Ocean Township School District

Ocean Township School District
Oakhurst, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016

Comprehensive Annual

Financial Report

of the

Ocean Township School District

Oakhurst, New Jersey

For the Fiscal Year Ended June 30, 2016

Prepared by

Ocean Township Board of Education
Business Department

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INTRODUCTORY SECTION

TOWNSHIP OF OCEAN SCHOOL DISTRICT

Kenneth Jannarone

ISchool Business Administrator

December 2, 2016

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, 2016, is hereby submitted. This CAFR includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards (GASB), Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the 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, Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08, *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 and compliance with applicable laws, regulation, contracts and grants along with findings and questioned costs, is included in the single audit section of this report.

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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 2015-2016 fiscal year with an enrollment of 3,655 students, which is 95 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years.

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

ACTUAL STUDENT ENROLLMENT

Fiscal Year	Student Enrollment	Percent Change
2015-2016	3655	<2.53>%
2014-2015	3750	<1.73>%
2013-2014	3816	<0.93>%
2012-2013	3952	<2.01>%
2011-2012	3931	<1.97>%

PROJECTED STUDENT ENROLLMENT

Fiscal Year	Student Enrollment	Percent Change
2016-2017	3,649	<1.75>%
2017-2018	3,568	<2.22>%
2018-2019	3,530	<1.06>%
2019-2020	3,500	<0.85>%

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 slowly rebound from the economic downturn. Though the average price of homes has come down, there are fewer homes being sold. Additionally, there are an ever increasing number of homes that are used for summer living only, resulting in a student enrollment decrease.

3) MAJOR INITIATIVES: The Township of Ocean Schools strives to meet the educational needs of all students. The District has increased the instructional technology available to students by providing all students in grades two through twelve with Chromebook computers. With these devices, students conduct research, develop 21st century skills and take assessments. In addition, the District is in the beginning stages of major programmatic advances in the areas of 1) visual and performing arts, 2) science, technology, engineering and math (STEM) education, 3) career and technical education, and 4) elementary literacy. Major facility upgrades are almost completed to address growth in these areas. As always, we encourage our students and staff to be innovative and creative. We foster a climate of discovery. We are proud of our diversity and the rich culture of our schools.

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

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

4) FACILITIES (Continued)
On December 9, 2014, the Township of Ocean and Village of Loch Arbour residents approved a 28.9 million dollar school construction referendum. Renovations and additions will occur at each of the district's five schools. Construction has begun in the summer of 2015 and will continue until the spring of 2017.

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

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

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

6) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balances at June 30, 2016.

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

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

9) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found in Exhibit J-20.

10) OTHER INFORMATION: **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of Smolin, Lupin & Co., P.A. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Uniform Guidance and New Jersey OMB's Circular 15-08. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

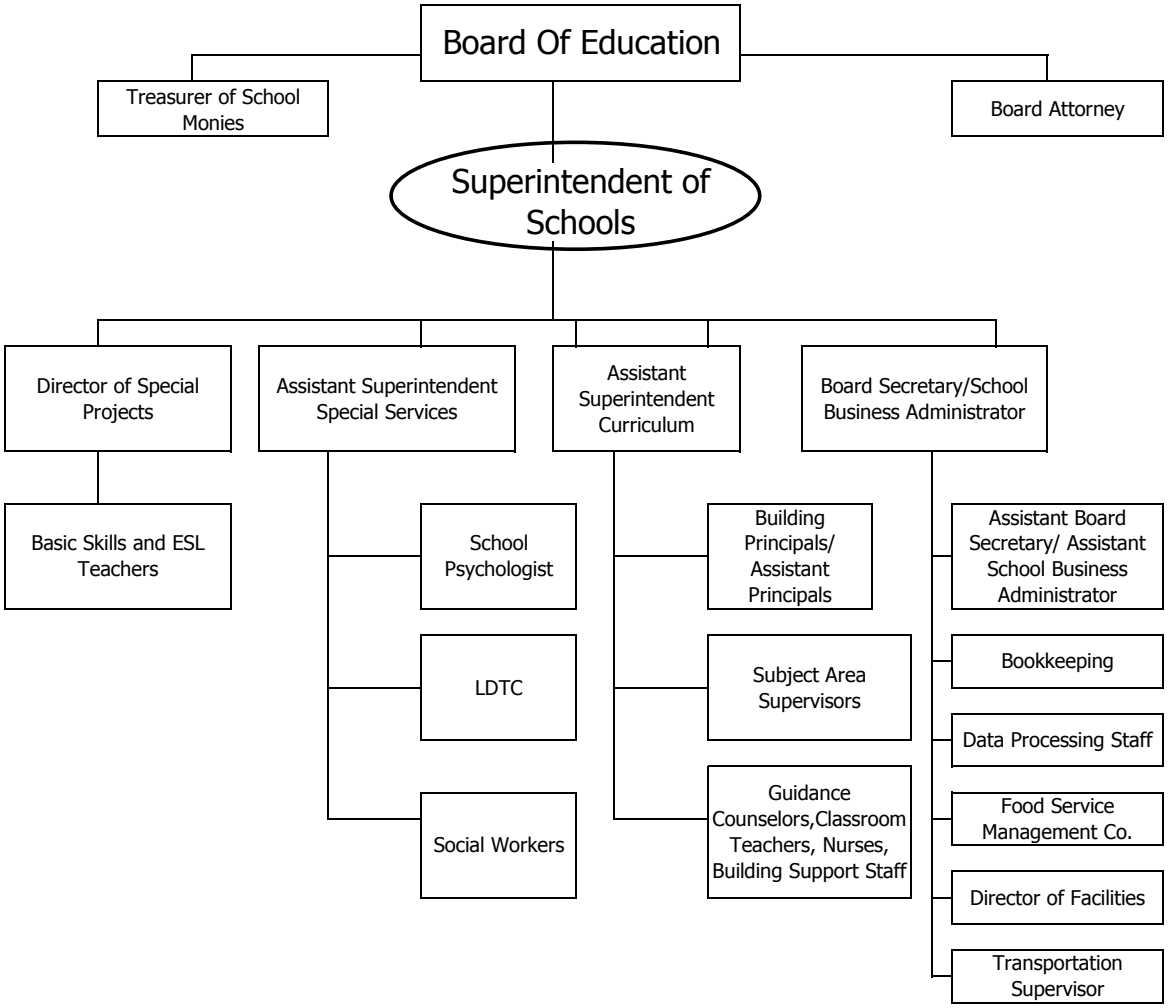
11) ACKNOWLEDGEMENTS:

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

Respectfully submitted,

James Stefankiewicz
Superintendent of Schools

Kenneth Jannarone
School Business Administrator/
Board Secretary


Board Of Education
Treasurer of School Monies
Board Attorney
Superintendent of Schools
Director of Special Projects
Assistant Superintendent Special Services
Assistant Superintendent Curriculum
Board Secretary/School Business Administrator
Basic Skills and ESL Teachers
School Psychologist
LDTC
Social Workers
Building Principals/ Assistant Principals
Subject Area Supervisors
Guidance Counselors,Classroom Teachers, Nurses, Building Support Staff
Assistant Board Secretary/ Assistant School Business Administrator
Bookkeeping
Data Processing Staff
Food Service Management Co.
Director of Facilities
Transportation Supervisor

OCEAN TOWNSHIP BOARD OF EDUCATION
BOARD MEMBERS 2016

Members of the Board of Education	**Term Expires**
Joseph Hadden, President	2017
Jim Dietrich, Vice President	2017
Denise Parlamas	2018
Steven Clayton	2018
Michael Palutis	2018
David Marshall	2017
Amy McGovern	2016
Sean Moore	2016
Sylvia Sylvia-Cioffi	2016
Hanna Rose - Student Representative	
David Walk - Student Representative	

Other Officials

James Stefankiewicz, Superintendent

Kenneth Jannarone, Board Secretary/School Business Administrator

George Stone, Assistant School Business Administrator

Joseph Zanno, Treasurer

OCEAN TOWNSHIP SCHOOL DISTRICT
Consultants, Independent Auditor and Advisors
June 30, 2016

Board Attorney

Cleary, Giacobbe, Alfieri, Jacobs, LLC
5 Ravine Drive
Matawan, NJ 07747

Board Auditor

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

Official Depository

Santander Bank
57 Monmouth Road
Oakhurst, NJ 07755

FINANCIAL SECTION

Smolin
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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ocean Township School District (the School District), in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ocean Township School District, in the County of Monmouth, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ocean Township School District's basic financial statements. The introductory section, combining and individual fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and schedule of expenditures of state financial assistance as required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid,* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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In our opinion, the combining and individual fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2016 on our consideration of the Ocean Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ocean Township School District's internal control over financial reporting and compliance.

Smolin, Lupin & Co., P.A.
SMOLIN, LUPIN & CO., P.A.
Certified Public Accountants

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

Red Bank, New Jersey
December 2, 2016

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, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic annual financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- In total, net position increased $5,485, which represents a 0.04 percent increase from 2015.
- General revenues accounted for $71,088,161 in revenue or 77 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 $20,640,184 or 23 percent of total revenues of $91,728,345.
- Total assets of governmental activities decreased by $549,139 as cash and cash equivalents decreased by $7,454,941, receivables decreased by $277,846, and net capital assets increased by $7,183,648. The increase in net capital assets represents new major capital projects completed in the fiscal year including locker room renovations and energy savings. The large decrease in cash and cash equivalents is due to expenditures for the capital projects.
- The School District had $92,870,798 in expenses; only $21,788,122 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of $71,088,161 were adequate to provide for these programs.
- Among major funds, the General Fund had $76,851,110 in revenues and $78,074,181 in expenditures. The General Fund's balance decreased $1,223,071 from 2015.
- Fund Balance for the General Fund as of the fiscal year end was $5,365,582. The undesignated portion of surplus was $3,767,725. Based on our calculation of excess surplus, the maximum of undesignated fund balance (2%) is $1,621,368. The excess $2,146,357 must be utilized for tax relief in the succeeding year budget.
- The revenues for operating grants and contributions were recorded as an offset to expenses in this current year rather than as a general revenue on Schedule A-2.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2016?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Proprietary Funds

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

Reporting the School District's Most Significant Funds (continued)

Long-Term Debt

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-Wide and fund financial statements. The notes to the financial statements can be found on pages 33 - 60 of this report.

The School District as a Whole

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

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

Table 1 provides a summary of the School District's net position for 2016 and 2015.

Table 1
Net Position

	Governmental Activities		Business-type Activities	
	2016	2015	2016	2015
Assets				
Current and Other Assets	$28,780,019	$36,512,806	$ 112,285	$ 178,013
Capital Assets	51,745,583	44,561,935	39,095	47,283
Total assets	80,525,602	81,074,741	151,380	225,296
Deferred Outflows	4,733,319	2,978,925	-	-
Liabilities				
Long-Term Liabilities	40,164,025	62,734,077	-	-
Current Portion of Long Term Debt	3,134,729	2,017,102	-	-
Other Liabilities	27,618,546	4,161,469	68,471	149,275
Total Liabilities	70,917,300	68,912,648	68,471	149,275
Deferred Inflows	889,757	1,676,333	2,178	3,596
Net Assets				
Invested in Capital Assets, Net of Debt	10,922,833	1,851,705	39,095	47,283
Restricted	24,916,071	33,319,170	-	-
Unrestricted	(22,387,040)	(21,706,190)	51,636	25,142
Total Net Position	$13,451,864	$13,464,685	$ 90,731	$ 72,425

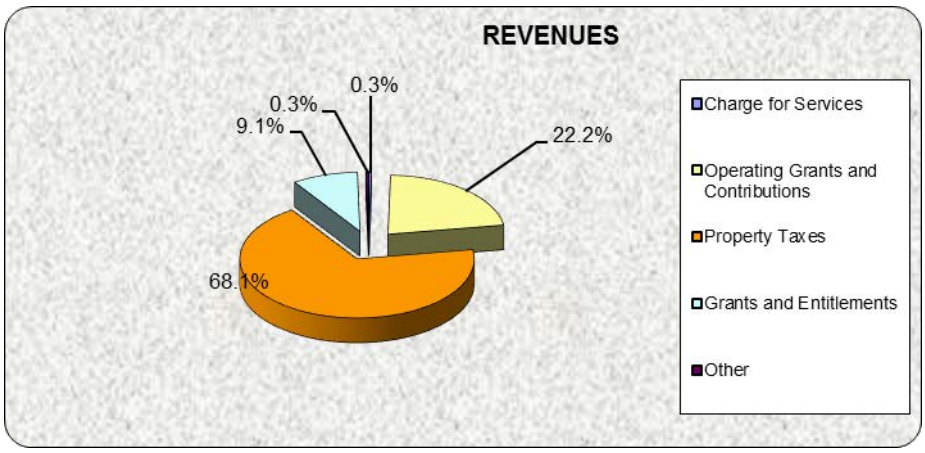
The District's combined net position of $13,542,595 on June 30, 2016 results in an increase of 0.04 percent from the prior year.

The School District as a Whole (continued)

Table 2 shows the changes in net position for fiscal year 2016 and 2015.

Table 2
Change in Net Position

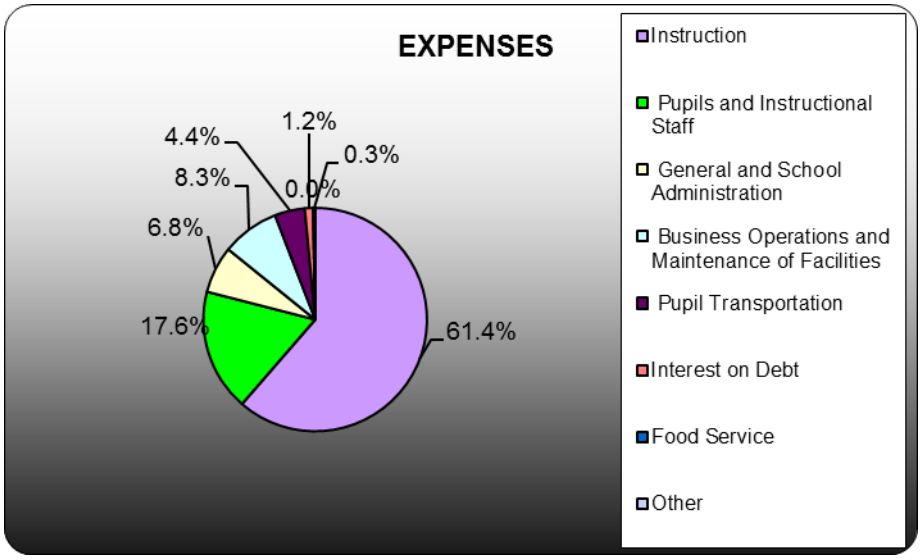
	Governmental Activities		Business-type Activities	
	2016	2015	2016	2015
Revenues				
Program Revenues:				
Charge for Services	$ 312,202	$ 338,627	$ 560,319	$ 600,395
Operating Grants and Contributions	20,327,982	16,411,370	587,619	607,213
General Revenues:				
Property Taxes	62,467,898	61,669,419	-	-
Grants and Entitlements	8,302,180	8,170,339	-	-
Other	318,083	242,702	-	-
Total Revenues	91,728,345	86,832,457	1,147,938	1,207,608
Program Expenses				
Instruction	56,304,622	51,958,094	-	-
Support Services:				
Pupils and Instructional Staff	16,183,870	15,208,680	-	- -
General and School Administration	6,245,176	6,167,017	-	-
Business Operations and Maintenance	7,627,965	7,662,856	-	-
Pupil Transportation	3,998,919	3,904,511	-	-
Interest on Debt	1,127,442	674,061	-	-
Food Service	-	-	1,129,632	1,229,862
Other	253,172	222,996	-	-
Total Expenses	91,741,166	85,798,215	1,129,632	1,229,862
Increase (decrease) in Net Position	(12,821)	1,034,242	18,306	(22,254)
Net Position - beginning	13,464,685	12,430,443	72,425	94,679
Net Position - ending	$13,451,864	$13,464,685	$ 90,731	$ 72,425



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 68 percent of revenues for governmental activities for the Township of Ocean School District for fiscal year 2016 and 71 percent for fiscal year 2015. Property tax revenues increased by $798,479, which is a 1.3 percent increase over the prior year. The increase was needed to fund the additional expenditures associated with higher operating costs and a decrease in state aid. Federal and state grants accounted for another 9 percent of revenues.

Total expenses for the fiscal year is $91,741,166.



Program expenses includes instruction which comprises 61 percent of total expenses. Support services comprises 39 percent of total expenses.

Business-Type Activities are not shown above. Revenues for the Food Service Fund totaled $1,147,938, which were comprised of charges for services in the amount of $560,319 and federal and state reimbursements in the amount of $587,619. Total operating expenses totaled $1,129,632.

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.

Governmental Activities (continued)

Table 3

	Total Cost of Services 2016	Net Cost of Services 2016	Total Cost of Services 2015	Net Cost of Services 2015
Instruction	$56,304,622	$41,542,270	$51,958,094	$40,171,500
Support Services:				
Pupils and Instructional Staff	16,183,870	13,117,271	15,208,680	12,765,022
General and School Administration, and Business Services	6,245,176	4,816,960	6,167,017	4,991,396
Operation and Maintenance of Facilities	7,627,965	6,696,097	7,662,856	6,777,970
Pupil Transportation	3,998,919	3,567,018	3,904,511	3,510,415
Interest and Fiscal Charges	1,127,442	1,127,442	674,061	674,061
Other	253,172	233,924	222,996	157,854
Total Expenses	$91,741,166	$71,100,982	$85,798,215	$69,048,218

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the district.

Operation and Maintenance of Facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Pupil Transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Interest and Fiscal Charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Other includes special schools.

The dependence upon tax revenue 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 25. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $81,595,446 and expenditures of $90,139,900. The net change in fund balance for the year was most significant in the General Fund, a decrease of $1,122,226. As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

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

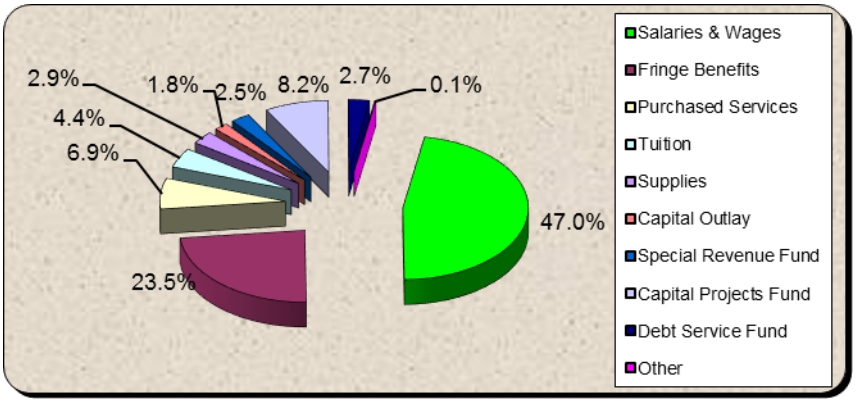


Table 4
Expenditures by Object for the Fiscal Year Ended June 30,

	2016	2015	% Change
Salaries & Wages	$42,397,279	$41,978,062	1.00%
Fringe Benefits	21,158,651	19,408,640	9.02%
Purchased Services	6,243,617	5,988,444	4.26%
Tuition	3,939,063	3,869,909	1.79%
Supplies	2,602,980	2,457,964	5.90%
Capital Outlay	1,602,238	2,316,428	(30.83)%
Special Revenue Fund	2,234,098	2,198,000	1.64%
Capital Projects Fund	7,397,403	1,923,413	284.60%
Debt Service Fund	2,434,218	3,214,214	(24.27)%
Other	130,353	275,369	(52.66)%
Total	$90,139,900	$83,630,443	7.78%

Expenditures are up $6,509,457 or 7.78 percent from the prior year mostly due to increases in Capital Projects and Fringe Benefits.

General Fund Budgeting Highlights

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

During the course of the fiscal 2016 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Revisions in the budget were made to recognize revenues and expenditures that were not anticipated and to prevent overexpenditures in specific expense accounts. Significant revisions are noted below:

- Salaries overall increased due to additional staff and wage increases that are based on the negotiated contracts.
- There has been Construction Referendum Capital Projects (Fund 30) in this fiscal year that had just started in the prior fiscal year in the amount of $28,944,000. The projects will continue into 2017.
- Other Capital Outlay Projects that were completed during the year included High School Track renovations and High School Football bleacher renovations.
- Fringe benefits increased due to premium increases for Health Insurance.
- Lease purchase payments were made for the Energy Savings Project and an Equipment Lease.
- Additional funds were transferred into Tuition Reimbursement as several personnel have been taken courses towards Masters.
- Additional funds were transferred into unused sick and vacation leave accounts due to a large number of retirements.

Capital Assets

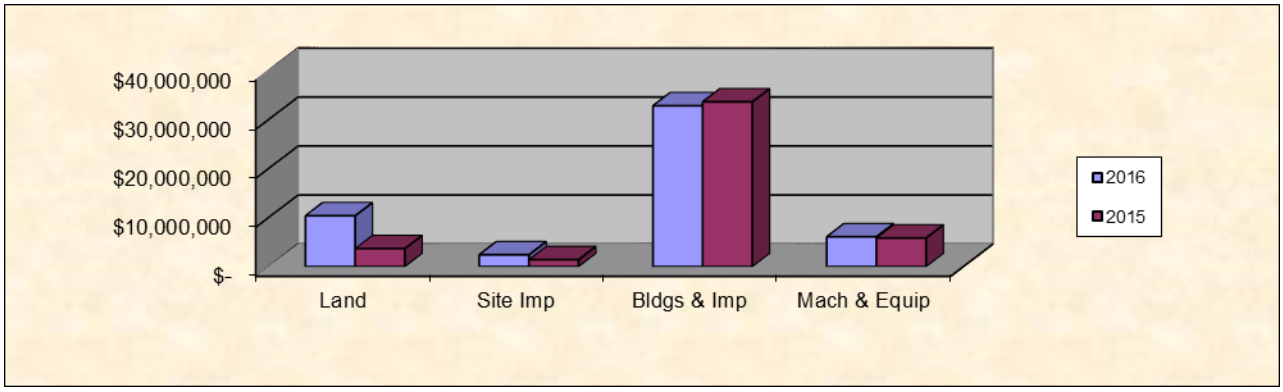
At the end of the fiscal year 2016, the School District had $51,745,583 invested in land, construction in progress, buildings, furniture and equipment, and vehicles. Table 5 shows fiscal 2016 balances compared to 2015.

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

	2016	2015
Land and Construction in Progress	$10,385,784	$ 3,676,082
Site Improvements	2,423,387	1,414,685
Buildings and Improvements	32,841,125	33,633,949
Machinery and Equipment	6,095,287	5,837,218
Totals	$51,745,583	$44,561,934

Capital assets increased $7,183,649 from fiscal year 2015 to fiscal year 2016. The increase in capital assets is due to new capital projects, equipment leases and construction in progress. For more detailed information, please refer to the Notes to Financial Statements.

Capital Assets (continued)



Debt Administration

At June 30, 2016, the School District had $66,852,194 as outstanding debt. Of this amount $2,476,004 is for compensated absences, $3,523,750 is for capital leases payable, $23,553,440 for state pension liability, and the balance of $37,299,000 is for bonds for school construction.

At June 30, 2016, the School District's overall legal debt margin was over $130 million. For more detailed information, please refer to the Notes to Financial Statements.

For the Future

The Township of Ocean School District is in very good financial condition presently. There are no major concerns other than budgeting limits with S1701 and the increased reliance on local property taxes. However, future finances are not without challenges as the community continues to grow and state funding is decreased. The Township of Ocean School District's budget for 2016-2017 was below the 2% cap on the tax Levy. Therefore, there was no election or vote for the budget in April 2016 as the district optioned to move the election of the board to November.

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

The labor agreement for teachers, administrators, and several other employee groups has been negotiated through June 30, 2018. Each year of this contract will have an impact on the District's future operating budgets.

The District routinely monitors the rules and regulations of the No Child Left Behind federal legislation to assess and ensure financial compliance. The District had completed two major capital improvement projects in 2015, and has started a new Construction Referendum project for all school buildings in the amount of $28,944,000. It is one of the District's goals and a budget priority to continue to upgrade and maintain the school facilities.

For the Future (continued)

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@oceanschools.org.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 6,155,867	$ 69,411	$ 6,225,278
Receivables, net	134,794	33,481	168,275
Inventory	-	9,393	9,393
Restricted assets:			
Cash and cash equivalents	21,942,093	-	21,942,093
Capital reserve account - cash	328,224	-	328,224
Intergovernmental receivable	219,041	-	219,041
Capital assets, net	51,745,583	39,095	51,784,678
Total assets	80,525,602	151,380	80,676,982
Deferred outflows:			
Deferred outflows related to pensions	4,733,319	-	4,733,319
Total deferred outflows	4,733,319	-	4,733,319
LIABILITIES			
Accounts payable	3,431,783	68,471	3,500,254
Contracts payable	84,556	-	84,556
Accrued interest	449,060	-	449,060
Deposits payable	80,000	-	80,000
Payable to state government	19,707	-	19,707
Noncurrent liabilities:			
Due within one year	3,134,729	-	3,134,729
Due beyond one year	40,164,025	-	40,164,025
State pension liability	23,553,440	-	23,553,440
Total liabilities	70,917,300	68,471	70,985,771
Deferred inflows:			
Deferred commodities revenue	-	2,178	2,178
Deferred inflows related to pensions	541,172		541,172
Unamortized bond issuance premium	348,585	-	348,585
Total deferred inflows	889,757	2,178	891,935
NET POSITION			
Invested in capital assets, net of related debt	10,922,833	39,095	10,961,928
Restricted for:			
Other purposes	24,916,071	-	24,916,071
Unrestricted	(22,387,040)	51,636	(22,335,404)
Total net position	$ 13,451,864	$ 90,731	$ 13,542,595

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Governmental activities:			
Instruction:			
Regular	$ 40,522,362	$ -	$ 10,686,702
Special education	11,419,006	-	3,119,186
Other special instruction	2,531,521	-	707,081
Other instruction	1,831,733	-	249,383
Support services:			
Instruction	4,319,884	-	-
Student and instruction related services	11,863,986	-	3,066,599
School administrative services	3,750,253	-	920,897
General administrative services	639,274	-	166,917
Central services and administrative information technology	1,855,649	-	340,402
Plant operations and maintenance	7,627,965	277,016	654,852
Pupil transportation	3,998,919	15,938	415,963
Special schools	227,710	19,248	-
Charter school	25,462	-	-
Interest on long-term debt	1,127,442	-	-
Total governmental activities	91,741,166	312,202	20,327,982
Business-type activities:			
Food Service	1,129,632	560,319	587,619
Total business-type activities	1,129,632	560,319	587,619
Total primary government	$ 92,870,798	$ 872,521	$ 20,915,601

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

Change in Net Position

Net Position-beginning

Net Position-ending

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

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (29,835,660)	$ -	$ (29,835,660)
(8,299,820)	-	(8,299,820)
(1,824,440)	-	(1,824,440)
(1,582,350)	-	(1,582,350)
(4,319,884)	-	(4,319,884)
(8,797,387)	-	(8,797,387)
(2,829,356)	-	(2,829,356)
(472,357)	-	(472,357)
(1,515,247)	-	(1,515,247)
(6,696,097)	-	(6,696,097)
(3,567,018)	-	(3,567,018)
(208,462)	-	(208,462)
(25,462)	-	(25,462)
(1,127,442)	-	(1,127,442)
(71,100,982)	-	(71,100,982)
-	18,306	18,306
-	18,306	18,306
$ (71,100,982)	$ 18,306	$ (71,082,676)
$ 60,221,552	$ -	$ 60,221,552
2,246,346	-	2,246,346
8,302,180	-	8,302,180
89,927	-	89,927
228,156	-	228,156
-	-	-
71,088,161	-	71,088,161
(12,821)	18,306	5,485
13,464,685	72,425	13,537,110
$ 13,451,864	$ 90,731	$ 13,542,595

FUND FINANCIAL STATEMENTS

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 5,531,202	$ -	$ -	$ 1	$ 5,531,203
Receivables, net	11,826	-	-	-	11,826
Due from other funds	34,708	-	-	-	34,708
Receivables from other governments	122,968	219,041	-	-	342,009
Restricted cash and cash equivalents	408,287	-	21,862,029	-	22,270,316
Total assets	$ 6,108,991	$ 219,041	$ 21,862,029	$ 1	$ 28,190,062
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 578,853	$ 164,626	$ 2,063,639	$ -	$ 2,807,118
Contracts payable	84,556	-	-	-	84,556
Deposits payable	80,000	-	-	-	80,000
Interfund payable	-	34,708	-	-	34,708
Payable to state government	-	19,707	-	-	19,707
Total liabilities	743,409	219,041	2,063,639	-	3,026,089
Fund balances:					
Restricted for:					
Excess surplus - current year	2,146,357	-	-	-	2,146,357
Excess surplus - prior year - designated for subsequent year's expenditures	1,682,529	-	-	-	1,682,529
Capital reserve	328,224	-	-	-	328,224
Capital projects	-	-	18,613,672	-	18,613,672
Assigned to:					
Designated by the BOE for subsequent year's expenditures	960,570	-	-	1	960,571
Capital projects	-	-	1,184,718	-	1,184,718
Unassigned:					
General fund	247,902	-	-	-	247,902
Total fund balances	5,365,582	-	19,798,390	1	25,163,973
Total liabilities and fund balances	$ 6,108,991	$ 219,041	$ 21,862,029	$ 1	

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

The premiums and discounts associated with the issuance of the various bonds are reflected as income in the year the bonds are issued but are capitalized on the statement of net position. The bond premium is $692,118 and accumulated amortization is $343,533.	(348,585)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is $86,150,677 and the accumulated depreciation is $34,405,094.	51,745,583
Deferred pension costs in governmental activities are not financial resources and therefore not reported in the funds.	4,192,147
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.	(43,747,814)
Net Pension Liability - PERS - June 30, 2016 is not reported as a liability in the funds.	(23,553,440)
	$ 13,451,864

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources:					
Local tax levy	$ 60,221,552	$ -	$ -	$ 2,246,346	$ 62,467,898
Tuition charges	19,248	-	-	-	19,248
Transportation fees	15,938	-	-	-	15,938
Rental fees	277,016	-	-	-	277,016
Interest earned on investments	13,907	-	76,020	-	89,927
Miscellaneous	203,331	-	-	-	203,331
Total - local sources	60,750,992	-	76,020	2,246,346	63,073,358
State sources	16,023,784	576,803	-	187,872	16,788,459
Federal sources	76,334	1,657,295	-	-	1,733,629
Total revenues	76,851,110	2,234,098	76,020	2,434,218	81,595,446
EXPENDITURES					
Current:					
Regular instruction	20,983,871	1,827,815	-	-	22,811,686
Special education instruction	6,249,695	-	-	-	6,249,695
Other special instruction	1,359,701	-	-	-	1,359,701
School sponsored activities	1,418,439	-	-	-	1,418,439
Support services and undistributed costs:					
Instruction	3,913,601	406,283	-	-	4,319,884
Student and instruction related services	6,781,825	-	-	-	6,781,825
General administrative services	985,129	-	-	-	985,129
School administrative services	2,224,084	-	-	-	2,224,084
Central services and Administrative Technology	1,291,513	-	-	-	1,291,513
Plant operations and maintenance	6,542,703	-	-	-	6,542,703
Pupil transportation	3,309,559	-	-	-	3,309,559
Employee benefits	21,158,651	-	-	-	21,158,651
Special schools	227,710	-	-	-	227,710
Transfer to charter school	25,462	-	-	-	25,462
Debt service:					
Principal	-	-	-	1,265,000	1,265,000
Interest and other charges	-	-	-	1,169,218	1,169,218
Capital outlay	1,602,238	-	7,397,403	-	8,999,641
Total expenditures	78,074,181	2,234,098	7,397,403	2,434,218	90,139,900
Excess (Deficiency) of revenues over expenditures	(1,223,071)	-	(7,321,383)	-	(8,544,454)
OTHER FINANCING SOURCES (USES)					
Transfers in	76,020	-	-	-	76,020
Transfers out	-	-	(76,020)	-	(76,020)
Proceeds from Sale of Assets	24,825	-	-	-	24,825
Capital leases (non-budgeted)		-	-	-	-
Total other financing sources (uses)	100,845	-	(76,020)	-	24,825
Net change in fund balances	(1,122,226)	-	(7,397,403)	-	(8,519,629)
Fund balance - beginning	6,487,808	-	27,195,793	1	33,683,602
Fund balance - ending	$ 5,365,582	$ -	$ 19,798,390	$ 1	$ 25,163,973

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2016

Total net change in fund balances - governmental funds (from B-2)		$ (8,519,629)
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	$ (1,815,993)	
Capital outlays	8,999,641	7,183,648
Repayment of long-term debt, i.e. bond principal, is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		1,887,480
Bond premium and discounts 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.		60,623
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 increase in accrued interest is a subtraction in the reconciliation.		(18,847)
Pension expense for PERS is reported in the Statement of Activities. However, does not require the use of current financial resources and therefore, is not reported as expenditures in the governmental funds		(1,708,571)
Employer pension contributions for PERS are expensed in the fund financial statements but treated as a reduction in the Net Pension Liability on the government-wide financial statements		902,069
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.		200,406
Change in net position of governmental activities		$ (12,821)

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Fund Net Position
Proprietary Funds
June 30, 2016

	Business-type Activities Enterprise Funds	Internal Service Funds
	Food Service Fund	Self-Insurance Activities
ASSETS		
Current assets:		
Cash and cash equivalents	$ 69,411	$ 624,665
Other receivables	33,481	-
Inventories	9,393	-
Total current assets	112,285	624,665
Capital assets:		
Furniture, machinery and equipment	497,070	-
Less: accumulated depreciation	(457,975)	-
Total capital assets	39,095	-
Total assets	$ 151,380	$ 624,665
LIABILITIES		
Current liabilities:		
Accounts payable	$ 58,471	$ 624,665
Unearned revenue	-	-
Total current liabilities	58,471	624,665
Deferred inflows	2,178	-
NET POSITION		
Invested in capital assets	39,095	-
Unrestricted	51,636	-
Total net position	$ 90,731	$ -

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Business-type Activities Enterprise Funds	Internal Service Funds
	Food Service Fund	Self-Insurance Activities
Operating Revenues		
Charges for services:		
Daily sales - reimbursable program	$ 262,300	$ -
Daily sales - non-reimbursable program	289,375	-
Special functions	8,644	-
Services provided to other funds	-	2,229,200
Total operating revenues	560,319	2,229,200
Operating Expenses		
Cost of sales	561,498	-
Salaries	372,944	-
Employee benefits	128,130	2,229,200
Management fee	45,450	-
Insurance	13,392	-
Miscellaneous	29	-
Depreciation	8,189	-
Total operating expenses	1,129,632	2,229,200
Operating Income (loss)	(569,313)	-
Non-operating Revenues		
State sources:		
School lunch program	9,988	-
Federal sources:		
National school lunch program	408,152	-
Breakfast program	89,214	-
Food distribution program	80,265	-
Total non-operating revenues	587,619	-
Change in Net Position before transfers	18,306	-
Total Net Position - Beginning	72,425	-
Total Net Position - Ending	$ 90,731	$ -

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Business-type Activities Enterprise Funds	Internal Service Funds
	Food Service Fund	Self-Insurance Activities
Cash Flows from Operating Activities		
Receipts from customers and other funds	$ 552,313	$ 2,229,200
Payments to employees	(372,944)	-
Payments for employee benefits	(128,130)	(2,221,531)
Payments to suppliers	(702,309)	-
Net cash provided by (used for) operating activities	(651,070)	7,669
Cash Flows from Non-capital Financing Activities		
State sources	11,307	-
Federal sources	637,213	-
Net cash provided by non-capital financing activities	648,520	-
Net Increase (Decrease) in Cash and Cash Equivalents	(2,550)	7,669
Balance - Beginning of Year	71,961	616,997
Balance - End of Year	$ 69,411	$ 624,666
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:		
Operating loss	$ (569,313)	$ -
Adjustments to reconcile operating income (loss) to net cash used for operating activities		
Depreciation	8,189	-
(Increase) decrease in accounts receivable, net	(4,678)	-
(Increase) decrease in inventories	6,955	-
Increase (decrease) in accounts payable	(87,476)	7,669
Increase (decrease) in prepaid school lunches	(3,328)	-
Increase (decrease) in deferred revenue	(1,419)	-
Total adjustments	(81,757)	7,669
Net Cash Provided by (Used for) Operating Activities	$ (651,070)	$ 7,669

Noncash noncapital financing activities:

The Board of Education received $80,265 of food commodities from the US Department of Agriculture for the year ended June 30, 2016.

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Agency Fund
ASSETS			
Cash and cash equivalents	$ 418,016	$ 18,605	$ 2,185,247
Total Assets	418,016	18,605	$ 2,185,247
LIABILITIES			
Payroll deductions and withholdings	$ 16,148	-	$ 1,877,330
Due to student groups	-	-	307,917
Total Liabilities	16,148	-	$ 2,185,247
NET POSITION			
Held in trust for unemployment claims and other purposes	$ 401,868		
Reserved for scholarships		$ 18,605	

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2016

	Unemployment Compensation Trust	Private Purpose Scholarship Fund
ADDITIONS		
Contributions:		
Plan member	$ 123,881	$ -
Scholarship donations	-	11,176
Total Contributions	123,881	11,176
Investment Earnings:		
Interest	655	-
Net Investment Earnings	655	-
Total Additions	124,536	11,176
DEDUCTIONS		
Quarterly contribution reports & assessment	53,203	-
Unemployment claims	18,490	-
Scholarships awarded	-	12,021
Total Deductions	71,693	12,021
Change in Net Position	52,843	(845)
Net Position - Beginning of Year	349,025	19,450
Net Position - End of Year	$ 401,868	$ 18,605

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

A. Reporting Entity

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. The operations of the District include the elementary schools, intermediate school and high school located in Ocean Township, New Jersey. The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

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

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

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

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

B. District-Wide and Fund Financial Statements

The District-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Eliminations have been made to minimize the double counting of internal activities. 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 net position demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, service, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

The District has reported the following major government funds:

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

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

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

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

The District reports the following major proprietary fund:

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Additionally, the District reports the following fiduciary fund types:

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

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

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

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

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

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets/Budgetary Control

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

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

E. Cash and Cash Equivalents

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

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, 2016, the unused Food Donation Program commodities were $2,178.

H. Capital Assets

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets (continued)

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

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2016, no material liability existed for compensated absences in the food service fund.

J. Unearned Revenue

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Accrued Liabilities and Long-term Obligations

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

L. Unamortized Bond Premiums, Discounts and Bond Issuance Costs

Bond premiums are amortized using the effective interest method, over the life of the related issue. Bond issuance costs are treated as an expense.

M. Fund Balance Reporting

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Fund Balance Reporting (continued)

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

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

- Restricted for Excess Surplus, Capital Reserve and Capital Projects:
  New Jersey School Districts are required to reserve fund balance of the general fund if they did not appropriate a required minimum amount as budgeted fund balance. The capital reserve account is used to accumulate funds for use as capital outlay expenditures in subsequent fiscal years. The funds have been included in restricted category of fund balance. The restricted fund balances totaled $22,770,782 and represented $3,828,886 in excess surplus, $328,224 in capital reserve and $18,613,672 in capital projects.

- Assigned for District Operations and Capital Projects:
  The District has set aside certain spendable fund balance for school operations and capital projects. At year end, the assigned fund balance is $2,393,191, of which $960,570 is for school operations, $1,184,718 is for capital projects and $1 is for debt service. The assigned fund balance for District operations includes $142,930 for outstanding encumbrances. See Note 16.

- Unassigned:
  The unassigned fund balance for the General Fund is $247,902.

N. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for reserve fund balance - excess surplus is a required calculation pursuant to the New Jersey Comprehensive Education Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve fund balance of the general fund at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in the subsequent years' budget. The District has an excess fund balance generated during the 2016 fiscal year in the amount of $2,146,357 which will be designated for tax relief in 2017-2018.

O. Net Position

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

P. Management Estimates

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category in 2016, which relates to differences in experience, earnings and contributions of the net pension liability.

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

R. Public Employees Retirement System (PERS) and Teachers Pensions and Annuity Fund (TPAF)

In the government-wide financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the PERS/TPAF and additions to/deductions from PERS/TPAF fiduciary net position have been determined on the same basis as they are reported by PERS/TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

S. Recent Accounting Pronouncements

During fiscal year 2016, the District adopted the following GASB statements:

> GASB No. 72, *Fair Value measurement and application,* June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement applies to donated capital assets, donated works of art, donated historical treasures, and to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
>
> GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,* June 30, 2016. The objective of this Statement is to identify - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Recent Accounting Pronouncements (continued)

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

GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement if to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.

GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans,* will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local government OPEB plans for making decisions and assessing accountability.

GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, effective beginning with fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

GASB No. 77, *Tax Abatement Disclosures,* will be effective beginning with fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.

GASB No. 82, *Pension Issues- An Amendment of GASB Statements Nos. 67, 68, and 73,* will be effective with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans, No. 68 Accounting and Financial Reporting for Pensions and No. 73 Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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

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

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

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

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

The details of this $43,747,814 difference are as follows:

Bonds payable	$37,299,000
Capital leases payable	3,523,750
Accrued interest payable	449,060
Compensated absences	2,476,004
Net adjustments to reduce fund balance - total governmental funds To arrive at net position - governmental activities	$43,747,814

NOTE 3. DEPOSITS AND INVESTMENTS

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statue 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

Deposits

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

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

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

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.

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Deposits (continued)

Operating cash, in the form of Negotiable Order of Withdrawal ("NOW") accounts, is held in the District's name by two commercial banking institutions. At June 30, 2016, the carrying amount of the District's deposits was $24,526,509 and the bank balance was $26,420,189. The District also held $1,400 in petty cash at June 30, 2016.

Based on levels of risk, $580,062 of the District's cash deposits on June 30, 2016 were secured by federal depository insurance. The remaining bank balance of $25,840,127 was covered by the New Jersey Governmental Unit Deposit Protection Act (GUDPA).

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

At June 30, 2016, all of the District's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The District does not have a policy for the management of custodial credit risk, other than depositing all its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by financial institutions, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Investments

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

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

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

c. Bonds or other obligations of the District.

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

The District participates in the New Jersey Asset and Rebate Management Program which is a joint investment trust for local government units in the State of New Jersey. It was formed to make available comprehensive investment management, accounting and rebate calculation services for the issuers of tax exempt bonds and complies with all New Jersey statutes and regulations for the allowable investment of public funds. The District participates in the joint investment account which provides a convenient method for local governments to pool funds for temporary investing. These investments consist of United States Treasury Bills and notes and other obligations guaranteed by the United States of America, Federal agency bonds and notes with a maturity not greater than 397 days, and fully collateralized repurchase agreements. The carrying amount and fair value as of June 30, 2016 was $3,273,609.

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

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Investments (continued)

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

Interest Rate Risk: The District does not have a policy to limit interest rate risk. The weighted average maturity of the NJARM portfolio at December 31, 2015, was 24 days.

NOTE 4. RECEIVABLES

Receivables at June 30, 2016, 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	Governmental Wide Financial Statements
State Aid	$ 106,052	$ 110,806
Federal Aid	199,334	227,319
Other	48,449	53,397
Gross Receivables	353,835	391,522
Less: Allowance for Uncollectibles	-	-
Total Receivables, net	$ 353,835	$ 391,522

NOTE 5. CAPITAL ASSETS

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2016:

	Beginning Balance	Additions	Reclassifications Retirements	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land	$ 984,968	$ -	$ -	$ 984,968
Construction in process	2,691,115	7,397,403	(687,702)	9,400,816
Total capital assets not being depreciated	3,676,083	7,397,403	(687,702)	10,385,784
Capital assets being depreciated:				
Site improvements	2,773,872	1,157,267	-	3,931,139
Building and building improvements	53,475,332	113,108	-	53,588,440
Vehicles	4,446,386	224,583	(279,491)	4,391,478
Capital lease	3,837,029	861,535	-	4,698,564
Furniture and equipment	9,221,825	107,280	(173,833)	9,155,272
Totals at historical cost	73,754,444	2,463,773	(453,324)	75,764,893

NOTE 5. CAPITAL ASSETS (continued)

Governmental activities (continued)

	Beginning Balance	Additions	Reclassifications Retirements	Ending Balance
Less accumulated depreciation for:				
Site improvements	$ 1,359,187	$ 148,565	$ -	$ 1,507,752
Building and building improvements	19,841,383	905,932	-	20,747,315
Vehicles	3,869,411	178,060	(279,491)	3,767,980
Capital lease	163,044	156,237	-	319,281
Furniture and equipment	7,635,567	427,199	-	8,062,766
	32,868,592	1,815,993	279,491	34,405,094
Total capital assets being depreciated, Net of accumulated depreciation	40,885,852	647,780	(173,833)	41,359,799
Government Activity Capital Assets, Net	$44,561,935	$ 8,045,183	$ (861,535)	$51,745,583

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

Instruction	$ 1,030,296
Student and instruction related services	244,369
General and Business Administrative Services	162,174
Plant Operations and Maintenance	164,630
Pupil Transportation	163,414
Support Services - Students and Staff	51,110
Total	$ 1,815,993

The following is a summary of the business-type capital assets for the year ended June 30, 2016:

	Beginning Balance	Transfers or Additions	Transfers or Retirements	Ending Balance
Business-type activities				
Capital assets being depreciated:				
Equipment	$ 497,070	$ -	$ -	$ 497,070
Less accumulated depreciation	449,787	8,188	-	457,975
Enterprise fund capital assets, net	$ 47,283	$ 8,188	$ -	$ 39,095

NOTE 6. LONG-TERM LIABILITIES - EXCLUDING PENSIONS

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.

NOTE 6. LONG-TERM LIABILITIES - EXCLUDING PENSIONS (continued)

Bonds Payable (continued)
Principal and interest due on all serial bonds outstanding is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	$ 2,539,000	$ 1,151,509	$ 3,690,509
2018	2,355,000	1,074,286	3,429,286
2019	2,400,000	1,000,417	3,400,417
2020	2,445,000	925,423	3,370,423
2021	2,500,000	849,204	3,306,679
2022 - 2037	25,060,000	6,282,079	31,342,079
	$37,299,000	$11,282,918	$48,581,918

Bonds Authorized But Not Issued
As of June 30, 2016, the District had authorized a refunding bond ordinance not to exceed $2,700,000 for bonds in the original principal amount of $6,113,000 dated September 1, 2007.

Capital Lease Payable
The District is leasing equipment totaling $4,778,564 under capital leases. The capital leases are for terms of no more than five years except for the lease related to the Energy Savings Improvement Program which cannot exceed fifteen years.

The following is a schedule of minimum lease payments under the capital leases and the present value of the net minimum lease payments at June 30, 2016.

Fiscal Year Ending June 30,	Amount
2017	$ 524,287
2018	479,320
2019	484,827
2020	236,172
2021	241,583
Thereafter	2,109,078
Total	4,075,267
Less: Amount representing interest	(551,517)
Present value of minimum lease payments	$ 3,523,750

Unamortized Bond Premium
Unamortized bond premium as of June 30, 2016 and 2015, is $348,585 and $409,208, respectively.

NOTE 6. LONG-TERM LIABILITIES - EXCLUDING PENSIONS (continued)

Changes in Long-Term Liabilities

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Within One Year
Compensated absences payable	$ 2,676,410	$ 247	$ 200,653	$ 2,476,004	$ 153,274
Capital leases payable	4,146,230	-	622,480	3,523,750	442,455
Serial bonds payable with Interest rates of 2.0% to 4.25%	38,564,000	-	1,265,000	37,299,000	2,539,000
Subtotal	$45,386,640	$ 247	$ 2,088,133	$43,298,754	$ 3,134,729

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

NOTE 7. PENSION PLANS

Descriptions of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employees retirement systems which have been established by State statute: The Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). 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 in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in 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. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60 and 62, respectively, with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 66, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

NOTE 7. PENSION PLANS (continued)

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State of any county, municipality, school Board, or public agency, provided the employee is not required to be a member of another state-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60 and 62, respectively, with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 66, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued 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. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% percent of employees' annual compensation. An additional increase will be phased in over the next few years that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the 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.

During the year ended June 30, 2016, the State of New Jersey contributed $ 5,474,049 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 $2,247,555 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. These amounts have been included in the government-wide and fund financial statements.

The Board's actuarially determined contributions to PERS for each of the years ended June 30, 2016, 2015 and 2014 were $902,069, $842,645 and $791,412 respectively, equal to the required contributions for each year.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 7. PENSION PLANS (continued)

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employee's Retirement System (PERS)

At June 30, 2016, the District reported a liability of $23,553,440 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2014, which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2015, the District's proportion was .05101445%, which was an increase of .00116987% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized full accrual pension expense of $ 1,708,571 in the government-wide financial statements. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	$ 561,902	$ 162,478
Changes of assumptions	2,529,451	-
Net difference between projected and actual earnings on pension plan investments	-	378,694
Changes in proportion and differences between District contributions and proportionate share of contributions	739,897	-
District contributions subsequent to the measurement date	902,069	-
Total	$ 4,733,319	$ 541,172

$902,069 is reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2016	$ 439,444
2017	439,444
2018	439,444
2019	659,651
2020	372,819
Total	$ 2,350,802

NOTE 7. PENSION PLANS (continued)

Public Employee's Retirement System (PERS) (continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following key actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.04%
Salary increases:	
2012-2021	2.15 - 4.40% Based on age
Thereafter	3.15 - 5.40% Based on age
Investment rate of return	7.90%

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Mortality Rates

Mortality rates were based on the RP-2000 Combined Health Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

Long-Term Rate of Return

In accordance with State statue, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board trustees and the actuaries.

NOTE 7. PENSION PLANS (continued)

Public Employee's Retirement System (PERS) (continued)

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%
US Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-.40%
REIT	4.25%	5.12%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability for PERS was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

NOTE 7. PENSION PLANS (continued)

Public Employee's Retirement System (PERS) (continued)

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability as of June 30, 2015 calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.90%) or 1-percentage-point higher (5.90%) than the current rate:

	At 1% Decrease (3.90%)	Discount Rate (4.90%)	At 1% Increase (5.90%)
District's proportionate share of the net pension liability	$28,416,189	$23,553,440	$19,483,311

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Additional Information

Collective balances at June 30, 2015 are as follows:

Collective deferred outflows of resources	$ 5,086,138,484
Collective deferred inflows of resources	$ 478,031,236
Collective net pension liability- Local Group	$ 22,447,996,119
District's proportion	.05101445%

Collective pension expense for the Local Group for the measurement period ended June 30, 2015 is $1,481,308,816

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) is 5.72 and 6.44 years for 2015 and 2014 respectively.

Teachers' Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2015 was $192,329,639. The District's proportionate share was $0.

NOTE 7. PENSION PLANS (continued)

Teachers' Pensions and Annuity Fund (TPAF) (continued)

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2014, which was rolled forward to June 30, 2015. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2015, the State's proportionate share of the TPAF net pension liability associated with the District was .3042984876%, which was a decrease of .001803424% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of $11,743,456 for contributions incurred by the State.

Actuarial Assumptions

The actuarial valuation used the following assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Salary increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.90%

Mortality Rates

Mortality rates were based on the RO-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries.

NOTE 7. PENSION PLANS (continued)

Teachers' Pensions and Annuity Fund (TPAF) (continued)

Long-Term Expected Rate of Return (continued)

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation- Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds- Multi Strategy	4.00%	4.59%
Hedge Funds- Equity Hedge	4.00%	5.68%
Hedge Funds- Distressed	4.00%	4.30%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

NOTE 7. PENSION PLANS (continued)

Teachers' Pensions and Annuity Fund (TPAF) (continued)

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2015 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage point lower (3.13%) or 1-percentage point higher (5.13%) than the current rate:

	At 1% Decrease (3.13%)	At Current Discount Rate (4.13%)	At 1% Increase (5.13%)
State's proportionate share of the net pension liability associated with the district	$228,575,587	$192,329,639	$161,100,724

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial report.

Additional Information

Collective balances at June 30, 2015 are as follows:

Collective deferred outflows of resources	$	7,639,311,575
Collective deferred inflows of resources		672,332,323
Collective net pension liability- Local Group	$	63,204,270,305
State's proportionate share associated with the District		.3042984876%

Collective pension expense for the plan measurement period ended June 30, 2015 is $3,882,198,351.

Defined Contribution Retirement Program (DCRP)

Established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 as a cost-sharing multiple employer defined contribution pension fund. The DCRP provides eligible members and their beneficiaries with a tax sheltered defined contribution retirement benefit, along with life insurance and disability coverage.

Supplemental Annuity Collective Trust Fund (SACT)

The State established and administers a SACT which is available to active members of the State-administered retirement system to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The State or local government employers do not appropriate funds to SACT.

NOTE 8. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws of 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Laws 2007 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits and the State contributed $1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid $214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in fiscal year 2015.

NOTE 9. RISK MANAGEMENT AND HEALTH INSURANCE

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

Property and Liability Insurance

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

New Jersey Unemployment Compensation Insurance

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

The table below is a summary of the district contributions, employee contributions, reimbursements to the state for benefits paid and the ending balance of the district's trust fund for the current and previous two years:

Fiscal Year	Interest	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2015-2016	$ 655	$ -	$ 123,881	$ (71,693)	$ 401,868
2014-2015	54	-	118,660	(90,641)	349,025
2013-2014	54	-	115,350	(95,132)	320,952

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.

NOTE 9. RISK MANAGEMENT AND HEALTH INSURANCE (continued)

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

Fiscal Year	Beginning of Fiscal year liability	Current year claims Changes in estimates	Claims Payments	Balance at fiscal Year end
2015 - 2016	$ 616,997	$ 2,229,200	$(2,221,531)	$ 624,666
2014 - 2015	549,043	2,611,000	(2,543,046)	616,997
2013 - 2014	535,264	2,415,000	(2,401,221)	549,043

NOTE 10. DEFERRED COMPENSATION

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

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

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

The plan administrators are AXA- Equitable, Metropolitan Life, Ameriprise, VALIC (Variable Annuity Life Insurance Co.), Aspire, VOYA, and Lincoln Investments.

NOTE 11. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2016, the interfund receivables and payables that resulted from regularly recurring operational transfers are detailed below:

Due to the General Fund from the Special Revenue Fund to cover Cash overdraft	$34,708

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	$ 76,020	$ -
Capital projects	-	76,020
	$ 76,020	$ 76,020

NOTE 12. ECONOMIC DEPENDENCY

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

NOTE 13. CONTINGENT LIABILITIES

Litigation

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

Grant Programs

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

Construction Projects

The District is presently in the process of major additions and renovations to all its school buildings. The total estimated cost to complete construction is approximately $19,800,000 of which the District has committed to contracts of approximately $18,600,000.

NOTE 14. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning balance, July 1, 2015	$ 1,360,531
Interest earnings	238
Deposits per board resolution	200,000
Withdrawals per board resolution	
Board resolution (per approved budget)	(1,232,546)
	$ 328,223

The June 30, 2016 LRFP balance of local support costs of uncompleted capital projects is $4,236,976.

NOTE 15. DEFICIT FUND BALANCES

As reflected on Exhibit A-1, Statement of Net Position, a deficit in unrestricted net position of $22,387,040 existed as of June 30, 2016 for governmental activities. The primary cause of this deficit is the recognition of the net pension liability as well as the District not recognizing the receivable for state aid payments and the recording of the long-term liability for compensated absences. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net Position, such liabilities are required to be recorded in the period in which they are incurred.

However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net position for governmental activities does not indicate that the District is facing financial difficulties.

NOTE 16. FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1)

Of the $5,365,582 General Fund balance in the fund financial statements at June 30, 2016, $142,930 is reserved for encumbrances; $2,146,357 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; $1,682,529 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2017; $328,224 has been reserved in the Capital Reserve Account, $817,6400 has been appropriated and included as anticipated revenue for the year ending June 30, 2017 and $247,902 is unreserved and undesignated.

Debt Service Fund

Of the Debt Service Fund balance at June 30, 2016, $1 is reserved in accordance with *N.J.S.A.* 7F - 41c(2).

NOTE 17. RELATED PARTIES AND ORGANIZATIONS

After a competitive bidding process, the District awarded a contract for school construction projects to a company that is co-owned by the spouse of a board member. The total amount of the contract was $1,827,107 of which $63,141 was disbursed during the year, $115,791 was invoiced and payable at June 30, 2016 and $1,648,175 was included as an outstanding encumbrance at year end.

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

NOTE 18. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2016 through December 2, 2016, the date that the financial statements were issued, for possible disclosure and recognition in the financial statements.

Loch Arbour petition

On May 31, 2016, the Village of Loch Arbour, petitioned the State of New Jersey Commissioner of Education for approval to submit the question of separation from the Ocean Township School District to its voters. Approval would allow Loch Arbour to transition its students to the West Long Branch and Shore Regional School Districts on a tuition basis. Township of Ocean responded to the State requesting that they deny the Loch Arbour petition. The approval of this appeal could result in a loss of over $2,000,000 in tax revenue to the Township of Ocean School District. As of the date of the financial statements, the State of New Jersey has yet to render a decision on this petition.

Refunding Bond Ordinance

On June 28, 2016, the Board approved a refunding bond ordinance to provide for the refunding of all or a portion of the outstanding callable school bonds of the district, dated September 1 2007, issued in the original principal amount of $6,113,000. The Board authorized issuance not to exceed $2,700,000 of principal to provide for redemption of bonds maturing on or after September 1, 2018. At its July 26 Board meeting, the Board awarded a bid to TD Bank for the refunding school bonds at a rate of 1.45%. This refunding will result in a savings of approximately $150,000 over the remaining seven years of the bonds.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

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OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers
REVENUES:		
Local sources:		
Local tax levy	$ 60,221,552	$ -
Tuition	37,550	-
Transportation fees	6,300	
Interest on investments	15,000	-
Capital reserve interest	1,000	-
Miscellaneous	200,000	-
Rental fee	222,600	-
Total - local sources	60,704,002	-
State sources:		
Categorical special education aid	2,305,733	-
Categorical security aid	410,359	-
Adjustment aid	3,426,175	-
Categorical transportation aid	1,326,538	-
Additional Adjustment Aid	224,169	-
Extraordinary aid	400,000	-
Aid in lieu adjustment	-	-
On-behalf post retirement medical (non-budgeted)	-	-
On-behalf TPAF pension contributions (non-budgeted)	-	-
Reimbursed TPAF social security contributions (non-budgeted)	-	-
Total - state sources	8,092,974	-
Federal sources:		
Medical assistance program	75,391	-
Total - federal sources	75,391	-
Total revenues	68,872,367	-
EXPENDITURES:		
CURRENT EXPENSE:		
Regular programs - instruction:		
Salaries of teachers:		
Preschool/kindergarten	991,888	(10,700)
Grades 1-5	6,753,079	(30,000)
Grades 6-8	5,201,047	52,000
Grades 9-12	6,391,228	-
Regular programs - home instruction:		
Salaries of teachers	44,000	-
Purchased professional-educational services	35,000	-
Regular programs - undistributed instruction:		
Other salaries for instruction	281,054	570
Purchased professional-educational services	14,200	7,000
Purchased technical services	172,036	13,960
Other purchased services (400 - 500 series)	125,286	(75,545)
General supplies	1,252,440	(28,492)
Textbooks	143,319	(2,450)
Other objects	21,157	(225)
Total regular programs	21,425,734	(73,882)

Final Budget	Actual	Variance Final to Actual
$ 60,221,552	$ 60,221,552	$ -
37,550	19,248	(18,302)
6,300	15,938	9,638
15,000	13,463	(1,537)
1,000	444	(556)
200,000	203,331	3,331
222,600	277,016	54,416
60,704,002	60,750,992	46,990
2,305,733	2,305,733	-
410,359	410,359	-
3,426,175	3,426,175	-
1,326,538	1,326,538	-
224,169	224,169	-
400,000	589,407	189,407
-	24,909	24,909
-	2,975,309	2,975,309
-	2,498,740	2,498,740
-	2,247,555	2,247,555
8,092,974	16,028,894	7,935,920
75,391	76,334	943
75,391	76,334	943
68,872,367	76,856,220	7,983,853
981,188	970,243	10,945
6,723,079	6,648,103	74,976
5,253,047	5,156,365	96,682
6,391,228	6,306,564	84,664
44,000	42,299	1,701
35,000	34,782	218
281,624	273,368	8,256
21,200	18,623	2,577
185,996	185,995	1
49,741	37,012	12,729
1,223,948	1,164,706	59,242
140,869	128,535	12,334
20,932	17,274	3,658
21,351,852	20,983,869	367,983

(Continued)

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers
Special education - instruction:		
Learning and/or language disabilities:		
Salaries of teachers	$ 812,627	$ 190,386
Other salaries for instruction	228,537	19,844
General supplies	37,058	9,400
Textbooks	400	-
Total learning and/or language disabilities	1,078,622	219,630
Behavioral disabilities:		
Salaries of teachers	120,977	23,022
Other salaries for instruction	67,482	(15,665)
General supplies	1,284	-
Textbooks	1,730	(800)
Total behavioral disabilities	191,473	6,557
Multiple disabilities:		
Salaries of teachers	373,850	95,887
Other salaries for instruction	200,554	(12,936)
Other Purchased Services (400-500 series)	20,420	1,400
General supplies	14,617	800
Textbooks	2,847	-
Total multiple disabilities	612,288	85,151
Resource room:		
Salaries of teachers	3,669,033	(294,903)
Other Salaries for Instruction	163,687	-
General supplies	55,901	-
Textbooks	685	2,150
Total resource room	3,889,306	(292,753)
Preschool disabilities - part-time:		
Salaries of teachers	325,859	5,001
Other salaries for instruction	60,738	58,125
General supplies	17,738	(2,400)
Total preschool disabilities - part-time	404,335	60,726
Preschool disabilities - full-time:		
Salaries of teachers	121,473	(1,950)
Other salaries for instructions	58,603	(26,736)
Total preschool disabilities - full time	180,076	(28,686)
Total special education - instruction	6,356,100	50,625
Basic skills/remedial - instruction:		
Salaries of teachers	748,507	(114,854)
Other salaries for instruction	15,408	152
Other purchased services (400 - 500 series)	200	-
General supplies	64,845	-
Total basic skills/remedial - instruction	828,960	(114,702)

Final Budget	Actual	Variance Final to Actual
$ 1,003,013	$ 986,789	$ 16,224
248,381	245,964	2,417
46,458	40,953	5,505
400	395	5
1,298,252	1,274,101	24,151
143,999	142,567	1,432
51,817	51,817	-
1,284	956	328
930	501	429
198,030	195,841	2,189
469,737	465,042	4,695
187,618	186,546	1,072
21,820	21,000	820
15,417	14,206	1,211
2,847	2,738	109
697,439	689,532	7,907
3,374,130	3,288,742	85,388
163,687	159,539	4,148
55,901	54,418	1,483
2,835	2,481	354
3,596,553	3,505,180	91,373
330,860	329,860	1,000
118,863	116,550	2,313
15,338	12,462	2,876
465,061	458,872	6,189
119,523	118,922	601
31,867	7,248	24,619
151,390	126,170	25,220
6,406,725	6,249,696	157,029
633,653	516,310	117,343
15,560	15,312	248
200	-	200
64,845	55,876	8,969
714,258	587,498	126,760

(Continued)

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers
Bilingual education - instruction:		
Salaries of teachers	$ 785,854	$ (6,514)
Purchased professional educational services	-	45
Other Purchased Services (400-500 series)	1,779	-
General supplies	29,659	(8,944)
Total bilingual education - instruction	817,292	(15,413)
School sponsored cocurricular activities - instruction:		
Salaries	307,432	4
Purchased services (300 - 500 series)	41,300	-
Supplies and materials	65,589	-
Other objects	1,783	-
Transfers to cover deficit	3,000	-
Total school sponsored cocurricular activities - instruction	419,104	4
School sponsored athletics - instruction:		
Salaries	714,342	1,111
Purchased services (300 - 500 series)	191,265	(11,716)
Supplies and materials	68,000	-
Other objects	9,780	-
Transfers to cover deficit	86,000	-
Total school sponsored athletics - instruction	1,069,387	(10,605)
Total - instruction	30,916,577	(163,973)
Undistributed expenditures:		
Instruction:		
Tuition to other LEAs within state - regular	26,000	-
Tuition to other LEAs within state - special	616,817	70,000
Tuition to county vocational school districts - regular	577,320	(8,862)
Tuition to county vocational school districts - special	112,200	-
Tuition to CSSD and regional day schools	60,050	(42,573)
Tuition to private schools for disabled within state	2,806,028	(85,900)
Total undistributed expenditures - instruction	4,198,415	(67,335)
Attendance and social work services:		
Salaries	86,303	121
Other purchased services	200	-
Total attendance and social work services	86,503	121
Health services:		
Salaries	444,743	(32,289)
Purchased professional and technical services	34,000	51,760
Supplies and materials	19,426	-
Total health services	498,169	19,471

Final Budget	Actual	Variance Final to Actual
$ 779,340	$ 751,137	$ 28,203
45	45	-
1,779	967	812
20,715	20,055	660
801,879	772,204	29,675
307,436	300,754	6,682
41,300	37,054	4,246
65,589	64,470	1,119
1,783	560	1,223
3,000	-	3,000
419,108	402,838	16,270
715,453	714,706	747
179,549	163,523	16,026
68,000	57,408	10,592
9,780	6,330	3,450
86,000	73,634	12,366
1,058,782	1,015,601	43,181
30,752,604	30,011,706	740,898
26,000	7,559	18,441
686,817	625,070	61,747
568,458	531,195	37,263
112,200	100,170	12,030
17,477	12,940	4,537
2,720,128	2,636,667	83,461
4,131,080	3,913,601	217,479
86,424	86,316	108
200	136	64
86,624	86,452	172
412,454	407,713	4,741
85,760	85,754	6
19,426	11,582	7,844
517,640	505,049	12,591

(Continued)

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers
Speech, occupational therapy, physical therapy, related services:		
Salaries	$ 860,143	$ 15,795
Purchased professional-educational services	143,275	106,159
Supplies and materials	10,472	-
Other objects	1,000	-
Total speech, occupational therapy, physical therapy, related services	1,014,890	121,954
Other support services - students - extra services:		
Salaries	636,965	(58,753)
Total other support services - students - extra services	636,965	(58,753)
Other support services - guidance:		
Salaries of other professional staff	1,061,482	(7,815)
Salaries of secretarial and clerical assistants	114,875	10,257
Other purchased services (400 - 500 series)	5,770	-
Supplies and materials	74,657	-
Other objects	10,887	-
Total other support services - guidance	1,267,671	2,442
Other support services - child study team:		
Salaries of other professional staff	1,637,945	(60,996)
Salaries of secretarial and clerical assistants	72,542	(2,911)
Purchased professional-educational services	33,370	4,000
Other purchased professional and technical services	45,604	(13,300)
Other purchased services (400 - 500 series)	35,145	(15,400)
Supplies and materials	20,945	12,600
Other objects	5,100	-
Total other support services - child study team	1,850,651	(76,007)
Improvement of instructional services:		
Salaries of supervisors of instruction	800,863	(8,166)
Salaries of other professional staff	107,923	-
Salaries of secretarial and clerical assistants	131,004	722
Other purchased services (400 - 500 series)	10,600	7,000
Supplies and materials	8,635	(30)
Other objects	3,600	-
Total improvement of instructional services	1,062,625	(474)
Educational media services/school library:		
Salaries	419,789	1,432
Purchased professional and technical services	3,750	-
Supplies and materials	81,409	-
Other objects	516	-
Total educational media services/school library	505,464	1,432

Final Budget	Actual	Variance Final to Actual
$ 875,938	$ 858,924	$ 17,014
249,434	193,135	56,299
10,472	8,836	1,636
1,000	358	642
1,136,844	1,061,253	75,591
578,212	558,791	19,421
578,212	558,791	19,421
1,053,667	1,052,648	1,019
125,132	124,932	200
5,770	2,015	3,755
74,657	56,871	17,786
10,887	8,647	2,240
1,270,113	1,245,113	25,000
1,576,949	1,535,233	41,716
69,631	69,527	104
37,370	36,760	610
32,304	31,047	1,257
19,745	17,254	2,491
33,545	32,223	1,322
5,100	4,663	437
1,774,644	1,726,707	47,937
792,697	752,271	40,426
107,923	103,447	4,476
131,726	131,559	167
17,600	13,226	4,374
8,605	2,455	6,150
3,600	3,155	445
1,062,151	1,006,113	56,038
421,221	420,946	275
3,750	3,750	-
81,409	74,608	6,801
516	130	386
506,896	499,434	7,462

(Continued)

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers
Instructional staff training services:		
Salaries of other professional staff	$ 60,816	$ -
Salaries of secretarial and clerical assistants	7,942	22
Purchased professional-educational services	3,700	8,166
Other purchased services (400 - 500 series)	29,550	-
Total instructional staff training services	102,008	8,188
Support services - general administration:		
Salaries	471,161	20
Legal services	140,000	50,000
Audit fees	37,000	2,000
Architectural/Engineering services	65,117	(20,000)
Other purchased professional services	92,125	(32,000)
Purchased technical services	20,500	8,490
Communications/telephone	261,000	(39,767)
BOE other purchased professional services	1,900	-
Other purchased services (400 - 500 series)	33,400	-
General supplies	12,000	-
BOE in-house training/meeting supplies	4,000	-
Miscellaneous expenditures	45,000	(3,100)
BOE membership dues and fees	800	-
Total support services - general administration	1,184,003	(34,357)
Support services - school administration:		
Salaries of principals/assistant principals	1,200,659	(2,580)
Salaries of other professional staff	230,006	2,580
Salaries of secretarial and clerical assistants	609,259	(500)
Other purchased services (400 - 500 series)	66,446	77,000
Supplies and materials	50,421	-
Other objects	27,000	-
Total support services - school administration	2,183,791	76,500
Central services:		
Salaries	546,608	1,623
Purchased professional services	70,200	-
Purchased technical services	57,000	-
Other purchased services (400 - 500 series)	17,015	-
Supplies and materials	12,000	3,216
Interest on Lease Purchase Agreements	93,030	(93,030)
Miscellaneous expenditures	8,390	-
Total central services	804,243	(88,191)
Administrative information technology:		
Salaries	584,972	18,000
Other purchased services (400 - 500 series)	39,530	5,360
Total administrative information technology	624,502	23,360

Final Budget	Actual	Variance Final to Actual
$ 60,816	$ 60,329	$ 487
7,964	7,964	-
11,866	513	11,353
29,550	24,108	5,442
110,196	92,914	17,282
471,181	471,180	1
190,000	163,936	26,064
39,000	39,000	-
45,117	39,711	5,406
60,125	33,500	26,625
28,990	28,633	357
221,233	163,014	58,219
1,900	1,738	162
33,400	8,243	25,157
12,000	3,974	8,026
4,000	1,327	2,673
41,900	30,666	11,234
800	207	593
1,149,646	985,129	164,517
1,198,079	1,191,817	6,262
232,586	232,586	-
608,759	604,199	4,560
143,446	130,722	12,724
50,421	44,968	5,453
27,000	19,792	7,208
2,260,291	2,224,084	36,207
548,231	547,993	238
70,200	64,935	5,265
57,000	45,973	11,027
17,015	10,952	6,063
15,216	13,531	1,685
-	-	-
8,390	6,365	2,025
716,052	689,749	26,303
602,972	563,970	39,002
44,890	37,793	7,097
647,862	601,763	46,099

(Continued)

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers
Required allowable maintenance for school facilities:		
Salaries	$ 601,487	$ (52,700)
Cleaning, repair and maintenance services	308,515	15,000
General supplies	225,900	(4,000)
Total required allowable maintenance for school facilities	1,135,902	(41,700)
Custodial services:		
Salaries	2,116,149	(37,300)
Salaries of non-instructional aids	80,000	-
Purchased professional and technical services	65,000	(11,700)
Cleaning, repair and maintenance services	203,733	34,300
Rental of land and buildings other than lease purchase agreements	14,500	248,774
Lease purchase agreements	-	435,653
Other purchased property services	240,700	48,000
Insurance	427,314	(24,409)
Miscellaneous Purchased Services	500	300
General supplies	381,077	(20,000)
Energy (natural gas)	510,000	-
Energy (electricity)	740,000	(15,000)
Other objects	29,000	-
Total custodial services	4,807,973	658,618
Care and upkeep of grounds:		
Salaries	162,359	1,000
Cleaning, repair and maintenance services	25,000	15,700
General supplies	81,000	-
Total care and upkeep of grounds	268,359	16,700
Security:		
General supplies	600	-
Salaries	229,454	-
Total security	230,054	-
Student transportation services:		
Salaries of non-instructional aids	94,416	3,300
between home and school - regular	1,283,814	14,000
between home and school - special education	247,275	9,600
other than between home and school	65,000	(33,000)
Other purchased professional and technical services	44,500	28,000
Cleaning, repair and maintenance services	475,000	(10,000)
Contracted services (between home and school) - vendors	430,000	50,000
Contracted services (between home and school) - joint ventures	4,000	10,700
Contracted services (special education) - vendors	255,000	33,400
Contracted services (special education) - joint agreements	1,500	-
Contracted services - aid in lieu payments	110,000	9,000
Miscellaneous purchased services - transportation	117,490	(12,420)
General supplies	6,000	-
Transportation supplies	235,000	(45,000)
Other Objects	15,000	-
Total student transportation services	3,383,995	57,580

Final Budget	Actual	Variance Final to Actual
$ 548,787	$ 520,934	$ 27,853
323,515	251,667	71,848
221,900	205,397	16,503
1,094,202	977,998	116,204
2,078,849	1,943,089	135,760
80,000	78,768	1,232
53,300	32,915	20,385
238,033	198,148	39,885
263,274	257,681	5,593
435,653	435,652	1
288,700	272,765	15,935
402,905	398,420	4,485
800	538	262
361,077	327,377	33,700
510,000	388,959	121,041
725,000	713,858	11,142
29,000	22,518	6,482
5,466,591	5,070,688	395,903
163,359	163,353	6
40,700	22,999	17,701
81,000	79,331	1,669
285,059	265,683	19,376
600	249	351
229,454	228,084	1,370
230,054	228,333	1,721
97,716	97,433	283
1,297,814	1,291,186	6,628
256,875	256,822	53
32,000	30,848	1,152
72,500	68,251	4,249
465,000	452,754	12,246
480,000	478,534	1,466
14,700	14,635	65
288,400	288,374	26
1,500	-	1,500
119,000	112,925	6,075
105,070	93,144	11,926
6,000	5,693	307
190,000	109,272	80,728
15,000	9,688	5,312
3,441,575	3,309,559	132,016

(Continued)

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers
Personal services - employee benefits:		
Unallocated benefits:		
Group insurance	$ 14,000	$ (250)
Social security contributions	838,000	69,000
Other retirement contribution - PERS	875,000	27,069
Other retirement contribution - ERIP	37,000	250
Other retirement contribution - regular	35,000	24,000
Workmen's compensation	481,030	40,945
Health benefits	11,394,500	(282,069)
Tuition reimbursement	80,000	70,980
Other employee benefits	106,700	112,000
Total unallocated benefits	13,861,230	61,925
On-behalf contributions:		
Post retirement medical(non-budgeted)	-	-
TPAF pension contributions (non-budgeted)	-	-
Reimbursed TPAF social security contributions (non-budgeted)	-	-
Total on-behalf contributions	-	-
Total personal services - employee benefits	13,861,230	61,925
Food services:		
Transfers to cover deficit (enterprise)	25,000	-
Total food services	25,000	-
Total undistributed expenditures	39,732,412	681,474
Total general current expense	70,648,989	517,501
CAPITAL OUTLAY:		
Undistributed expenditures:		
School-spons. & other instruction program	-	2,250
General administration	15,671	-
School administration	39,100	90,786
Required maintenance school facilities	56,857	30,362
Custodial services	5,000	(161)
Care and upkeep of grounds	14,000	-
School Buses Regular	231,508	1,075
Total equipment	362,136	124,312
Facilities acquisition and construction services:		
Lease purchase agreement	591,397	(591,397)
Construction services	53,016	1,162,546
Other objects	60,092	-
Transfer to capital projects	1,232,546	(1,232,546)
Total facilities acquisition and construction services	1,937,051	(661,397)

Final Budget	Actual	Variance Final to Actual
$ 13,750	$ 11,796	$ 1,954
907,000	906,892	108
902,069	902,069	-
37,250	37,243	7
59,000	58,416	584
521,975	513,598	8,377
11,112,431	10,660,229	452,202
150,980	150,975	5
218,700	195,829	22,871
13,923,155	13,437,047	486,108
-	2,975,309	(2,975,309)
-	2,498,740	(2,498,740)
-	2,247,555	(2,247,555)
-	7,721,604	(7,721,604)
13,923,155	21,158,651	(7,235,496)
25,000	-	25,000
25,000	-	25,000
40,413,886	46,207,064	(5,793,178)
71,166,490	76,218,770	(5,052,280)
2,250	2,248	2
15,671	15,671	-
129,886	32,868	97,018
87,219	67,325	19,894
4,839	4,839	-
14,000	14,000	-
232,583	224,583	8,000
486,448	361,534	124,914
-	-	-
1,215,562	1,180,612	34,950
60,092	60,092	-
-	-	-
1,275,654	1,240,704	34,950

(Continued)

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers
Total capital outlay	$ 2,299,187	$ (537,085)
SPECIAL SCHOOLS:		
Summer school - instruction:		
Salaries of teachers	115,975	(2,874)
Other salaries for instruction	84,730	11,797
Purchased professional and technical services	17,250	(1,901)
General supplies	1,500	3,700
Total summer school - instruction	219,455	10,722
Total special schools	219,455	10,722
Transfer of funds to Charter School	16,600	8,862
Total expenditures	73,184,232	-
Excess (deficiency) of revenues over (under) expenditures	(4,311,865)	-
Other financing sources (uses):		
Operating transfers in:		
Transfer from capital projects	-	-
Sale of fixed assets	-	-
Total other financing sources (uses)	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	(4,311,865)	-
Fund balance, July 1	7,856,164	-
Fund balance, June 30	$ 3,544,299	$ -

Recapitulation

Restricted fund balance:
Capital reserve
Excess surplus - designated for subsequent year's expenditures
Excess surplus - current year
Assigned fund balances:
Designated for subsequent year's expenditures
Unassigned fund balances

Reconciliation to governmental funds statements (GAAP)

Last state aid payment not recognized on GAAP basis

Fund Balance per governmental funds (GAAP)

Final Budget	Actual	Variance Final to Actual
$ 1,762,102	$ 1,602,238	$ 159,864
113,101	113,101	-
96,527	96,527	-
15,349	12,958	2,391
5,200	5,125	75
230,177	227,711	2,466
230,177	227,711	2,466
25,462	25,462	-
73,184,232	78,074,181	(4,889,949)
(4,311,865)	(1,217,961)	3,093,904
-	76,020	76,020
-	24,825	24,825
-	100,845	100,845
(4,311,865)	(1,117,116)	3,194,749
7,856,164	7,856,164	-
$ 3,544,299	$ 6,739,048	$ 3,194,749

	$ 328,224
	1,682,529
	2,146,357
	960,570
	1,621,368
	6,739,048
	(1,373,466)
	$ 5,365,582

(Continued)

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers
REVENUES:		
State sources	$ 506,796	$ 89,714
Federal sources	1,370,435	302,494
Total Revenues	1,877,231	392,208
EXPENDITURES:		
Instruction		
Salaries of teachers	498,965	(37,139)
Other salaries for instruction	871,470	(236,854)
Purchased professional and technical services	86,830	11,500
General supplies	-	6,877
Textbooks	37,374	6,022
Other purchased services	382,592	227,192
Total Instruction	1,877,231	(22,402)
Support Services		
Salaries of secretaries and clerical assistants	-	119,307
Personal services - employee benefits	-	119,416
Purchased professional services	-	174,041
General supplies	-	847
Travel	-	1,000
Total Support Services	-	414,611
Total Expenditures	1,877,231	392,208
Total Outflows	1,877,231	392,208
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	$ -	$ -

Final Budget	Actual	Variance Final to Actual
$ 596,510	$ 576,803	$ (19,707)
1,672,929	1,657,295	(15,634)
2,269,439	2,234,098	(35,341)
461,826	461,826	-
634,616	634,616	-
98,330	94,257	4,073
6,877	4,570	2,307
43,396	39,972	3,424
609,784	592,574	17,210
1,854,829	1,827,815	27,014
119,307	119,307	-
119,416	119,416	-
174,041	167,120	6,921
847	440	407
1,000		1,000
414,611	406,283	8,328
2,269,439	2,234,098	35,341
2,269,439	2,234,098	35,341
$ -	$ -	$ -

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 - PART II

OCEAN TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Budget-to-GAAP Reconciliation
Fiscal Year ended June 30, 2016

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	$ 76,856,220	$ 2,234,098
Difference - budget to GAAP:		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until subsequent year.	(1,373,466)	-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,368,356	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	$ 76,851,110	$ 2,234,098
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	$ 78,074,181	$ 2,234,098
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 78,074,181	$ 2,234,098

REQUIRED SUPPLEMENTARY INFORMATION - PART III

OCEAN TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees Retirement System
Required Supplementary Information*
June 30, 2016

	June 30 2016 *	June 30, 2015*	June 30, 2014*
District's proportion of the Net Pension Liability	0.05101445%	0.04984458%	0.04956637%
Employer's proportionate share of the Net Pension Liability	$ 23,553,440	$ 19,364,539	$ 19,038,744
District's covered - employee payroll	$ 7,219,151	$ 7,306,958	$ 6,924,348
District's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	326.26%	265.02%	274.95%
Plan Fiduciary Net Position as a percentage of the total Pension liability (local)	47.93%	52.08%	48.72%

***The information presented was determined based on the prior fiscal-year end

Note: Until a full ten year trend is completed, information will be presented for years(s) for which information is available

OCEAN TOWNSHIP SCHOOL DISTRICT
Schedule of District Contributions
Public Employees Retirement System
Required Supplementary Information
June 30, 2016

	2015	2014	2013
Contractually- required contribution	$ 902,069	$ 852,645	$ 750,592
Contributions in relation to the contractually required contribution	(902,069)	(852,645)	(750,952)
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered employee payroll	$ 7,219,151	$ 7,306,958	$ 6,924,348
Contributions as a percentage of covered- employee payroll	12.50%	11.67%	10.85%

Note: Until a full ten year trend is completed, information will be presented for years for which information is available.

OCEAN TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity System
Required Supplementary Information*
June 30, 2016
(Unaudited)

	June 30, 2015*	June 30, 2014*	June 30, 2013*
District's proportion of the Net Pension Liability**	$ -	$ -	$ -
District's proportionate share of the Net Pension Liability	$ -	$ -	$ -
State's proportionate share of the Net Pension Liability associated with the employer*	$ 192,329,639	$ 160,666,363	$ 154,418,423
District's covered - employee payroll	$ 31,415,277	$ 30,953,607	$ 29,765,972
District's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	612.22%	519.06%	518.78%
Plan Fiduciary Net Position as a percentage of the total pension liability (local)	28.71%	33.64%	33.76%

* The amounts presented were determined as of the prior fiscal year end.

** Note: TPAF is a special funding situation defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the District (employer) does not contribute directly to the plan, there is no net pension liability to report in the financial statements of the District.

Note: Until a full ten year trend is completed, information will be presented for years(s) for which information is available

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to Required Supplementary Information - Part III
Schedule of the District's Proportionate Share of the Net Pension Liability
and Schedule of District Contributions
For the Fiscal Year Ended June 30, 2016

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015 in accordance with Paragraph 44 of GASB Statement No. 67.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015 in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

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

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OCEAN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	I.D.E.A Part B			
	Regular	Regular	Preschool	Preschool
	2015-2016	2014-2015	2015-2016	2014-2015
REVENUES:				
State sources	$ -	$ -	$ -	$ -
Federal sources	1,017,809	4,997	41,004	2,233
Total revenues	$ 1,017,809	$ 4,997	$ 41,004	$ 2,233
EXPENDITURES:				
Instruction:				
Salaries of teachers	$ -	$ -	$ -	$ -
Other salaries for instruction	591,379		41,004	2,233
Purchased professional and technical services	-	-	-	-
General supplies	-	-	-	-
Textbooks	-	-	-	-
Other purchased services	150,000	-	-	-
Total instruction	741,379	-	41,004	2,233
Support services:				
Salaries of secretarial and clerical assistants	119,307	-	-	-
Personal services - employee benefits	-	-	-	-
Purchased professional and technical services	157,123	4,997	-	-
General supplies	-	-	-	-
Travel	-	-	-	-
Total support services	276,430	4,997	-	-
Total expenditures	$ 1,017,809	$ 4,997	$ 41,004	$ 2,233

Title I Basic 2015-2016	Total Other Special Projects (Ex. E-1a)	Total Nonpublic Programs (Ex. E-1b)	Totals 2016
$ -	$ -	$ 576,803	$ 576,803
458,649	132,603	-	1,657,295
$ 458,649	$ 132,603	$ 576,803	$ 2,234,098
$ 364,007	$ 97,819	$ -	$ 461,826
-	-	-	634,616
-	-	94,257	94,257
-	4,570	-	4,570
-	-	39,972	39,972
-	-	442,574	592,574
364,007	102,389	576,803	1,827,815
-	-	-	119,307
94,642	24,774	-	119,416
-	5,000	-	167,120
-	440	-	440
-	-	-	-
94,642	30,214	-	406,283
$ 458,649	$ 132,603	$ 576,803	$ 2,234,098

OCEAN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis (Continued)
For the Fiscal Year Ended June 30, 2016

	Title II, Part A Teacher and Principal Training & Recruiting 2015-2016	Title II, Part A Teacher and Principal Training & Recruiting 2014-2015	Title III Part A 2015-2016	Carry forward to E-1 Total Other Special Projects
REVENUES:				
Federal sources	$ 85,714	$ 1,915	$ 44,974	$ 132,603
Total revenues	$ 85,714	$ 1,915	$ 44,974	$ 132,603
EXPENDITURES:				
Instruction:				
Salaries of teachers	$ 62,125	$ -	$ 35,694	$ 97,819
Other salaries for instruction	-	-	-	-
Purchased professional and technical services	-	-	-	-
General supplies	2,655	1,915	-	4,570
Other purchased services	-	-	-	-
Total instruction	64,780	1,915	35,694	102,389
Support services:				
Personal services - employee benefits	15,494	-	9,280	24,774
Purchased professional and technical services	5,000	-	-	5,000
General supplies	440	-	-	440
Travel	-	-	-	-
Total support services	20,934	-	9,280	30,214
Total expenditures	$ 85,714	$ 1,915	$ 44,974	$ 132,603

OCEAN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis (Continued)
For the Fiscal Year Ended June 30, 2016

	N.J. Nonpublic Handicapped Services Ch. 193			N.J. Nonpublic Auxiliary Services Ch. 192
	Examination and Classification	Corrective Speech	Supplemental Instruction	Compensatory
REVENUES:				
State sources	$ 115,735	$ 42,472	$ 89,851	$ 166,076
Total revenues	$ 115,735	$ 42,472	$ 89,851	$ 166,076
EXPENDITURES:				
Instruction:				
Purchased professional and technical services	$ -	$ -	$ -	$ -
Textbooks	-	-	-	-
Other purchased services	115,735	42,472	89,851	166,076
Total instruction	115,735	42,472	89,851	166,076
Total expenditures	$ 115,735	$ 42,472	$ 89,851	$ 166,076

N.J. Nonpublic Auxiliary Services Ch. 192 ESL	Nonpublic Nursing	Nonpublic Textbooks	Nonpublic Technology	Nonpublic Security Aid	Carry forward to E-1 Total Nonpublic Programs
$ 6,615	$ 74,552	$ 39,972	$ 19,705	$ 21,825	$ 576,803
$ 6,615	$ 74,552	$ 39,972	$ 19,705	$ 21,825	$ 576,803
$ -	$ 74,552	$ -	$ 19,705	$ -	$ 94,257
-	-	39,972	-	-	39,972
6,615	-	-	-	21,825	442,574
6,615	74,552	39,972	19,705	21,825	576,803
$ 6,615	$ 74,552	$ 39,972	$ 19,705	$ 21,825	$ 576,803

CAPITAL PROJECTS FUND
DETAIL STATEMENTS

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

Revenues and Other Financing Sources	
State sources	$ -
Bond proceeds	-
Total revenues	-
Expenditures and Other Financing Uses	
Purchased professional and technical services	1,246,245
Construction services	6,143,817
Other objects	7,341
Total expenditures	7,397,403
Excess (deficiency) of revenues over (under) expenditures	(7,397,403)
Fund balance - Beginning	27,195,793
Fund balance - Ending	$ 19,798,390

OCEAN TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2016

Project Title / Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date Prior Years	GAAP Expenditures to Date Current Year	Unexpended Appropriations June 30, 2016
2015 Referendum	3/12/2015	$ 28,944,000	$ 1,748,207	$ 7,397,403	$ 19,798,390
Totals		$ 28,944,000	$ 1,748,207	$ 7,397,403	$ 19,798,390

OCEAN TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
2015 Bond Referendum
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Bond proceeds and transfers	$ 28,944,000	$ -	$ 28,944,000	$ 28,944,000
Total revenues	28,944,000	-	28,944,000	28,944,000
Expenditures and Other Financing Uses				
Purchased professional and technical services	484,394	1,246,245	1,730,639	1,534,623
Construction services	1,263,813	6,143,817	7,407,630	26,990,602
Other objects	-	7,341	7,341	418,775
Total expenditures	1,748,207	7,397,403	9,145,610	28,944,000
Excess (deficiency) of revenues over (under) expenditures	$ 27,195,793	$ (7,397,403)	$ 19,798,390	$ -

Additional project information	
Bond Issue Date	3/12/2015
Original authorized cost	$ 28,944,000
Revised authorized cost	$ 28,944,000
Percentage increase over original authorized cost	0%
Percentage completion	32%
Original target completion date	September 2017
Revised target completion date	September 2017

PROPRIETARY FUNDS
DETAIL STATEMENTS

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

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

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

FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

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

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

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

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

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OCEAN TOWNSHIP SCHOOL DISTRICT
Combining Statement of Fiduciary Net Position
Trust and Agency Funds
June 30, 2016

	Trust		
	Unemployment Compensation	**Private Purpose**	**Total Trust Fund**
ASSETS:			
Cash and cash equivalents	$ 418,016	$ 18,605	$ 436,621
Total assets	418,016	18,605	436,621
LIABILITIES:			
Payroll deductions and withholdings	16,148	-	16,148
Due to student groups	-	-	-
Total liabilities	16,148	-	16,148
NET POSITION:			
Reserved	401,868	18,605	420,473
Total net position	$ 401,868	$ 18,605	$ 420,473

Agency		
Student Activity	Payroll	Total Agency Fund
$ 307,917	$ 1,877,330	$ 2,185,247
$ 307,917	$ 1,877,330	$ 2,185,247
$ -	$ 1,877,330	$ 1,877,330
307,917	-	307,917
$ 307,917	$ 1,877,330	$ 2,185,247

OCEAN TOWNSHIP SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2016

	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Total Trusts
ADDITIONS:			
Contributions:			
Plan member	$ 123,881	$ -	$ 123,881
Other	-	11,176	11,176
Total contributions	123,881	11,176	135,057
Investment earnings:			
Interest	655	-	655
Net investment earnings	655	-	655
Total Additions	124,536	11,176	135,712
DEDUCTIONS:			
Quarterly contribution reports	53,203	-	53,203
Unemployment claims	18,490	-	18,490
Scholarships awarded	-	12,021	12,021
Total Deductions	71,693	12,021	83,714
Change in Net Position	52,843	(845)	51,998
Net Position - Beginning of Year	349,025	19,450	368,475
Net Position - End of Year	$ 401,868	$ 18,605	$ 420,473

OCEAN TOWNSHIP SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2016

	Balance July 1, 2015	Cash Receipts	Cash Disbursements	Balance June 30, 2016
ELEMENTARY SCHOOLS:				
Ocean Township Elementary	$ 1,478	$ 7,798	$ 6,445	$ 2,831
Wayside Elementary	11,123	7,721	6,680	12,164
Wanamassa Elementary	4,960	1,650	1,015	5,595
Total elementary schools	17,561	17,169	14,140	20,590
INTERMEDIATE SCHOOL	67,700	76,386	71,274	72,812
HIGH SCHOOL	240,953	534,142	560,580	214,515
Total all schools	$ 326,214	$ 627,697	$ 645,994	$ 307,917

OCEAN TOWNSHIP SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2016

	Balance July 1, 2015	Cash Receipts	Cash Disbursements	Balance June 30, 2016
ASSETS:				
Cash and cash equivalents	$ 1,681,046	$ 24,419,685	$ 24,223,401	$ 1,877,330
Total assets	$ 1,681,046	$ 24,419,685	$ 24,223,401	$ 1,877,330
LIABILITIES:				
Payroll deductions and withholdings	$ 1,681,046	$ 24,419,685	$ 24,223,401	$ 1,877,330
Total liabilities	$ 1,681,046	$ 24,419,685	$ 24,223,401	$ 1,877,330

LONG-TERM DEBT SCHEDULES

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

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OCEAN TOWNSHIP SCHOOL DISTRICT
Long Term Debt
Schedule of Serial Bonds
As of June 30, 2016

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount
School renovations and additions	10/20/2010	$ 8,585,000	3/1/2017	$ 850,000
(Refunding issue 2010)			3/1/2018	845,000
			3/1/2019	835,000
			3/1/2020	830,000
			3/1/2021	825,000
			3/1/2022	820,000
School bonds - Energy project	9/1/2007	6,113,000	9/1/2016	425,000
			9/1/2017	445,000
			9/1/2018	465,000
			9/1/2019	485,000
			9/1/2020	505,000
			9/1/2021	510,000
			9/1/2022	515,000
School bonds - 2015 Referendum	2/15/2015	28,944,000	3/15/2017	1,264,000
			3/15/2018	1,065,000
			3/15/2019	1,100,000
			3/15/2020	1,130,000
			3/15/2021	1,170,000
			3/15/2022	1,205,000
			3/15/2023	1,245,000
			3/15/2024	1,290,000
			3/15/2025	1,335,000
			3/15/2026	1,380,000
			3/15/2027	1,430,000
			3/15/2028	1,480,000
			3/15/2029	1,530,000
			3/15/2030	1,585,000
			3/15/2031	1,640,000
			3/15/2032	1,695,000
			3/15/2033	1,755,000
			3/15/2034	1,820,000
			3/15/2035	1,880,000
			3/15/2036	1,945,000

Interest Rate	Balance July 1, 2015	Issued	Retired	Balance June 30, 2016
4.000%	$ 5,865,000	$ -	$ 860,000	$ 5,005,000
4.000%				
4.000%				
4.000%				
4.000%				
4.000%				
4.125%	3,755,000	-	405,000	3,350,000
4.125%				
4.125%				
4.125%				
4.125%				
4.200%				
4.250%				
2.000%	28,944,000	-	-	28,944,000
2.000%				
2.000%				
2.000%				
2.000%				
3.000%				
3.000%				
3.000%				
3.000%				
3.000%				
3.000%				
3.000%				
3.000%				
3.000%				
3.000%				
3.000%				
3.125%				
3.125%				
3.250%				
3.250%				
	$ 38,564,000	$ -	$ 1,265,000	$ 37,299,000

OCEAN TOWNSHIP SCHOOL DISTRICT
Long Term Debt
Schedule of Obligations under Capital Lease
As of June 30, 2016

Description	Amount of Original Issue	Balance July 1, 2015	Issued Current Year	Retired Current Year	Balance June 30, 2016
Savin Copiers	$ 137,942	$ 42,622	$ -	$ 29,773	$ 12,849
Savin Copiers	$ 6,688	4,594	-	1,310	3,284
Energy Saving Improvement Project	$ 3,433,934	3,129,014	-	356,397	2,772,617
Technology Equipment lease	$ 1,200,000	970,000	-	235,000	735,000
		$ 4,146,230	$ -	$ 622,480	$ 3,523,750

OCEAN TOWNSHIP SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	$ 2,246,346	$ -	$ 2,246,346	$ 2,246,346	$ -
State sources:					
Debt service aid - Type II	187,872	-	187,872	187,872	-
Total revenues	2,434,218	-	2,434,218	2,434,218	-
EXPENDITURES:					
Regular debt service:					
Interest	1,169,218	-	1,169,218	1,169,218	-
Redemption of principal	1,265,000	-	1,265,000	1,265,000	-
Total expenditures	2,434,218	-	2,434,218	2,434,218	-
Fund balances, July 1	1	-	1	1	-
Fund balances, June 30	$ 1	$ -	$ 1	$ 1	$ -
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted fund balance	$ 1	$ -	$ 1	$ 1	$ -

Ocean Township School District
Statistical Section
(Unaudited)

Contents **Page**

Financial Trends 88 - 94

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 95 - 100

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

Debt Capacity 101 - 104

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 105 - 106

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 107 - 112

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

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

	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Governmental activities				
Invested in capital assets, net of related debt	$ 10,922,833	$ 1,851,705	$ 26,199,311	$ 23,103,432
Restricted	24,916,071	33,319,170	7,421,919	8,599,305
Unrestricted	(22,387,040)	(21,706,190)	(2,932,839)	(3,018,695)
Total governmental activities net position	$ 13,451,864	$ 13,464,685	$ 30,688,391	$ 28,684,042
Business-type activities				
Invested in capital assets, net of related debt	$ 39,095	$ 47,283	$ 55,812	$ 64,921
Unrestricted	51,636	25,142	38,867	55,533
Total business-type activities net position	$ 90,731	$ 72,425	$ 94,679	$ 120,454
District-wide				
Invested in capital assets, net of related debt	$ 10,961,928	$ 1,898,988	$ 26,255,123	$ 23,168,353
Restricted	24,916,071	33,319,170	7,421,919	8,599,305
Unrestricted	(22,335,404)	(21,681,048)	(2,893,972)	(2,963,162)
Total district-wide net position	$ 13,542,595	$ 13,537,110	$ 30,783,070	$ 28,804,496

Source: District records

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

Note: GASB 68 was implemented during the 2015 fiscal year, which required restatement of beginning net position of ($18,257,948). This amount is not reflected in the June 30, 2014 net position above.

June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007
$ 20,862,685	$ 18,865,230	$ 17,705,236	$ 15,953,571	$ 12,398,864	$ 13,212,935
7,896,093	5,283,098	3,534,807	5,976,604	8,712,095	3,296,371
(3,165,792)	(3,049,861)	(2,549,999)	(3,078,273)	(2,223,231)	766,275
$ 25,592,986	$ 21,098,467	$ 18,690,044	$ 18,851,902	$ 18,887,728	$ 17,275,581
$ 76,535	$ 64,236	$ 77,390	$ 92,319	$ 109,160	$ 126,232
(34,970)	25,685	(7,461)	17,751	(62,448)	(31,374)
$ 41,565	$ 89,921	$ 69,929	$ 110,070	$ 46,712	$ 94,858
$ 20,939,220	$ 18,929,466	$ 17,782,626	$ 16,045,890	$ 12,508,024	$ 13,339,167
7,896,093	5,283,098	3,534,807	5,976,604	8,712,095	3,296,371
(3,200,762)	(3,024,176)	(2,557,460)	(3,060,522)	(2,285,679)	734,901
$ 25,634,551	$ 21,188,388	$ 18,759,973	$ 18,961,972	$ 18,934,440	$ 17,370,439

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

	June 30, 2016	June 30, 2015	June 30, 2014
Expenses			
Governmental activities			
Instruction			
Regular	$ 40,522,362	$ 37,890,451	$ 32,519,106
Special education	11,419,006	10,042,126	8,250,188
Other special education	2,531,521	2,304,209	2,057,503
Other instruction	1,831,733	1,721,308	1,644,512
Support Services			
Instruction	4,319,884	4,211,098	4,020,710
Student & instruction related services	11,863,986	10,997,582	9,144,162
School administrative services	3,750,253	3,494,178	3,071,142
General administrative services	639,274	739,030	1,300,236
Central services and administrative information technology	1,855,649	1,933,809	1,668,114
Plant operations and maintenance	7,627,965	7,662,856	6,952,515
Pupil transportation	3,998,919	3,904,511	3,908,356
Special Schools	227,710	207,251	188,275
Charter schools	25,462	15,745	47,307
Interest on long-term debt	1,127,442	674,061	545,646
Total governmental activities expenses	91,741,166	85,798,215	75,317,772
Business-type activities:			
Food service	1,129,632	1,229,862	1,202,792
Total business-type activities expense	1,129,632	1,229,862	1,202,792
Total district expenses	$ 92,870,798	$ 87,028,077	$ 76,520,564
Program Revenues			
Governmental activities:			
Charges for services:			
Instruction (tuition)	$ -	$ -	$ -
Support services	292,954	273,485	273,683
Special schools	19,248	65,142	66,021
Operating grants and contributions	20,327,982	16,411,370	7,932,435
Total governmental activities program revenues	20,640,184	16,749,997	8,272,139
Business-type activities			
Charges for services:			
Food service	560,319	600,395	645,088
Operating grants and contributions	587,619	607,213	531,929
Total business-type activities program revenues	1,147,938	1,207,608	1,177,017
Total district program revenues	$ 21,788,122	$ 17,957,605	$ 9,449,156
Net (Expense) Revenue			
Governmental activities	$ (71,100,982)	$ (69,048,218)	$ (67,045,633)
Business-type activities	18,306	(22,254)	(25,775)
Total district-wide net expense	$ (71,082,676)	$ (69,070,472)	$ (67,071,408)

June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007
$ 31,710,830	$ 31,201,908	$ 30,672,356	$ 30,869,776	$ 29,853,090	$ 31,403,830	$ 30,493,052
7,949,249	7,304,546	6,672,604	6,760,065	6,685,215	6,787,935	6,641,597
1,779,028	1,601,960	1,345,531	1,988,821	2,017,043	2,062,716	1,688,817
1,568,092	1,545,146	1,457,112	1,455,524	1,397,145	1,536,734	1,506,792
4,702,295	3,265,613	3,992,315	3,434,045	3,292,240	2,971,655	2,396,367
9,073,914	9,260,790	8,252,664	8,335,122	7,943,866	6,745,992	6,807,909
3,022,176	2,943,430	2,820,723	3,370,056	3,372,965	3,086,920	3,023,913
1,217,809	1,130,936	1,164,642	1,146,016	1,161,748	1,086,689	1,173,956
1,555,888	1,475,749	1,432,837	1,557,977	1,218,126	848,343	606,651
6,580,843	6,786,929	7,004,447	6,924,274	7,338,569	7,668,599	7,001,421
4,245,998	3,917,781	3,908,346	3,918,662	3,913,472	3,745,741	3,672,414
159,880	156,620	164,599	187,863	190,883	179,677	194,374
43,184	21,473	30,545	57,636	15,348	2,793	-
627,280	716,154	1,460,077	1,007,071	1,308,884	1,245,843	1,107,017
74,236,466	71,329,035	70,378,798	71,012,908	69,708,594	69,373,467	66,314,280
1,173,646	1,237,158	1,192,783	1,141,723	1,132,607	1,105,399	1,077,716
1,173,646	1,237,158	1,192,783	1,141,723	1,132,607	1,105,399	1,077,716
$ 75,410,112	$ 72,566,193	$ 71,571,581	$ 72,154,631	$ 70,841,201	$ 70,478,866	$ 67,391,996
$ -	$ -	$ -	$ 24,968	$ 53,793	$ -	$ 36,343
259,327	267,470	263,729	227,401	194,755	174,100	-
6,813	20,698	19,600	-	15,175	23,075	-
9,107,433	8,276,785	7,569,905	7,219,481	6,961,117	8,861,298	-
9,373,573	8,564,953	7,853,234	7,471,850	7,224,840	9,058,473	36,343
634,851	710,173	689,179	710,072	739,032	782,304	796,280
467,684	478,629	423,596	391,510	356,933	274,949	257,106
1,102,535	1,188,802	1,112,775	1,101,582	1,095,965	1,057,253	1,053,386
$ 10,476,108	$ 9,753,755	$ 8,966,009	$ 8,573,432	$ 8,320,805	$ 10,115,726	$ 1,089,729
$ (64,862,893)	$ (62,764,082)	$ (62,525,564)	$ (63,541,058)	$ (62,483,754)	$ (60,314,994)	$ (66,277,937)
(71,111)	(48,356)	(80,008)	(40,141)	(36,642)	(48,146)	(24,330)
$ (64,934,004)	$ (62,812,438)	$ (62,605,572)	$ (63,581,199)	$ (62,520,396)	$ (60,363,140)	$ (66,302,267)

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

	June 30, 2016	June 30, 2015	June 30, 2014
General Revenues and Other Changes in Net Position			
Governmental activities			
Property taxes levied for general purposes, net	$ 60,221,552	$ 58,643,552	$ 57,501,584
Taxes levied for debt service	2,246,346	3,025,867	3,055,830
Federal and state aid not restricted	8,302,180	8,170,339	7,927,627
Investment earnings	89,927	10,300	15,354
Transfers	-	20,858	116
Gain on disposal of capital assets	-	-	-
Miscellaneous income	228,156	211,544	549,471
Total governmental activities	71,088,161	70,082,460	69,049,982
Business-type activities:			
Investment earnings	-	-	-
Transfers	-	-	-
Total business-type activities	-	-	-
Total district-wide	$ 71,088,161	$ 70,082,460	$ 69,049,982
Change in Net Position			
Governmental activities	$ (12,821)	$ 1,034,242	$ 2,004,349
Business-type activities	18,306	(22,254)	(25,775)
Total district	$ 5,485	$ 1,011,988	$ 1,978,574

Source: District records

June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007
$ 56,734,353	$ 55,724,474	$ 54,408,683	$ 52,051,910	$ 50,344,384	$ 49,485,090	$ 47,642,573
3,092,317	3,093,434	3,118,052	3,111,333	2,583,653	2,213,751	2,844,064
7,983,334	8,117,177	7,204,310	8,105,252	9,334,996	9,481,032	17,700,801
18,898	13,824	16,408	25,053	216,587	683,044	550,626
(150,000)	-	(100,000)	-	(100,000)	-	-
-	17,982	18,093	-	-	-	-
275,047	291,709	268,441	85,652	68,308	64,222	265,796
67,953,949	67,258,600	64,933,987	63,379,200	62,447,928	61,927,139	69,003,860
-	-	-	-	-	-	-
150,000	-	100,000	-	100,000	-	-
150,000	-	100,000	-	100,000	-	-
$ 68,103,949	$ 67,258,600	$ 65,033,987	$ 63,379,200	$ 62,547,928	$ 61,927,139	$ 69,003,860
$ 3,091,056	$ 4,494,518	$ 2,408,423	$ (161,858)	$ (35,826)	$ 1,612,145	$ 2,725,923
78,889	(48,356)	19,992	(40,141)	63,358	(48,146)	(24,330)
$ 3,169,945	$ 4,446,162	$ 2,428,415	$ (201,999)	$ 27,532	$ 1,563,999	$ 2,701,593

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

	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
General Fund				
Reserved	$ 5,117,680	$ 6,123,377	$ 7,242,923	$ 8,599,304
Unreserved	247,902	364,431	346,530	293,642
Total general fund	$ 5,365,582	$ 6,487,808	$ 7,589,453	$ 8,892,946
All Other Governmental Funds				
Reserved	$ 18,613,673	$ 22,089,092	$ -	$ -
Unreserved				
Special revenue fund	-	-	-	-
Capital projects fund	1,184,718	5,106,702	175,206	-
Debt service fund	-	-	1	1
Total all other governmental funds	$ 19,798,391	$ 27,195,794	$ 175,207	$ 1

Source: District records

June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007
$ 7,896,091	$ 5,226,328	$ 3,143,340	$ 5,181,541	$ 5,524,096	$ 3,981,396
217,629	304,658	366,564	657,209	944,332	839,919
$ 8,113,720	$ 5,530,986	$ 3,509,904	$ 5,838,750	$ 6,468,428	$ 4,821,315
$ -	$ -	$ 86,685	$ -	$ 1,840,890	$ 21,038
-	-	-	-	(5,522)	(8,628)
-	-	-	295,061	1,097,108	1,758,053
2	56,770	94,781	2	1	1
$ 2	$ 56,770	$ 181,466	$ 295,063	$ 2,932,477	$ 1,770,464

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

	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Revenues				
Tax levy	$ 62,467,898	$ 61,669,419	$ 60,557,414	$ 59,826,670
Tuition charges	19,248	65,142	66,021	6,813
Transportation fee	15,938	-	-	-
Interest earnings	89,927	31,159	15,470	18,898
Miscellaneous	480,347	426,357	630,085	428,034
State sources	16,788,459	15,438,917	14,229,523	15,227,408
Federal sources	1,733,629	1,774,391	1,630,537	1,863,358
Total revenue	81,595,446	79,405,385	77,129,050	77,371,181
Expenditures				
Instruction:				
Regular Instruction	22,811,686	22,675,022	22,544,366	21,787,047
Special education instruction	6,249,695	5,855,639	5,619,296	5,308,236
Other special instruction	1,359,701	1,321,236	1,380,015	1,187,303
Other instruction	1,418,439	1,335,311	1,296,007	1,251,072
Support Services:				
Instruction	4,319,884	4,211,098	4,020,710	4,702,295
Student & inst. related services	6,781,825	6,691,253	6,279,647	6,224,530
General & business administrative services	985,129	1,054,071	1,107,951	1,033,549
School administrative services	2,224,084	2,191,915	2,160,457	2,120,028
Central services	689,750	813,562	657,179	646,807
Administrative information technology	601,763	600,211	587,607	532,987
Plant operations and maintenance	6,542,703	6,050,497	5,949,808	5,663,134
Pupil transportation	3,309,559	3,210,016	3,184,955	3,236,620
Unallocated benefits	21,158,651	19,408,640	17,981,725	18,004,332
Special Schools	227,710	207,251	188,278	159,880
Transfer to Charter Schools	25,462	15,745	47,307	43,184
Capital outlay	8,999,641	4,774,762	5,534,939	1,261,704
Debt service:				
Principal	1,265,000	2,745,000	2,690,000	2,645,000
Interest and other charges	1,169,218	469,214	554,442	634,248
Total expenditures	90,139,900	83,630,443	81,784,689	76,441,956
Excess (Deficiency) of revenues over (under) expenditures	(8,544,454)	(4,225,058)	(4,655,639)	929,225

June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007
$ 58,817,908	$ 57,526,735	$ 55,163,243	$ 52,928,037	$ 51,698,841	$ 50,486,637
20,698	19,600	24,968	68,967	23,075	36,343
-	8,840	-	-	-	-
13,824	16,408	25,053	216,587	683,044	550,626
452,838	402,607	267,337	532,621	238,322	265,796
13,806,616	12,275,813	13,113,096	14,640,564	16,885,039	16,371,322
2,587,346	2,498,402	2,211,637	1,655,549	1,457,291	1,329,479
75,699,230	72,748,405	70,805,334	70,042,325	70,985,612	69,040,203
21,843,058	21,897,306	22,670,152	21,799,901	21,006,552	20,402,035
5,001,480	4,582,938	4,781,510	4,707,955	4,306,544	4,210,778
1,071,086	919,375	1,393,079	1,404,080	1,310,956	1,071,315
1,218,492	1,150,970	1,180,325	1,125,096	1,049,647	1,023,338
3,265,613	3,992,315	3,434,045	3,292,240	2,971,655	2,396,367
6,595,331	5,816,263	6,019,791	5,718,458	5,200,921	5,370,346
946,485	992,083	998,428	1,014,555	960,522	884,872
2,088,832	2,036,891	2,472,397	2,475,110	2,389,780	2,350,113
658,153	649,609	749,994	742,919	673,691	606,651
455,117	437,484	476,244	228,003	-	-
5,835,371	6,134,451	6,078,561	6,453,715	6,725,919	6,154,093
3,151,643	3,115,311	3,134,340	3,113,502	2,979,135	2,900,206
16,491,099	15,192,995	15,146,095	14,278,209	16,608,192	16,350,526
156,620	164,599	187,863	190,882	179,677	194,374
21,473	30,545	57,636	15,348	2,793	-
1,193,799	344,535	1,024,887	2,700,609	5,009,751	902,517
2,610,000	2,530,000	2,420,000	2,343,000	1,865,000	1,725,000
726,908	812,332	1,022,430	1,421,769	1,048,751	1,119,064
73,330,560	70,800,002	73,247,777	73,025,351	74,289,486	67,661,595
2,368,670	1,948,403	(2,442,443)	(2,983,026)	(3,303,874)	1,378,608

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

	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Other Financing sources (uses)				
Capital leases (non-budgeted)	$ -	$ 1,200,000	$ 6,688	$ -
Proceeds from bonds	-	28,944,000	3,433,934	-
Payments to refunding bond escrow	-	-	-	-
Premium on sale of bonds	-	-	-	-
Cost of issuance	-	-	-	-
FEMA Reimbursement	-	-	83,042	-
Sale of assets	24,825	-	3,688	-
Transfers in	-	20,859	116	-
Transfers out	-	(20,858)	(116)	(150,000)
Total other financing sources (uses)	24,825	30,144,001	3,527,352	(150,000)
Net change in fund balances	$ (8,519,629)	$ 25,918,943	$ (1,128,287)	$ 779,225
Debt service as a percentage of noncapital expenditures	3.00%	4.08%	4.26%	4.36%

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.

June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007
$ 139,314	$ -	$ -	$ -	$ -	$ -
-	8,585,000	-	8,275,000	6,113,000	-
-	(9,199,528)	-	(8,459,066)	-	-
-	692,118	-	-	-	-
-	(47,700)	-	-	-	-
-	-	-	-	-	-
17,982	18,093	-	-	-	-
-	29,892	497,332	888,505	899,804	84,531
-	(129,892)	(497,332)	(988,505)	(899,804)	(84,531)
157,296	(52,017)	-	(284,066)	6,113,000	-
$ 2,525,966	$ 1,896,386	$ (2,442,443)	$ (3,267,092)	$ 2,809,126	$ 1,378,608
4.63%	4.74%	4.77%	5.35%	4.21%	4.26%

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

Description	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Sale of energy	$ -	$ 4,480	$ 3,884	$ 3,990
FEMA Reimbursement	-	-	83,042	-
Grants and Donations	1,620	25,000	193,279	-
Facility charge	277,016	273,485	273,683	259,327
Prior year insurance refunds	41,466	-	-	-
Prior year miscellaneous refunds	95,136	31,424	74,840	85,174
Sponsorship	23,100	25,800	24,250	27,250
Sale of assets	-	-	3,688	-
Tuition	19,248	65,142	66,021	6,813
Transportation fees	15,938	17,718	21,055	25,223
Interest	13,907	10,301	15,354	17,625
Cancellation of prior year checks	-	-	-	-
Shared services	27,529	30,090	38,584	26,233
Miscellaneous	14,480	18,360	510	2,110
Total other local revenue	$ 529,440	$ 501,800	$ 798,190	$ 453,745

Source: District Records

June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007
$ 17,085	$ 18,360	$ -	$ -	$ -	$ -
-	-	-	-	-	-
31,628	44,149	-	-	-	-
267,470	254,889	227,401	194,755	174,099	241,444
-	-	-	-	10,071	-
66,826	39,582	8,026	31,991	26,232	6,455
27,950	30,950	23,950	22,000	23,650	3,000
17,982	18,093	-	-	-	-
20,698	19,600	24,968	68,967	23,075	36,343
-	8,840	-	-	-	1,947
13,824	16,406	24,997	195,946	483,240	466,095
-	-	-	-	-	7,271
38,939	11,141	-	-	-	-
2,940	3,535	7,960	5,769	4,270	5,679
$ 505,342	$ 465,545	$ 317,302	$ 519,428	$ 744,637	$ 768,234

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qualified Farm	Commercial	Industrial
2007	115,614,800	3,647,007,700	1,008,800	3,200	657,156,600	-
2008	108,809,100	3,701,801,300	1,008,800	3,200	650,095,600	-
2009	99,774,500	3,731,125,700	1,008,800	3,200	653,898,600	-
2010	94,206,500	3,405,982,600	864,200	3,000	646,389,100	-
2011	93,051,700	3,418,789,500	864,200	3,000	626,100,600	-
2012	88,166,100	3,427,805,400	864,200	3,000	613,228,750	-
2013	83,425,400	3,425,911,290	1,196,900	4,800	596,484,760	-
2014	84,477,500	3,378,704,730	1,196,900	4,800	580,553,450	-
2015	84,178,000	3,382,560,000	1,111,900	4,700	573,206,000	-
2016	71,704,300	3,397,753,500	1,074,900	3,800	583,675,400	-

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

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

Apartment	Total Assessed Value	Less : Tax Exempt Property	Public Utilities [a]	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate [b]
174,312,600	4,595,103,700	-	3,370,995	4,598,474,695	5,440,101,338	1.105
174,312,600	4,636,030,600	-	3,335,276	4,639,365,876	5,821,430,884	1.105
174,312,600	4,660,123,400	-	4,425,876	4,664,549,276	5,622,766,306	1.121
167,082,500	4,314,527,900	-	5,730,952	4,320,258,852	5,535,729,615	1.263
157,266,300	4,296,075,300	-	4,068,768	4,300,144,068	5,118,942,495	1.305
157,266,300	4,287,333,750	-	4,391,570	4,291,725,320	4,803,080,497	1.331
157,243,600	4,264,266,750	-	4,531,727	4,268,798,477	4,566,355,552	1.362
152,764,100	4,197,701,480	-	3,778,433	4,201,479,913	4,473,944,524	1.408
151,604,900	4,192,665,500	-	3,785,482	4,196,450,982	4,539,382,409	1.431
163,311,500	4,217,523,400	-	3,628,655	4,221,152,055	4,673,821,521	1.458

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qualified Farm	Commercial	Industrial
2007	1,233,400	68,026,900	-	-	3,598,900	-
2008	3,823,600	191,110,900	-	-	9,058,600	-
2009	3,523,600	191,079,900	-	-	9,058,600	-
2010	3,083,600	190,882,000	-	-	8,278,600	-
2011	2,366,900	147,663,700	-	-	6,483,900	-
2012	2,366,900	147,928,700	-	-	6,483,900	-
2013	6,686,800	142,559,600	-	-	4,571,400	-
2014	6,686,800	139,605,300	-	-	4,521,400	-
2015	4,700,600	140,745,200	-	-	3,590,500	-
2016	4,600,100	139,384,500	-	-	3,590,500	-

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

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]
263,400	73,122,600	-	24,272	73,146,872	179,473,339	0.410
803,200	204,796,300	-	68,604	204,864,904	187,038,594	0.410
803,200	204,465,300	-	72,171	204,537,471	172,470,574	0.146
753,200	202,997,400	-	91,363	203,088,763	194,726,874	0.871
587,300	157,101,800	-	77,150	157,178,950	195,940,278	1.320
587,300	157,366,800	-	63,558	157,430,358	181,236,975	1.390
587,300	154,405,100	-	86,745	154,491,845	154,450,686	1.331
587,300	151,400,800	-	63,364	151,464,164	151,880,984	1.303
600,800	149,637,100	-	65,555	149,702,655	154,901,572	1.355
559,700	148,134,800	-	66,177	148,200,977	148,739,239	1.450

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

Township of Ocean

	Township of Ocean Board of Education Direct Rate			Overlapping Rates		
Fiscal Year Ended June 30,	Basic Rate [a]	General Obligation Debt Service [b]	Total Direct School Tax Rate	Township of Ocean	Monmouth County	Total Direct and Overlapping Tax Rate
2007	1.043	0.062	1.105	0.308	0.320	1.733
2008	1.058	0.047	1.105	0.308	0.320	1.733
2009	1.064	0.057	1.121	0.355	0.323	1.799
2010	1.200	0.063	1.263	0.428	0.350	2.041
2011	1.238	0.067	1.305	0.446	0.331	2.082
2012	1.261	0.070	1.331	0.456	0.324	2.111
2013	1.292	0.070	1.362	0.470	0.323	2.155
2014	1.339	0.069	1.408	0.492	0.321	2.221
2015	1.361	0.070	1.431	0.493	0.326	2.250
2016	1.396	0.062	1.458	0.493	0.328	2.279

Village of Loch Arbour

	Township of Ocean Board of Education Direct Rate			Overlapping Rates		
Fiscal Year Ended June 30,	Basic Rate [a]	General Obligation Debt Service [b]	Total Direct School Tax Rate	Village of Loch Arbour	Monmouth County	Total Direct and Overlapping Tax Rate
2007	0.392	0.018	0.410	0.665	0.614	1.689
2008	0.392	0.018	0.410	0.614	0.665	1.689
2009	0.138	0.008	0.146	0.242	0.234	0.622
2010	0.827	0.044	0.871	0.280	0.260	1.411
2011	1.251	0.069	1.320	0.407	0.350	2.077
2012	1.318	0.072	1.390	0.404	0.335	2.129
2013	1.262	0.069	1.331	0.403	0.298	2.032
2014	1.239	0.064	1.303	0.411	0.299	2.013
2015	1.288	0.067	1.355	0.397	0.311	2.063
2016	1.388	0.062	1.450	0.402	0.295	2.147

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.

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

	2016	
	Taxable Assessed Value	% of Total District Net Assessed Value
Seaview Square LLC c/o Linque Management	$ 55,000,000	1.30%
Woodshire Apartments	47,931,300	1.14%
Continental Land Developers, LLC	23,233,500	0.55%
Ocean Seniors, LLC	21,481,800	0.51%
Westwood Oaks Associates	21,335,600	0.51%
Gold Enterprises c/o Salem Management	20,693,100	0.49%
Cold Indian Spring Corporation	20,046,600	0.47%
Sunset Arcadia Center, Inc.	19,638,800	0.47%
Sears, Roebuck & Co.	13,875,500	0.33%
Hollywood Golf Club	13,833,200	0.33%
TOTAL	$ 257,069,400	6.10%

	2007	
	Taxable Assessed Value	% of Total District Net Assessed Value
Seaview Square, LLC	$ 100,000,000	2.17%
Woodshire Apartments	52,766,400	1.15%
Continental Land Development	25,678,200	0.56%
Ocean Seniors, LLC	23,987,300	0.52%
Sears, Roebuck & Co.	22,517,600	0.49%
Cold Indian Spring Corp.	20,060,000	0.44%
Gold Enterprises	18,487,500	0.40%
Westwook Oaks Associates	17,792,500	0.39%
Sunset Arcadia center, Inc.	17,223,400	0.37%
Hollywood Golf Club	15,420,000	0.34%
TOTAL	$ 313,932,900	6.83%

Source: Municipal Tax Assessor

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

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

	2016	
	Taxable Assessed Value	% of Total District Net Assessed Value
Individual Taxpayer #1	$ 2,560,200	2.72%
Individual Taxpayer #2	2,022,900	2.15%
Individual Taxpayer #3	1,996,400	2.12%
Individual Taxpayer #4	1,996,400	2.12%
Individual Taxpayer #5	1,820,000	1.93%
Individual Taxpayer #6	1,726,600	1.84%
Individual Taxpayer #7	1,717,000	1.83%
Individual Taxpayer #8	1,646,300	1.75%
Individual Taxpayer #9	1,611,300	1.71%
Individual Taxpayer #10	1,597,000	1.70%
TOTAL	$ 18,694,100	19.87%

	2007	
	Taxable Assessed Value	% of Total District Net Assessed Value
Individual Taxpayer #1	$ 1,574,100	2.15%
Individual Taxpayer #2	1,295,900	1.77%
Individual Taxpayer #3	1,185,600	1.62%
Individual Taxpayer #4	1,120,700	1.53%
Individual Taxpayer #5	1,035,800	1.42%
Individual Taxpayer #6	1,019,200	1.39%
Individual Taxpayer #7	919,000	1.26%
601 Main Street LLC	899,400	1.23%
Individual Taxpayer #8	840,200	1.15%
Individual Taxpayer #9	804,300	1.10%
TOTAL	$ 10,694,200	14.62%

Source: Municipal Tax Assessor

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

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

Township of Ocean

Year Ended December 31,	Total Tax Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy [a]		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	79,255,476	78,085,541	98.52%	1,159,000
2007	82,714,716	81,708,783	98.78%	984,297
2008	86,385,299	85,283,363	98.72%	1,066,022
2009	88,023,874	86,814,442	98.63%	1,048,190
2010	90,987,168	89,327,065	98.18%	1,390,782
2011	92,386,823	91,065,596	98.57%	1,077,649
2012	93,607,386	91,733,414	98.00%	1,501,009
2013	95,024,840	93,307,020	98.19%	1,231,454
2014	96,470,544	94,881,600	98.35%	1,385,810
2015	97,944,119	96,627,193	98.66%	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	
2006	1,151,600	1,151,600	100.00%	N/A
2007	1,279,521	1,230,648	96.18%	N/A
2008	1,284,839	1,254,533	97.64%	N/A
2009	2,287,687	1,968,996	86.07%	N/A
2010	3,289,763	2,718,793	82.64%	18,597
2011	3,393,546	3,306,248	97.43%	18,587
2012	3,366,983	3,245,610	96.40%	13,860
2013	2,917,902	2,917,902	100.00%	N/A
2014	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A

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

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

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

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

	Governmental Activities		Business-Type Activities			
Year Ended June 30,	General Obligation Bonds	Capital Leases	Capital Leases	Total District	Percentage of Personal Income [a]	Per Capita [a]
2007	23,497,000	120,784	-	23,617,784	1.38%	842
2008	27,745,000	90,151	-	27,835,151	1.70%	977
2009	25,217,000	56,561	-	25,273,561	1.53%	888
2010	22,797,000	19,729	-	22,816,729	1.36%	801
2011	20,310,000	-	-	20,310,000	1.18%	741
2012	17,700,000	123,561	-	17,823,561	1.03%	648
2013	15,055,000	97,909	-	15,152,909	0.84%	552
2014	12,365,000	3,510,707	-	15,875,707	0.92%	580
2015	38,564,000	4,146,230	-	42,710,230	N/A	N/A
2016	37,299,000	3,523,750	-	40,822,750	N/A	N/A

Source: District records

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

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

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

Township of Ocean

Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property [a]	Net Bonded Debt Per Capita [b]
2007	22,746,506	-	22,746,506	0.49%	833.54
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
2011	19,630,574	-	19,630,574	0.46%	719.52
2012	17,047,401	-	17,047,401	0.40%	626.24
2013	14,513,020	-	14,513,020	0.34%	534.63
2014	11,959,428	-	11,959,428	0.28%	441.14
2015	37,297,867	-	37,297,867	0.89%	1,375.80
2016	36,068,208	-	36,068,208	0.85%	1,330.68

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]
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
2011	679,426	-	679,426	0.43%	3,520.34
2012	652,599	-	652,599	0.41%	3,398.95
2013	541,980	-	541,980	0.35%	2,822.81
2014	405,572	-	405,572	0.27%	2,112.35
2015	1,266,133	-	1,266,133	0.85%	6,663.86
2016	1,230,792	-	1,230,792	0.83%	6,581.78

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

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

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Government Activities Debt
For the Year Ended December 31, 2015
Unaudited

	Debt Outstanding	Estimated Percentage Applicable [a]	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Township of Ocean	$ 42,872,928	100.000%	$ 42,872,928
Village of Loch Arbour	N/A		
Monmouth County General Obligation Debt	444,496,384	3.884%	17,264,240
Other debt			-
Subtotal overlapping debt			60,137,168
Ocean Township School District Direct Debt			38,159,000
Total Direct and Overlapping Debt			$ 98,296,168

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2015

Equalized valuation basis		
2016	$	4,822,560,760
2015		4,694,283,981
2014		4,625,825,508
	$	14,142,670,249
Average equalized valuation of taxable property	$	4,714,223,416
Debt limit (4% of average equalization value)		188,568,937 [a]
Total Net Debt Applicable to Limit		37,299,000
Legal debt margin	$	151,269,937

	Fiscal Year				
	2016	2015	2014	2013	2012
Debt limit	$ 124,268,127	$ 146,622,630	$ 189,054,243	$ 200,266,753	$ 213,728,756
Total net debt applicable to limit	37,299,000	38,564,500	12,365,000	15,055,000	17,700,000
Legal debt margin	$ 86,969,127	$ 108,058,130	$ 176,689,243	$ 185,211,753	$ 196,028,756
Total net debt applicable to the limit as a percentage of debt limit	30.01%	26.30%	6.54%	7.52%	8.28%

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 percentage limits would be applicable for other district types.

Fiscal Year				
2011	2010	2009	2008	2007
$ 204,231,014	$ 233,788,839	$ 232,310,414	$ 220,233,676	$ 190,838,595
20,310,000	22,979,000	25,217,000	27,745,000	23,497,000
$ 183,921,014	$ 210,809,839	$ 207,093,414	$ 192,488,676	$ 167,341,595
9.94%	9.83%	10.85%	12.60%	12.31%

OCEAN DISTRICT SCHOOL DISTRICT
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]
2007	27,789	1,630,158,318	58,662	3.40%
2008	28,219	1,690,741,385	59,915	4.50%
2009	28,202	1,617,018,074	57,337	8.30%
2010	28,204	1,632,250,092	57,873	8.40%
2011	27,283	1,665,327,037	61,039	8.80%
2012	27,222	1,715,013,222	63,001	8.70%
2013	27,146	1,712,016,782	63,067	7.00%
2014	27,110	1,789,775,090	66,019	5.60%
2015	27,110	N/A	N/A	N/A
2016	27,105	N/A	N/A	N/A

Village of Loch Arbour

Year	Population [a]	Personal Income [b]	Per Capita Personal Income [c]	Unemployment Rate [d]
2007	277	16,249,374	58,662	5.70%
2008	275	16,476,625	59,915	7.40%
2009	274	15,710,338	57,337	11.90%
2010	273	15,799,329	57,873	12.00%
2011	193	11,780,527	61,039	12.10%
2012	192	12,096,192	63,001	12.60%
2013	192	12,108,864	63,067	3.00%
2014	192	12,675,648	66,019	2.70%
2015	190	N/A	N/A	N/A
2016	187	N/A	N/A	N/A

Sources:

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

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

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

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

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

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

TOWNSHIP OF OCEAN

	2016		2007	
Employer	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
Township of Ocean Board of Education	683	4.55%	N/A	
Costco	360	2.40%		
Township of Ocean	221	1.47%		
Target	205	1.37%		
Hillel School - Shore Area	200	1.33%		
Sears, Roebuck & Co.	185	1.23%		
Schroth School	170	1.13%		
Pepsi Bottling Group	110	0.73%		
Applebee's	100	0.67%		
Ladacin Network Monmouth	100	0.67%		

VILLAGE OF LOCH ARBOUR

	2016		2007	
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.

Sources:

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

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

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

Function/Program	2016	2015	2014	2013
Instruction:				
Regular	267.9	267.4	266.8	263.5
Special education	133.5	126.4	116.0	111.7
Other special education	25.0	20.5	31.0	31.0
Other instruction	3.0	3.0	3.0	3.0
Support Services:				
Student and instruction related services	93.0	97.0	87.0	82.0
General Administration	7.0	7.0	7.0	7.0
School administration services	25.0	25.0	25.0	25.0
Central services	8.0	8.0	8.0	8.0
Administrative information technology	11.0	11.0	11.0	9.0
Plant operations and maintenance	62.0	61.5	56.0	57.0
Pupil transportation	45.0	45.0	44.0	43.0
Total	680.4	671.8	654.8	640.2

Source: District records

2012	2011	2010	2009	2008	2007
264.8	263.7	285.1	284.0	281.8	290.6
103.0	105.5	95.5	95.5	90.5	92.5
35.5	27.6	51.6	54.5	55.0	49.1
3.0	3.0	3.0	3.0	3.0	3.0
79.7	76.6	76.1	76.4	80.6	65.6
7.0	7.0	8.0	8.0	8.0	8.0
25.0	25.0	33.0	37.0	36.0	37.0
8.0	8.0	9.5	9.5	9.5	10.5
8.0	8.0	9.0	3.0	-	-
60.0	57.0	59.5	66.5	65.5	68.5
41.0	49.0	51.0	54.0	53.0	59.0
635.0	630.4	681.3	691.4	682.9	683.8

OCEAN TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures [a]	Cost Per Pupil	Percentage Change	Teaching Staff [b]
2007	4,339	63,915,014	14,730	6.66%	358
2008	4,233	66,365,984	15,678	6.44%	364
2009	4,170	66,559,974	15,962	1.81%	369
2010	4,106	68,780,460	16,751	4.94%	370
2011	4,010	67,113,135	16,736	-0.09%	358
2012	3,931	68,799,853	17,502	4.58%	358
2013	3,852	71,901,004	18,666	6.65%	375
2014	3,816	73,005,308	19,131	2.49%	371
2015	3,750	76,176,388	20,314	6.18%	367
2016	3,655	78,706,041	21,534	6.01%	370

Sources: District Records

Note: Enrollment based on annual October district count.

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

Pupil/Teacher Ratio						
Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE) [c]	Average Daily Attendance (ADA) [c]	% Change in Average Daily Enrollment	Student Attendance Percentage
12.7:1	11.3:1	12.4:1	4,312	4,119	N/A	95.52%
12.3:1	10.6:1	12.0:1	4,232	4,051	-1.86%	95.72%
11.7:1	10.5:1	11.7:1	4,158	3,980	-1.75%	95.72%
11.3:1	10.6:1	11.5:1	4,076	3,905	-1.97%	95.80%
11.6:1	10.4:1	11.7:1	3,942	3,821	-3.29%	96.93%
11.3:1	10.2:1	11.6:1	3,935	3,777	-0.18%	95.98%
11.3:1	9.8:1	11.3:1	3,811	3,645	-3.15%	95.64%
10.3:1	9.4:1	11.4:1	3,781	3,618	-0.79%	95.69%
10.3:1	9.2:1	11.2:1	3,726	3,571	-1.45%	95.84%
9.9:1	8.6:1	11.3:1	3,629	3,485	-2.60%	96.03%

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

District Building	2016	2015	2014	2013
Elementary				
Wanamassa Elementary School				
Square feet	59,580	59,580	59,580	59,580
Capacity (students)	477	477	477	477
Enrollment	295	318	325	342
Ocean Township Elementary School				
Square feet	76,160	76,160	76,160	76,160
Capacity (students)	609	609	609	609
Enrollment	411	419	460	440
Wayside Elementary School				
Square feet	147,375	147,375	147,375	147,375
Capacity (students)	713	713	713	713
Enrollment	660	677	630	602
Middle School				
Ocean Township Intermediate School				
Square feet	257,400	257,400	257,400	257,400
Capacity (students)	1,951	1,951	1,951	1,951
Enrollment	1,081	1,135	1,175	1,230
High School				
Ocean Township High School				
Square feet	200,215	200,215	200,215	200,215
Capacity (students)	1,326	1,326	1,326	1,326
Enrollment	1,208	1,201	1,226	1,238

Number of Schools at June 30, 2016

Elementary = 3
Middle = 1
High =1

Source: District records

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

2012	2011	2010	2009	2008	2007
59,580	59,580	59,580	59,580	59,580	59,580
477	477	477	477	477	477
371	383	410	371	372	369
76,160	76,160	76,160	76,160	76,160	76,160
609	609	609	609	609	609
459	473	446	461	469	477
147,375	147,375	147,375	147,375	147,375	147,375
713	713	713	713	713	713
581	591	608	658	677	680
257,400	257,400	257,400	257,400	257,400	257,400
1,951	1,951	1,951	1,951	1,951	1,951
1,284	1,284	1,323	1,314	1,292	1,363
200,215	200,215	200,215	200,215	200,215	200,215
1,326	1,326	1,326	1,326	1,326	1,326
1,236	1,279	1,319	1,366	1,423	1,450

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

Undistributed Expenditures - Required Maintenance for School Facilities 11-000-261-XXX	Gross Square Footage	2016	2015	2014	2013
School facilities					
Ocean Township Elementary School	76,160	$ 100,822	$ 122,247	$ 124,610	$ 93,120
Ocean Township High School	200,215	319,849	423,187	308,456	305,615
Ocean Township Intermediate School	257,400	322,773	324,327	276,040	376,229
Wanamassa Elementary School	59,580	76,277	77,613	75,967	69,039
Wayside Elementary School	147,375	158,277	155,759	152,939	156,815
Total School Facilities		977,998	1,103,133	938,012	1,000,818
Grand Total		$ 977,998	$ 1,103,133	$ 938,012	$ 1,000,818

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.

2012	2011	2010	2009	2008	2007
$ 94,390	$ 93,678	$ 81,679	$ 92,484	$ 95,160	$ 108,159
391,314	319,582	307,507	294,898	257,241	238,305
305,409	291,724	259,333	331,928	300,467	272,087
83,580	80,522	74,366	114,077	133,480	71,059
154,798	136,485	152,552	159,307	168,952	149,424
1,029,491	921,991	875,437	992,694	955,300	839,034
$ 1,029,491	$ 921,991	$ 875,437	$ 992,694	$ 955,300	$ 839,034

OCEAN TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2016
Unaudited

	Coverage	Deductible
Commercial Property - Monmouth Ocean Counties Shared Services Insurance Fund		
Property		
Blanket real and personal property, per occurrence NJSBAIG Limit	$ 400,000,000	$ 5,000
Extra Expense, per occurrence NJSBAIG Limit	50,000,000	5,000
Valuable papers and records, per occurrence NJSBAIG Limit	10,000,000	5,000
Demolition and increased cost of construction, per occurrence NJSBAIG Limit	25,000,000	
Limited Builders Risk	5,000,000	
Fire department service charge, per occurrence	10,000	
Arson rewards, per occurrence	10,000	
Pollutant cleanup and removal, per occurrence	250,000	
Sublimits: Special Flood Hazard Area Flood Zones, per occurrence/NJSBAIG		
annual aggregate	15,000,000	
Deductible per building/building contents	20,000,000	500,000
Accounts receivable, per occurrence	250,000	
All Flood Zones, per occurrence/NJSBAIG annual aggregate	75,000,000	
Deductible per member/occurrence		10,000
Earthquake, per occurrence/NJSBAIG annual aggregate	50,000,000	
Terrorism, per occurrence/NJSBAIG annual aggregate	1,000,000	
Electronic Data Processing		
Blanket hardware/software, per occurrence	2,500,000	1,000
Coverage extensions:		
Transit	25,000	
Loss of income	10,000	
Special flood hazard area flood deductible, per building contents		500,000
All other flood zones deductible, per member/per occurrence		10,000
Equipment Breakdown		
Combined single limit per accident for property damage and business income	100,000,000	5,000
Sublimits:		
Off premises property damage	100,000	
Extra expense	10,000,000	
Service interruption	10,000,000	
Perishable goods	500,000	
Data restoration	100,000	
Contingent business income	100,000	
Demolition	1,000,000	
Ordinance or law	1,000,000	
Expediting expenses	500,000	
Hazardous substances	500,000	
Newly acquired locations - 120 days notice	250,000	
Crime		
Public employee dishonesty with faithful performance	1,000,000	1,000
Theft, Disappearance and destruction - loss of money & security on or off premises	25,000	500
Theft, disappearance and destruction - money orders & counterfeit paper currency	100,000	500
Forgery & alteration	250,000	1,000
Computer fraud	1,000,000	1,000
Public officials bond - Board Treasurer	350,000	1,000
Comprehensive General Liability		
Bodily injury and property damage, per occurrence	11,000,000	
Bodily injury from products and completed operations, annual aggregate	11,000,000	
Sexual abuse		
Per occurrence	11,000,000	
Annual NJSBAIG aggregate	17,000,000	
Personal injury and advertising injury, per occurrence/annual aggregate	11,000,000	
Employee benefits liability, per occurrence/annual aggregate	11,000,000	1,000
Premises medical payments		
Per accident	10,000	
Limit per person	5,000	
Terrorism, per occurrence/NJSBAIG annual aggregate	1,000,000	

OCEAN TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2016
Unaudited

	Coverage	Deductible
Commercial Property - Monmouth Ocean Counties Shared Services Insurance Fund (continued)		
Automobile, Liability	$ 11,000,000	
Any auto, bodily injury and property damage, per accident		
Uninsured/underinsured motorists	1,000,000	
Symbol 6, Private passenger auto, per accident		
Symbol 6, All other vehicles	15,000	
Bodily injury per person	30,000	
Bodily injury per accident	5,000	
Property damage per accident	250,000	
Symbol 5, Personal injury protection (including pedestrians)	10,000	
Medical payments, private passenger vehicles	5,000	
All other vehicles	1,000,000	
Terrorism, per occurrence/NJSBAIG annual aggregate		
Automobile, Physical Damage, Scheduled Vehicles Only		$ 1,000
Symbol 7, Comprehensive		1,000
Symbol 7, Collision		1,000
Symbol 7, Hired car physical damage, $110,000 limit		
Environmental Impairment Liability - Steadfast Insurance Company (NJSBAIG)		
Limits of Liability		
Per event	1,000,000	
Aggregate	11,000,000	
Crisis management expense aggregate limit	50,000	
Green remediation aggregate limit	50,000	
Green standards aggregate limit	50,000	
Each pollution event		25,000
Workers Compensation - Monmouth Ocean Counties Shared Services Insurance Fund		
Coverage A - Statutory		
Limits of liability:		
Bodily injury by accident, each accident	2,000,000	
Bodily injury by disease, each employee	2,000,000	
Bodily injury by disease, aggregate limit	2,000,000	
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		20,000
Coverage B, Retro Date July 1, 1986		
Limit of liability, each claim	100,000	20,000
Limit of liability, each policy period	300,000	
Bond -The Hartford Insurance Group		
Kenneth Jannarone, BA/BS	3,000	
Bond- Monmouth Ocean Counties Shared Services Insurance Fund		
Joseph Zanno, Treasurer	350,000	
Student Accident - Berkley Life and Health Insurance Co.		
Accidental Death and Dismemberment		
Class 1, School Coverage	10,000	
Class 2, Sponsored Activities	10,000	
Accidental Single Dismemberment		
Class 1, School Coverage	25,000	
Class 2, Sponsored Activities	25,000	
Accidental Double Dismemberment		
Class 1, School Coverage	50,000	
Class 2, Sponsored Activities	50,000	
Total Benefit Maximum for all Accident Medical		
Class 1, School Coverage	25,000	
Class 2, Sports Coverage	25,000	

SINGLE AUDIT SECTION

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INDEPENDENT AUDITOR'S 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
Ocean Township School District
County of Monmouth
Oakhurst, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ocean Township School District, in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Ocean Township School District's basic financial statements, and have issued our report dated December 2, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to the Board of Education of the Ocean Township School District in a separate report entitled, *Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* dated December 2, 2016.

Purpose of this Report

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

Smolin, Lupin & Co., PA

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

Laura DiTommaso

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

Red Bank, New Jersey
December 2, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB'S CIRCULAR 15-08

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

Report on Compliance for each Major Federal and State Program

We have audited the Ocean Township School District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Ocean Township School District's major federal and state programs for the year ended June 30, 2016. The Ocean Township School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Ocean Township School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.*

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Those standards, the Uniform Guidance, and New Jersey OMB's Circular 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Ocean Township School District's compliance with those requirements and performing such other procedure, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Ocean Township School District, in the County of Monmouth, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Ocean Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the Ocean Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Ocean Township School District's internal control over compliance.

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

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

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The Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Smolin, Lupin & Co., P.A

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

Laura DiTommaso

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

Red Bank, New Jersey
December 2, 2016

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OCEAN TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2015 Deferred Revenue (Accts. Rec.)	Balance at June 30, 2015 Due to Grantor	Carryover/ (Walkover) Amount
U.S. Department of Education									
General Fund:									
Medical Assistance Program (SEMI)	93.778		N/A	5,000	7/1/15	6/30/16	$ -	$ -	$ -
Total General Fund							-	-	-
U.S. Department of Education									
Passed-through State Department of Education:									
Special Revenue Fund:									
Title I, Part A, Improving Basic Skills	84.010A	S010A150030	NCLB-15	417,768	9/1/14	9/30/15	(152,286)	-	-
Title I, Part A, Improving Basic Skills	84.010A	S010A150030	NCLB-16	458,649	9/1/15	9/30/16	-	-	-
Title II, Part A, Improving Teacher Quality	84.367A	S367A150029	NCLB-15	92,179	9/1/14	9/30/15	(38,886)	-	(1,915)
Title II, Part A, Improving Teacher Quality	84.367A	S367A150029	NCLB-16	89,428	9/1/15	9/30/16	-	-	1,915
Title IIIA, English Language Enhancement	84.365	S365A150030	NCLB-15	48,842	9/1/14	9/30/15	(17,740)	-	-
Title IIIA, English Language Enhancement	84.365	S365A150030	NCLB-16	44,974	9/1/15	9/30/16	-	-	-
Title IIIA, Immigrant	84.365A	S365A150030	NCLB-15	28,228	9/1/14	9/30/15	(3,184)	-	-
Special Education Cluster (IDEA):									
IDEA, Part B, Basic Regular	84.027	S027A150100	FT-15	985,470	9/1/14	9/30/15	(175,445)	-	(4,997)
IDEA, Part B, Basic Regular	84.027	S027A150100	FT-16	1,029,730	9/1/15	9/30/16	-	-	4,997
IDEA, Preschool	84.173	S173A150114	PS-15	39,789	9/1/14	9/30/15	(7,958)	-	(2,233)
IDEA, Preschool	84.173	S173A150114	PS-16	41,004	9/1/15	9/30/16	-	-	2,233
Total Special Revenue Fund							(395,499)	-	-
U.S. Department of Agriculture									
Passed-through State Department of Education:									
Enterprise Fund (Children Nutrition Cluster):									
Food Distribution Program	10.555		N/A	74,345	7/1/14	6/30/15	3,596	-	-
Food Distribution Program	10.555		N/A	80,265	7/1/15	6/30/16	-	-	-
School Breakfast Program	10.553		N/A	75,364	7/1/14	6/30/15	(16,037)	-	-
School Breakfast Program	10.553		N/A	89,214	7/1/15	6/30/16	-	-	-
National School Lunch Program	10.555		N/A	401,536	7/1/14	6/30/15	(71,532)	-	-
National School Lunch Program	10.555		N/A	408,152	7/1/15	6/30/16		-	-
Total Enterprise Fund							(83,973)	-	-
Total Federal Awards							$ (479,472)	$ -	$ -

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

Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2016 Accounts Receivable	Deferred Revenue	Due to Grantor
$ 76,334	$ (76,334)	$ -	$ -	$ -	$ -	$ -
76,334	(76,334)	-	-	-	-	-
152,286	-	-	-	-	-	-
327,427	(458,649)	-	-	(131,222)	-	-
38,886	-	-	-	-	-	-
59,988	(87,629)	-	-	(27,641)	-	-
17,740	-	-	-	-	-	-
32,125	(44,974)	-	-	(12,849)	-	-
3,184	-	-	-	-	-	-
175,445	-	-	-	-	-	-
995,184	(1,022,806)	-	-	(27,622)	-	-
7,958	-	-	-	-	-	-
43,237	(43,237)	-	-	-	-	-
1,853,460	(1,657,295)	-	-	(199,334)	-	-
-	(3,596)	-	-	-	-	-
80,266	(78,088)	-	-	-	2,178	-
16,037	-	-	-	-	-	-
83,311	(89,214)	-	-	(5,903)	-	-
71,532	-		-	-	-	-
386,069	(408,152)	-	-	(22,083)	-	-
637,215	(579,050)	-	-	(27,986)	2,178	-
$ 2,567,009	$ (2,312,679)	$ -	$ -	$ (227,320)	$ 2,178	$ -

OCEAN TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2016

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2015 Deferred Revenue (Accts. Rec.)	Balance at June 30, 2015 Due to Grantor	Carryover/ (Walkover) Amount
State Department of Education							
General Fund:							
Categorical Special Education Aid	16-495-034-5120-089	$ 2,305,733	7/1/15	6/30/16	$ -	$ -	$ -
Categorical Security Aid	16-495-034-5120-084	410,359	7/1/15	6/30/16	-	-	-
Adjustment Aid	16-495-034-5120-085	3,426,175	7/1/15	6/30/16	-	-	-
Additional Adjustment Aid	16-495-034-5120-085	224,169	7/1/15	6/30/16	-	-	-
Categorical Transportation Aid	16-495-034-5120-014	1,326,538	7/1/15	6/30/16	-	-	-
Extraordinary Special Education Costs Aid	16-495-034-5120-473	589,407	7/1/15	6/30/16	-	-	-
Nonpublic Transportation Cost Aid	16-100-034-5120-068	24,909	7/1/15	6/30/16	-	-	-
Reimbursed TPAF Social Security Contributions	16-495-034-5095-002	2,247,555	7/1/15	6/30/16	-	-	-
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	2,242,063	7/1/14	6/30/15	(110,258)	-	-
TPAF pension- non contributory insurance	16-495-034-5095-007	118,565	7/1/14	6/30/15	-	-	-
TPAF pension- normal costs	16-495-034-5095-006	2,380,175	7/1/15	6/30/16	-	-	-
TPAF pension- post retirement medical	16-495-034-5095-001	2,975,309	7/1/15	6/30/16	-	-	-
Total General Fund					(110,258)	-	-
Special Revenue Fund:							
NJ Nonpublic Aid:							
Textbook Aid	15-100-034-5120-064	43,969	7/1/14	6/30/15	-	253	-
Textbook Aid	16-100-034-5120-064	43,396	7/1/15	6/30/16	-	-	-
Nursing Services Aid	15-100-034-5120-070	78,536	7/1/14	6/30/15	-	4,594	-
Nursing Services Aid	16-100-034-5120-070	78,570	7/1/15	6/30/16	-	-	-
Technology Initiative	15-100-034-5120-373	23,616	7/1/14	6/30/15	-	142	-
Technology Initiative	16-100-034-5120-373	19,760	7/1/15	6/30/16	-	-	-
Security Aid	16-100-034-5120-509	21,825	7/1/15	6/30/16	-	-	-
Auxiliary Services:							
Compensatory Education	15-100-034-5120-067	208,721	7/1/14	6/30/15	-	8,958	-
Compensatory Education	16-100-034-5120-067	166,076	7/1/15	6/30/16	-	-	-
English as a Second Language	15-100-034-5120-067	7,938	7/1/15	6/30/16	-	-	-
Handicapped Services:							
Examination and Classification	15-100-034-5120-066	116,569	7/1/14	6/30/15	-	2,881	-
Examination and Classification	16-100-034-5120-066	122,909	7/1/15	6/30/16	-	-	-
Corrective Speech	15-100-034-5120-066	39,758	7/1/14	6/30/15	-	884	-
Corrective Speech	16-100-034-5120-066	42,472	7/1/15	6/30/16	-	-	-
Supplemental Instruction	15-100-034-5120-066	88,671	7/1/14	6/30/15	-	785	-
Supplemental Instruction	16-100-034-5120-066	93,564	7/1/15	6/30/16	-	-	-
Total Special Revenue Fund					-	18,497	-
Debt Service Fund:							
Debt Service Aid- Type II	16-495-034-5120-017	187,872	7/1/15	6/30/16	-	-	-
Total Debt Service Fund							
State Department of Agriculture							
Enterprise Fund:							
National School Lunch Program (State share)	15-100-010-3350-023	10,518	7/1/14	6/30/15	(1,866)	-	-
National School Lunch Program (State share)	14-100-010-3350-023	9,988	7/1/15	6/30/16	-	-	-
Total Enterprise Fund					(1,866)	-	-
Total State Financial Assistance					(112,124)	18,497	-
State Financial Assistance Not Subject to Single Audit							
Determination - General Fund (Non Cash Assistance)							
TPAF pension- noncontributory insurance	15-495-034-5095-007	118,565	7/1/14	6/30/15	-	-	-
TPAF pension- normal costs	15-495-034-5095-006	2,380,175	7/1/14	6/30/15	-	-	-
TPAF pension- post retirement medical	15-495-034-5095-001	2,975,309	7/1/14	6/30/15	-	-	-
Total State Financial Assistance Subject to Single Audit					$ (112,124)	$ 18,497	$ -

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

			Balance at June 30, 2016			Memo	
GAAP Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
$ 2,075,160	$ (2,305,733)	$ -	$ -	$ -	$ -	$ 230,573	$ 2,305,733
369,323	(410,359)	-	-	-	-	41,036	410,359
3,093,705	(3,426,175)	-	-	-	-	332,470	3,426,175
201,752	(224,169)	-	-	-	-	22,417	224,169
1,193,884	(1,326,538)	-	-	-	-	132,654	1,326,538
-	(589,407)	-	-	-	-	589,407	589,407
-	(24,909)	-	-	-	-	24,909	24,909
2,141,503	(2,247,555)	-	(106,052)	-	-	-	2,247,555
110,258	-	-	-	-	-	-	-
118,565	(118,565)	-	-	-	-	-	118,565
2,380,175	(2,380,175)	-	-	-	-	-	2,380,175
2,975,309	(2,975,309)	-	-	-	-	-	2,975,309
14,659,634	(16,028,894)	-	(106,052)	-	-	1,373,466	16,028,894
-	-	(253)	-	-	-	-	-
43,396	(39,972)	-	-	-	3,424	-	39,972
-	-	(4,594)	-	-	-	-	-
78,570	(74,552)	-	-	-	4,018	-	74,552
-	-	(142)	-	-	-	-	-
19,760	(19,705)	-	-	-	55	-	19,705
21,825	(21,825)	-	-	-	-	-	21,825
-	-	(8,958)	-	-	-	-	-
166,076	(166,076)	-	-	-	-	-	166,076
7,938	(6,615)	-	-	-	1,323	-	6,615
-	-	(2,881)	-	-	-	-	-
122,909	(115,735)	-	-	-	7,174	-	115,735
-	-	(884)	-	-	-	-	-
42,472	(42,472)	-	-	-	-	-	42,472
-	-	(785)	-	-	-	-	-
93,564	(89,851)	-	-	-	3,713	-	89,851
596,510	(576,803)	(18,497)	-	-	19,707	-	576,803
187,872	(187,872)	-	-	-	-	-	187,872
1,866	-	-	-	-	-	-	
9,441	(9,988)	-	(547)	-	-	-	9,988
11,307	(9,988)	-	(547)	-	-	-	9,988
15,455,323	(16,803,557)	(18,497)	(106,599)	-	19,707	1,373,466	16,803,557
(118,565)	118,565	-	-	-	-	-	(118,565)
(2,380,175)	2,380,175	-	-	-	-	-	(2,380,175)
(2,975,309)	2,975,309	-	-	-	-	-	(2,975,309)
$ 9,981,274	$ (11,329,508)	$ (18,497)	$ (106,599)	$ -	$ 19,707	$ 1,373,466	$ 11,329,508

Ocean Township School District
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
June 30, 2016

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's financial statements. The information in these schedules is presented in accordance with the requirements of the Office of Management and Budget ("OMB") Uniform Guidance and New Jersey Office of Management and Budget Circular 15-08. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is $(5,110) for the general fund and $0 for the special revenue fund. See C-3 (Notes to the Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as presented below:

Ocean Township School District
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
June 30, 2016

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (continued)

	Federal	State	Total
General Fund	$ 76,334	$16,023,784	$16,100,118
Special Revenue Fund	1,657,295	576,803	2,234,098
Capital Projects Fund	-	-	-
Debt Service Fund	-	187,872	187,872
Food Service Fund	577,631	9,988	587,619
Total Awards and Financial Assistance	$ 2,311,260	$16,798,447	$19,109,707

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- Non-Contributory Insurance and Post Retirement Medical Contributions and Normal Costs represents the amount paid by the State on behalf of the District for the year ended June 30, 2016. Reimbursed TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

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

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

NOTE 7. ADJUSTMENTS

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

NOTE 8. INDIRECT COSTS

The District has not previously received a negotiated indirect cost rate nor has it elected to use the 10 percent de minimus indirect cost rate allowable under the Uniform Guidance.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1. Material weakness(es) identified? ☐ yes ☒ no
2. Significant deficiencies identified? ☐ yes ☒ no

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? ☐ yes ☒ no

Type of auditor's report issued on compliance for major programs: Unmodified. No reportable instances of noncompliance

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a)of the Uniform Guidance ? ☐ yes ☒ no

Identification of Major Programs:

CFDA Number(s)	FAIN Number (s)	Name of Federal Program or Cluster
84.027/84.173	S027A150100/S173A150114	IDEA, Part B and IDEA, Preschool - Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs: $ 750,000

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)

Section I - Summary of Auditor's Results (cont'd)

State 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: Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08 as applicable? ☐ yes ☒ no

Identification of Major Programs:

State Grant/Project Number(s)	Name of State Program
	State Aid Public Cluster:
16-495-034-5120-084	Security Aid
16-495-034-5120-085	Adjustment Aid
16-495-034-5120-098	PARCC Readiness Aid
16-495-034-5120-089	Categorical Special Education Aid
16-495-034-5120-097	Per Pupil Growth Aid
16-495-034-5120-014	Transportation Aid

Dollar threshold used to distinguish between type A and type B programs: $750,000

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

TOWNSHIP OF OCEAN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section II - Financial Statement Findings

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

No matters were reported.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies audit findings required to be reported by 2 CFR 200 Section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and NJOMB Circular Letter 15-08, as applicable.

No matters were reported.

TOWNSHIP OF OCEAN BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

This section identifies the status of prior-year audit findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, US OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and NJOMB Circular Letter 15-08, as applicable.

No matters were reported