodily injury and property damage, per accident | 11,000,000 | |
| Uninsured/underinsured motorists | | |
| Private passenger auto, combined single limit | 1,000,000 | |
| All other vehicles | | |
| Bodily injury per person | 15,000 | |
| Bodily injury per accident | 30,000 | |
| Property damage per accident | 5,000 | |
| Personal injury protection (including pedestrians) | 250,000 | |
| Medical payments, private passenger vehicles | 10,000 | |
| All other vehicles | 5,000 | |
| Terrorism, per occurrence/NJSBAIG annual aggregate | 1,000,000 | |
| Automobile, Physical Damage | | |
| Comprehensive | | 1,000 |
| Collision | | 1,000 |
| Hired car physical damage, $75,000 limit | | 1,000 |
| Replacement cost | | 1,000 |
| Environmental Impairment Liability - American Safety | | |
| Limits of Liability | | |
| Each environmental impairment incident limit | 1,000,000 | |
| Environmental impairment aggregate per named insured | 2,000,000 | |
| Environmental impairment aggregate limit | 10,000,000 | |
| Deductible, per incident | | 10,000 |
| Workers Compensation - Monmouth Ocean Counties Shared Services Insurance Fund | | |
| Coverage A - Statutory | | |
| Limits of liability: | | |
| Bodily injury by accident | 2,000,000 | |
| Bodily injury by disease, each employee | 2,000,000 | |
| Bodily injury by disease, aggregate limit | 2,000,000 | |
| Workers Compensation Supplemental Indemnity - Markel Insurance Co. | | |
| Coverage for all full-time employees - 7 day waiting period - per week for maximum up to 52 weeks | 2,000 | |
| School Leaders Errors and Omission - Monmouth Ocean Counties Shared Services Insurance Fund | | |
| Coverage A | | |
| Limit of liability, each policy period, retro date July 1, 1986 | 11,000,000 | |
| Each Claim | | 5,000 |
| Coverage B | | |
| Limit of liability, each claim | 100,000 | 5,000 |
| Limit of liability, each policy period | 300,000 | |
| School Time Compulsory Student Accident - Markel Insurance Co | | |
| Base plan maximum, full excess including interscholastic sports and football | 1,000,000 | |
| Excess medical | 5,000,000 | |
| Deductible | | 25,000 |
| Accidental death dismemberment | 10,000 | |
| Catastrophic injury | 500,000 | |
| Volunteer workers | 25,000 | |
| Bond -The Hartford Insurance Group | | |
| Kenneth Jannarone, BA/BS | 3,000 | |
| Bond - NJSBAIG | | |
| Stephen Gallagher, Treasurer of School Monies | 200,000 | 1,000 |

# SINGLE AUDIT SECTION

PADUANO,
DITOMMASO
& GOLDA, LLC

*Certified Public Accountants and Consultants*



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

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

We have audited the financial statements of the Board of Education of the Township of Ocean School District, in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2010, and have issued our report thereon dated October 8, 2010 We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

A *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.



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

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

Compliance and Other Matters

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

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

Paduano, DiTommaso & Golda, LLC
October 8, 2010

Laura A. DiTommaso CPA
Certified Public Accountant
Licensed Public School Accountant #CS00164

PADUANO,
DITOMMASO
& GOLDA, LLC

*Certified Public Accountants and Consultants*



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

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

Compliance

We have audited the compliance of the Board of Education of the Township of Ocean School District, in the County of Monmouth, State of New Jersey, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2010. The Township of Ocean Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Township of Ocean Board of Education's management. Our responsibility is to express an opinion on the Township of Ocean Board of Education's compliance based on our audit.

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



PO Box 206, 220 Monmouth Road, Oakhurst, NJ 07755
732-531-4100 **s** Fax 732-531-4130 **s** www.pdgcpa.com

In our opinion, the Board of Education of the Township of Ocean School District, in the County of Monmouth, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2010.

Internal Control Over Compliance

The management of the Board of Education of the Township of Ocean School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the Township of Ocean Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis.

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

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

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

Paduano, DiTommaso & Golda, LLC
October 8, 2010

Certified Public Accountant
Licensed Public School Accountant #CS00164

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

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Grant or State Project Number | Program or Award Amount | Grant Period From | Grant Period To | Balance at June 30, 2009 Deferred Revenue (Accts. Rec.) | Balance at June 30, 2009 Due to Grantor | Carryover/ (Walkover) Amount | Cash Received | Budgetary Expenditures | Adjustments | Repayment of Prior Years' Balances | Balance at June 30, 2010 Accounts Receivable | Balance at June 30, 2010 Deferred Revenue | Balance at June 30, 2010 Due to Grantor |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| U.S. Department of Education | | | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | | | |
| Medical Assistance Program (SEMI) | 93.778 | N/A | $ 93,280 | 7/1/09 | 6/30/10 | $ - | $ - | $ - | $ 85,537 | $ (93,280) | $ - | $ - | $ (7,743) | $ - | $ - |
| U.S. Department of Education | | | | | | | | | | | | | | | |
| Passed-through State Department of Education: | | | | | | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | | | | | | |
| Title I, Part A, Improving Basic Skills | 84.010A | NCLB-10 | 446,488 | 9/1/09 | 8/31/10 | - | - | - | 303,119 | (446,619) | - | - | (143,500) | - | - |
| Title I, Part A, Improving Basic Skills | 84.010A | NCLB-09 | 455,804 | 9/1/08 | 8/31/09 | (197,638) | - | - | 209,062 | (11,531) | 107 | - | - | - | - |
| Title II, Part A, Teacher and Principal Training and Recruiting | 84.281A | NCLB-10 | 122,792 | 9/1/09 | 8/31/10 | - | - | - | 75,796 | (119,841) | - | - | (44,045) | - | - |
| Title II, Part A, Teacher and Principal Training and Recruiting | 84.281A | NCLB-09 | 121,139 | 9/1/08 | 8/31/09 | (47,283) | - | - | 47,283 | - | - | - | - | - | - |
| Title II, Part D, Enhancing Education Through Technology | 84.281 | NCLB-10 | 4,356 | 9/1/09 | 8/31/10 | - | - | - | 3,661 | (4,591) | - | - | (930) | - | - |
| Title II, Part D, Enhancing Education Through Technology | 84.281 | NCLB-09 | 3,787 | 9/1/08 | 8/31/09 | (1,126) | - | - | 1,126 | - | - | - | - | - | - |
| Title IIIA, English Language Enhancement | 84.294 | NCLB-10 | 34,178 | 9/1/09 | 8/31/10 | - | - | - | 20,498 | (34,619) | - | - | (14,121) | - | - |
| Title IIIA, English Language Enhancement | 84.294 | NCLB-09 | 38,928 | 9/1/08 | 8/31/09 | (10,837) | - | - | 12,067 | (1,230) | - | - | - | - | - |
| Title IV, Part A, Safe & Drug Free Schools | 84.168A | NCLB-10 | 11,698 | 9/1/09 | 8/31/10 | - | - | - | 114 | (11,744) | - | - | (11,630) | - | - |
| Title IV, Part A, Safe & Drug Free Schools | 84.168A | NCLB-09 | 13,822 | 9/1/08 | 8/31/09 | (13,566) | - | - | 13,576 | (10) | - | - | - | - | - |
| IDEA, Part B | 84.027 | FT-10 | 982,798 | 9/1/09 | 8/31/10 | - | - | - | 697,758 | (964,530) | - | - | (266,772) | - | - |
| IDEA, Part B | 84.027 | FT-09 | 978,542 | 9/1/08 | 8/31/09 | (209,521) | - | - | 223,219 | (17,061) | 3,363 | - | - | - | - |
| IDEA, Preschool | 84.173 | PS-10 | 40,997 | 9/1/09 | 8/31/10 | - | - | - | 32,445 | (41,220) | - | - | (8,775) | - | - |
| IDEA, Preschool | 84.173 | PS-09 | 40,930 | 9/1/08 | 8/31/09 | (4,387) | - | - | 4,164 | - | 223 | - | - | - | - |
| ARRA-Title 1 , Part A | 84.389 | ARRA-10 | 307,837 | 9/1/09 | 8/31/11 | - | - | - | 39,870 | (53,957) | - | - | (14,087) | - | - |
| ARRA-Title 1 , Part A-SIA | 84.389 | ARRA-10 | 7,879 | 9/1/09 | 8/31/11 | - | - | - | 7,879 | (7,879) | - | - | - | - | - |
| ARRA-IDEA, Part B | 84.391 | ARRA-10 | 1,085,944 | 9/1/09 | 8/31/11 | - | - | - | 403,711 | (607,358) | - | - | (203,647) | - | - |
| ARRA-IDEA,Part B, Preschool | 84.392 | ARRA-10 | 39,246 | 9/1/09 | 8/31/11 | - | - | - | 6 | (473) | - | - | (467) | - | - |
| Total Special Revenue Fund | | | | | | (484,358) | - | - | 2,095,354 | (2,322,663) | 3,693 | - | (707,974) | - | - |
| U.S. Department of Agriculture | | | | | | | | | | | | | | | |
| Passed-through State Department of Education: | | | | | | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | | | | | | |
| Food Distribution Program | 10.550 | N/A | 71,210 | 7/1/09 | 6/30/10 | - | - | - | 71,210 | (60,245) | - | - | - | 10,965 | - |
| Food Distribution Program | 10.550 | N/A | 43,310 | 7/1/08 | 6/30/09 | 7,072 | - | - | - | (7,072) | - | - | - | - | - |
| National School Lunch Program | 10.555 | N/A | 284,333 | 7/1/09 | 6/30/10 | - | - | - | 266,169 | (284,333) | - | - | (18,164) | - | - |
| National School Lunch Program | 10.555 | N/A | 240,331 | 7/1/08 | 6/30/09 | (44,651) | - | - | 44,651 | - | - | - | - | - | - |
| Total Enterprise Fund | | | | | | (37,579) | - | - | 382,030 | (351,650) | - | - | (18,164) | 10,965 | - |
| Total Federal Awards | | | | | | $ (521,937) | $ - | $ - | $ 2,562,921 | $ (2,767,593) | $ 3,693 | $ - | $ (733,881) | $ 10,965 | $ - |

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

# TOWNSHIP OF OCEAN BOARD OF EDUCATION
## Schedule of Expenditures of State Financial Assistance
## For the Fiscal Year Ended June 30, 2010

| State Grantor/Program Title | Grant or State Project Number | Program or Award Amount | Grant Period From | Grant Period To | Balance at June 30, 2009 Deferred Revenue (Accts. Rec.) | Balance at June 30, 2009 Due to Grantor | Carryover/ (Walkover) Amount | Cash Received | Budgetary Expenditures | Repayment of Prior Years' Balances | Balance at June 30, 2010 Accounts Receivable | Balance at June 30, 2010 Deferred Revenue | Balance at June 30, 2010 Due to Grantor | Memo Budgetary Receivable | Memo Cumulative Total Expenditures |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| State Department of Education | | | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | | | |
| Categorical Special Education Aid | 10-495-034-5120-089 | $ 2,241,059 | 7/1/09 | 6/30/10 | $ - | $ - | $ - | $ 2,016,952 | $ (2,241,059) | $ - | $ - | $ - | $ - | $ 224,107 | $ 2,241,059 |
| Categorical Security Aid | 10-495-034-5120-084 | 369,930 | 7/1/09 | 6/30/10 | - | - | - | 332,937 | (369,930) | - | - | - | - | 36,993 | 369,930 |
| Adjustment Aid | 10-495-034-5120-085 | 3,874,014 | 7/1/09 | 6/30/10 | - | - | - | 3,278,369 | (3,874,014) | - | - | - | - | 595,645 | 3,874,014 |
| Categorical Transportation Aid | 10-495-034-5120-014 | 1,269,193 | 7/1/09 | 6/30/10 | - | - | - | 1,150,024 | (1,269,193) | - | - | - | - | 119,169 | 1,269,193 |
| Extraordinary Special Education Costs Aid | 10-495-034-5120-473 | 251,543 | 7/1/09 | 6/30/10 | - | - | - | - | (121,589) | - | - | - | - | 121,589 | 121,589 |
| Nonpublic Transportation Cost Aid | 10-100-034-5120-068 | 35,536 | 7/1/09 | 6/30/10 | - | - | - | - | (35,536) | - | - | - | - | 35,536 | 35,536 |
| Reimbursed TPAF Social Security Contributions | 10-495-034-5095-002 | 2,308,950 | 7/1/09 | 6/30/10 | - | - | - | 2,193,673 | (2,308,950) | - | (115,277) | - | - | - | 2,308,950 |
| Reimbursed TPAF Social Security Contributions | 09-495-034-5095-002 | 2,302,678 | 7/1/08 | 6/30/09 | (110,126) | - | - | 110,126 | - | - | - | - | - | - | - |
| On behalf TPAF pension contributions | 10-495-034-5095-006 | 1,899,551 | 7/1/09 | 6/30/10 | - | - | - | 1,899,551 | (1,899,551) | - | - | - | - | - | 1,899,551 |
| Total General Fund | | | | | (110,126) | - | - | 10,981,632 | (12,119,822) | - | (115,277) | - | - | 1,133,039 | 12,119,822 |
| Special Revenue Fund: | | | | | | | | | | | | | | | |
| NJ Nonpublic Aid: | | | | | | | | | | | | | | | |
| Textbook Aid | 10-100-034-5120-064 | 43,878 | 7/1/09 | 6/30/10 | - | - | - | 43,878 | (39,557) | - | - | - | 4,321 | - | 39,557 |
| Textbook Aid | 09-100-034-5120-064 | 52,156 | 7/1/08 | 6/30/09 | - | 2,517 | - | - | - | (2,517) | - | - | - | - | - |
| Nursing | 10-100-034-5120-070 | 52,032 | 7/1/09 | 6/30/10 | - | - | - | 52,032 | (51,979) | - | - | - | 53 | - | 51,979 |
| Nursing | 09-100-034-5120-070 | 70,406 | 7/1/08 | 6/30/09 | - | 362 | - | - | - | (362) | - | - | - | - | - |
| Technology Program | 09-100-034-5120-373 | 36,480 | 7/1/08 | 6/30/09 | - | 134 | - | - | - | (134) | - | - | - | - | - |
| Auxiliary Services: | | | | | | | | | | | | | | | |
| Compensatory Education | 10-100-034-512a-067 | 246,642 | 7/1/09 | 6/30/10 | - | - | - | 246,642 | (198,658) | - | - | - | 47,984 | - | 198,658 |
| Compensatory Education | 09-100-034-512a-067 | 260,479 | 7/1/08 | 6/30/09 | - | 299 | - | - | - | (299) | - | - | - | | |
| English as a Second Language | 10-100-034-512b-067 | 1,957 | 7/1/09 | 6/30/10 | - | - | - | 1,957 | - | - | - | - | 1,957 | - | |
| Transportation | 10-100-034-5120-068 | 13,789 | 7/1/09 | 6/30/10 | - | - | - | 13,789 | - | - | - | - | 13,789 | - | |
| Handicapped Services: | | | | | | | | | | | | | | | |
| Examination and Classification | 10-100-034-512b-066 | 172,621 | 7/1/09 | 6/30/10 | - | - | - | 172,621 | (151,356) | - | - | - | 21,265 | - | 151,356 |
| Examination and Classification | 09-100-034-512b-066 | 169,918 | 7/1/08 | 6/30/09 | - | 19,702 | - | - | - | (19,702) | - | - | - | - | - |
| Corrective Speech | 10-100-034-512a-066 | 64,563 | 7/1/09 | 6/30/10 | - | - | - | 64,563 | (50,215) | - | - | - | 14,348 | - | 50,215 |
| Corrective Speech | 09-100-034-512a-066 | 68,262 | 7/1/08 | 6/30/09 | - | 558 | - | - | - | (558) | - | - | - | - | - |
| Supplemental Instruction | 10-100-034-512c-066 | 120,261 | 7/1/09 | 6/30/10 | - | - | - | 120,261 | (89,201) | - | - | - | 31,060 | - | 89,201 |
| Total Special Revenue Fund | | | | | - | 23,572 | - | 715,743 | (580,966) | (23,572) | - | - | 134,777 | - | 580,966 |
| Debt Service Fund | | | | | | | | | | | | | | | |
| Debt Service Aid- Type II | 10-495-034-5120-017 | 218,378 | 7/1/09 | 6/30/10 | - | - | - | 218,378 | (218,378) | - | - | - | - | - | 254,941 |
| Capital Projects Fund: | | | | | | | | | | | | | | | |
| New Jersey Schools Development Authority | | | | | | | | | | | | | | | |
| Ocean Township High School | 3810-030-05-1000 | 179,115 | 7/1/05 | 6/30/06 | (178,219) | - | - | 178,219 | - | - | - | - | - | - | - |
| Wanamassa Boiler Replacement | 3810-070-09-1007 | 58,920 | 7/1/09 | 6/30/10 | - | - | - | - | (58,800) | - | (58,800) | - | - | - | 58,800 |
| Intermediate School Ventilator branch piping | 3810-040-09-1004 | 133,800 | 7/1/09 | 6/30/10 | - | - | - | - | (133,800) | - | (133,800) | - | - | - | 133,800 |
| Total Capital Projects Fund | | | | | (178,219) | - | - | 178,219 | (192,600) | - | (192,600) | - | - | - | 192,600 |

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

(continued)

# TOWNSHIP OF OCEAN BOARD OF EDUCATION
## Schedule of Expenditures of State Financial Assistance
## For the Fiscal Year Ended June 30, 2010

| State Grantor/Program Title | Grant or State Project Number | Program or Award Amount | Grant Period From | Grant Period To | Balance at June 30, 2009 Deferred Revenue (Accts. Rec.) | Balance at June 30, 2009 Due to Grantor | Carryover/ (Walkover) Amount | Cash Received | Budgetary Expenditures | Repayment of Prior Years' Balances | Balance at June 30, 2010 Accounts Receivable | Balance at June 30, 2010 Deferred Revenue | Balance at June 30, 2010 Due to Grantor | Memo Budgetary Receivable | Memo Cumulative Total Expenditures |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| State Department of Agriculture | | | | | | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | | | | | | |
| National School Lunch Program (State share) | 10-100-010-3360-067 | $ 15,545 | 7/1/09 | 6/30/10 | $ - | $ - | $ - | $ 14,566 | $ (15,545) | $ - | $ (979) | $ - | $ - | $ - | $ 15,545 |
| National School Lunch Program (State share) | 09-100-010-3360-067 | 14,492 | 7/1/08 | 6/30/09 | (2,616) | - | - | 2,616 | - | - | - | - | - | - | - |
| Total Enterprise Fund | | | | | (2,616) | - | - | 17,182 | (15,545) | - | (979) | - | - | - | 15,545 |
| Total State Financial Assistance | | | | | $ (290,961) | $ 23,572 | $ - | $ 12,111,154 | $ (13,127,311) | $ (23,572) | $ (308,856) | $ - | $ 134,777 | $ 1,133,039 | $ 13,163,874 |

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
June 30, 2010

## NOTE 1. GENERAL

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

## NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of 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 Board's financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

## NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is ($158,023) for the general fund and ($204,308) for the special revenue fund. See C-3 (Notes to the Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

| | Federal | State | Total |
|---|---|---|---|
| General Fund | $ 93,280 | $ 12,121,153 | $ 12,214,433 |
| Special Revenue Fund | 2,118,357 | 580,965 | 2,699,322 |
| Capital Projects Fund | - | 192,600 | 192,600 |
| Debt Service Fund | - | 218,378 | 218,378 |
| Food Service Fund | 344,577 | 15,546 | 360,123 |
| Total Awards and Financial Assistance | $ 2,556,214 | $ 13,128,642 | $ 15,684,856 |

TOWNSHIP OF OCEAN BOARD OF EDUCATION
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
June 30, 2010

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, 2010. TPAF social security contributions represent the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2010.

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2010 amounted to $1,899,551.

NOTE 6. ADJUSTMENTS

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

*Part I – Summary of Auditor's Results*

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

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

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

Federal Awards

Internal Control over major programs:

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

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

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

Identification of Major Programs:

| CFDA Number(s) | Name of Federal Program or Cluster |
|---|---|
| 84.010A | NCLB Title I, Part A |
| 84.027 | IDEA, Part B |
| 84.391 | ARRA-IDEA, Part B |
| | |

Dollar threshold used to distinguish between type A and type B programs: $ 467,428

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(continued)

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

State Awards

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

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

Internal Control over major programs:

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

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

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

Identification of Major Programs:

| GMIS Number(s) | Name of State Program |
|---|---|
| 10-495-034-5120-089 | Special Education Categorical Aid |
| 10-495-034-5120-014 | Transportation Aid |
| 10-495-034-5120-085 | Adjustment Aid |
| 10-495-034-5095-002 | Reimbursed TPAF Social Security Contributions |
| 10-495-034-5120-084 | Categorical Security Aid |
| | |

TOWNSHIP OF OCEAN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(continued)

*Part II – Schedule of Financial Statement Findings*

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

None were reported.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(continued)

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

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

No matters were reported.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
As Prepared by Management
For the Fiscal Year Ended June 30, 2010

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

STATUS OF PRIOR-YEAR FINDINGS

There were no prior-year audit findings for the fiscal year ended June 30, 2009 that we are required to report on.