

Ocean Township School District

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020**

**Comprehensive Annual
Financial Report
of the
Ocean Township School District
Oakhurst, New Jersey
For the Fiscal Year Ended June 30, 2020**

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

TABLE OF CONTENTS

INTRODUCTORY SECTION	Page
Letter of Transmittal	1 - 5
Organization Chart	6
Roster of Officials	7
Consultants, Independent Auditor and Advisors	8
 FINANCIAL SECTION	
 Independent Auditor's Report	 9 - 11
 Required Supplementary Information - Part I	
Management's Discussion and Analysis	12 - 22
 BASIC FINANCIAL STATEMENTS	
A. District-wide Financial Statements	
A-1 Statement of Net Position	23
A-2 Statement of Activities	24
B. Fund Financial Statements	
Governmental Funds:	
B-1 Balance Sheet	25
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	26
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Proprietary Funds:	
B-4 Statement of Net Position	28
B-5 Statement of Revenues, Expenses and Changes in Net Position	29
B-6 Statement of Cash Flows	30
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	31
B-8 Statement of Changes in Fiduciary Net Position	32
 Notes to the Basic Financial Statements	 33 - 65

TABLE OF CONTENTS (Continued)

FINANCIAL SECTION (Continued)	<u>Page</u>
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule - General Fund	66 - 79
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	80
Notes to the Required Supplementary Information - Part II	
C-3 Budget-to-GAAP Reconciliation	81
Required Supplementary Information - Part III	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68):	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees' Retirement System	82
L-2 Schedule of District Contributions - Public Employees' Retirement System	83
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability - Teachers' Pension and Annuity Fund	84
M. Schedules Related to Accounting and Reporting for Postemployment Benefits other than Pensions ("OPEB"):	
M-1 Schedule of Changes in the District's OPEB Liability and Related Ratios	85
Notes to the Required Supplementary Information - Part III	
	86
Other Supplementary Information	
D. School Based Budget Schedules	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues and Expenditures, Budgetary Basis	87
E-1a Combining Schedule of Revenues and Expenditures - Budgetary Basis (Continued)	88
E-1b Combining Schedule of Revenues and Expenditures - Budgetary Basis (Continued)	89
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	90

TABLE OF CONTENTS (Continued)

FINANCIAL SECTION (Continued)	<u>Page</u>
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	91
F-2 Summary Schedule of Revenues, Expenditures and Changes In Fund Balance - Budgetary Basis	92
F-2(a) Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis	93
G. Proprietary Funds:	
Enterprise Funds:	
G-1 Combining Schedule of Net Position	N/A
G-2 Combining Schedule of Revenues, Expenses and Changes in Net Position	N/A
G-3 Combining Schedule of Cash Flows	N/A
Internal Service Funds:	
G-4 Combining Schedule of Net Position	N/A
G-5 Combining Schedule of Revenues, Expenses and Changes in Fund Net Position	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	94
H-2 Combining Statement of Changes in Fiduciary Net Position	95
H-3 Student Activity Agency Fund - Schedule of Receipts and Disbursements	96
H-4 Payroll Agency Fund - Schedule of Receipts and Disbursements	97
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	98
I-2 Schedule of Obligations under Capital Leases	99
I-3 Debt Service Fund Budgetary Comparison Schedule	100

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

J-1 Net Position by Component	101
J-2 Changes in Net Position	102 - 103
J-3 Fund Balances - Governmental Funds	104
J-4 Changes in Fund Balances - Governmental Funds	105 - 106
J-5 General Fund - Other Local Revenue by Source	107

TABLE OF CONTENTS (Continued)

STATISTICAL SECTION (UNAUDITED) (Continued)	<u>Page</u>
Revenue Capacity	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	108
J-7 Direct and Overlapping Property Tax Rates	109
J-8 Principal Property Taxpayers	110
J-9 Property Tax Levies and Collections	111
Debt Capacity	
J-10 Ratios of Outstanding Debt by Type	112
J-11 Ratio of General Bonded Debt Outstanding	113
J-12 Direct and Overlapping Governmental Activities Debt	114
J-13 Legal Debt Margin Information	115
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	116
J-15 Principal Employers	117
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	118
J-17 Operating Statistics	119
J-18 School Building Information	120
J-19 Schedule of Allowable Maintenance Expenditures by School Facilities	121
J-20 Insurance Schedule	122 - 123
SINGLE AUDIT SECTION	
K-1 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 <i>Government Auditing Standards</i>	124 - 125
K-2 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	126 - 128
K-3 Schedule of Expenditures of Federal Awards, Schedule A	129
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	130
K-5 Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	131 - 132
K-6 Schedule of Findings and Questioned Costs - Section I - Summary of Auditor's Results	133 - 134
Schedule of Findings and Questioned Costs - Section II and III- Financial Statement Findings	135
K-7 Summary Schedule of Prior- Year Audit Findings	136

INTRODUCTORY SECTION



TOWNSHIP OF OCEAN SCHOOL DISTRICT

KENNETH JANNARONE

SCHOOL BUSINESS ADMINISTRATOR

February 4, 2021

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, 2020, is hereby submitted. This CAFR includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards (GASB), Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes Management's Discussion and Analysis, the Basic Financial Statements and notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information, as well as the auditor's report hereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis, as the information was available to us. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996, as amended, 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.

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 2019-2020 fiscal year with an enrollment of 3,305 students, which is 121 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
2019-2020	3305	<3.53>%
2018-2019	3426	<2.50>%
2017-2018	3514	<1.95>%
2016-2017	3584	<1.94>%
2015-2016	3655	<2.53>%

PROJECTED STUDENT ENROLLMENT

Fiscal Year	Student Enrollment	Percent Change
2020-2021	3,300	<3.68>%
2021-2022	3,300	<0.00>%
2022-2023	3,300	<0.00>%
2023-2024	3,300	<0.00>%

2) ECONOMIC CONDITION AND OUTLOOK: Typically, housing in Ocean Township experiences the conversion of former year round residences to summer living and winter rentals which have contributed to student enrollment decreases. The real estate market continues to slowly rebound from the economic downturn. However, since March 2020, the Global Pandemic has turned the local economy upside down. Enrollments are projected to plateau and be steady over the next several years.

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 kindergarten 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 with the implementation of the Spartan School of Visual and Performing Arts Academy, 2) science, technology, engineering and math (STEM) education, 3) career and technical education, and 4) elementary literacy. Major facility upgrades have been completed to address growth in these areas. Finally, the Township of Ocean School District has been successful in applying for state funds for an early childhood preschool program. For the 2021-2022 school year, we will add another 6 full day preschool classes for a total of 13 preschool classes with approximately 200 preschool students ages 3-4. 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	224,295
Twp. of Ocean Intermediate School	1200 West Park Ave	1974	231,031
Wayside Elementary School	733 Bowne Road	1969	96,987
Ocean Twp. Elementary School	555 Dow Avenue	1957	77,797
Wanamassa Elementary School	901 Bendermere Ave	1930	80,529
Administration Office Bldg.	163 Monmouth Road	1900	46,850

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

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the BOE and/or 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, 2020.

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

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

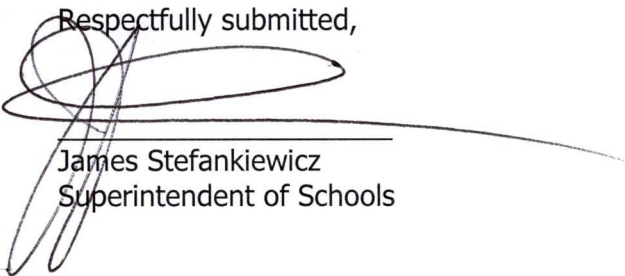
8) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found in Exhibit J-20.

9) 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.

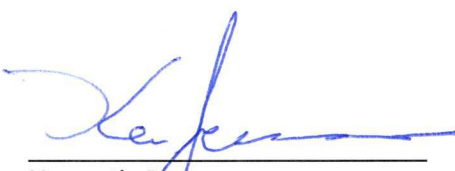
10) ACKNOWLEDGEMENTS:

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

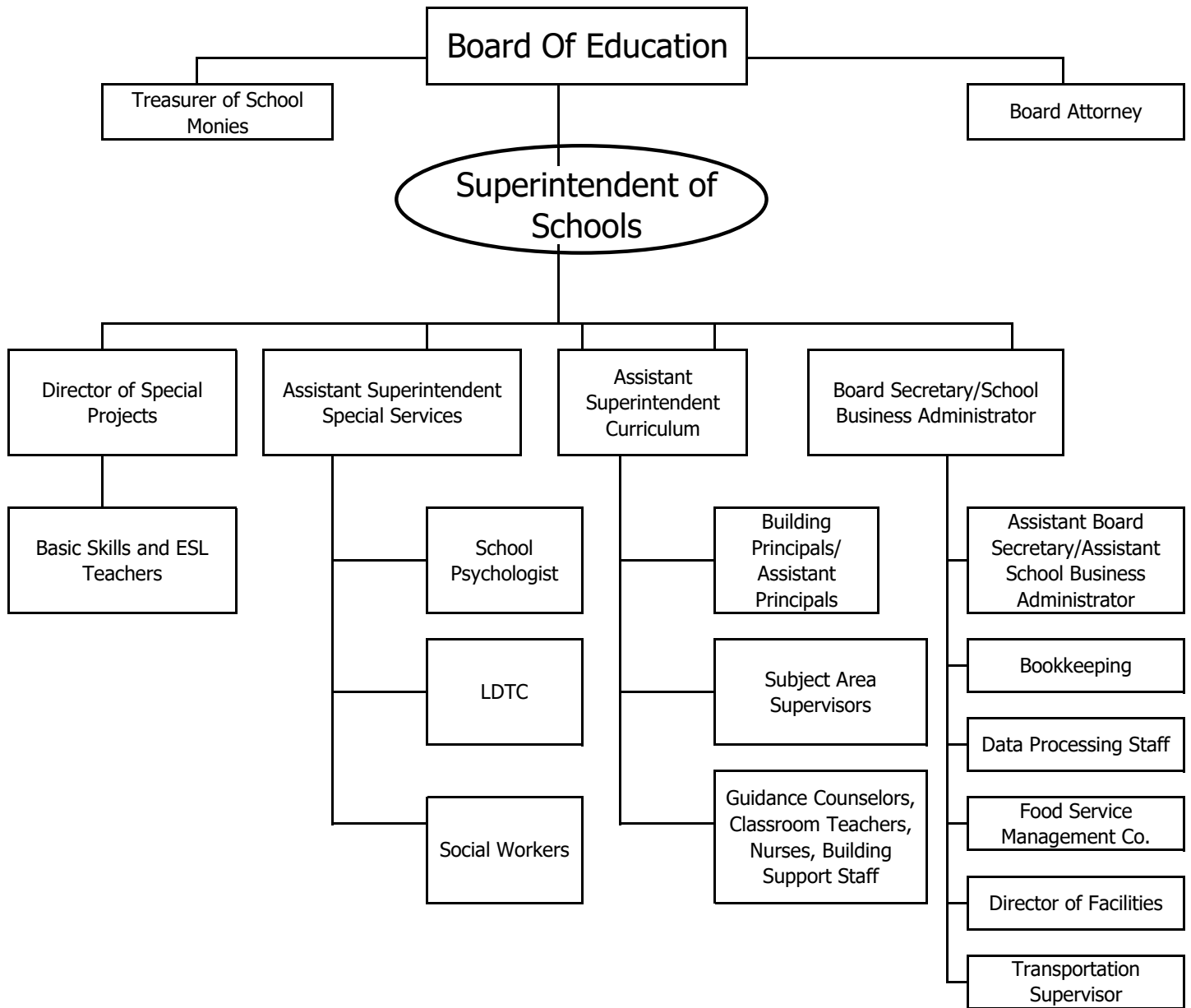
Respectfully submitted,



James Stefankiewicz
Superintendent of Schools



Kenneth Jannarone
School Business Administrator/
Board Secretary



OCEAN TOWNSHIP BOARD OF EDUCATION

ROSTER OF OFFICIALS

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Amy McGovern, President	2022
David Marshall, Vice President	2020
Jeffrey Weinstein	2022
Grace Ann Talarico	2022
James Dietrich	2020
Joseph Hadden	2020
Denise Parlamas	2021
Janice Fuller	2021
Irene Gilman	2021

Harryson Nascimento - Student Representative

Michael Delia - Student Representative

Other Officials

James Stefankiewicz, Superintendent of Schools

Kenneth Jannarone, Board Secretary/School Business Administrator

George Stone, Assistant School Business Administrator

Robert Williams, Treasurer

OCEAN TOWNSHIP SCHOOL DISTRICT
Consultants, Independent Auditor and Advisors
June 30, 2020

Board Attorney

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

Kenney, Gross, Kovats and Parton
130 Maple Avenue
Red Bank, NJ 07701

Schenk, Price, Smith & King, LLP
220 Park Avenue
Florham Park, NJ 07932

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

Independent Auditor's Report

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

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 "District"), in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ocean Township School District, in the County of Monmouth, State of New Jersey, as of June 30, 2020, 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, budgetary comparison information, and pension and other postemployment benefits 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 and schedules, long-term debt 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 and schedules, long-term debt schedules, schedule of expenditures of federal awards, and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, long-term debt schedules, 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 as a whole.

The introductory section 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 February 4, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Ocean Township School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ocean Township School District's internal control over financial reporting and compliance.

Smolin, Lupin & Co. P.A.

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

Laura DiTommaso

Laura DiTommaso
Public School Accountant
License #20CS-00164

Red Bank, New Jersey
February 4, 2021

REQUIRED SUPPLEMENTARY INFORMATION - PART I

**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED**

The management's discussion and analysis of the Township of Ocean School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. 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 2020 are as follows:

- In total, net position increased \$5,399,864, which represents an 85.09 percent increase from 2019.
- General revenues accounted for \$77,158,622 in revenue or 81 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 \$17,564,028 or 19 percent of total revenues of \$94,722,650.
- Total assets of governmental activities increased by \$2,576,958 as cash and cash equivalents increased by \$3,223,182 receivables increased by \$151,094, and net capital assets decreased by \$797,318.
- The School District had \$90,287,416 in expenses; only \$18,528,658 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$77,158,622 were adequate to provide for these programs.
- Among major funds, the General Fund had \$86,234,999 in revenues and \$83,245,031 in expenditures. The General Fund's balance increased \$3,171,404 from 2019.
- Fund Balance for the General Fund as of the fiscal year end was \$10,124,400. The undesignated portion of surplus was \$5,425,570. Based on our calculation of excess surplus, the maximum of undesignated fund balance (2%) is \$1,796,103. The excess \$3,629,467 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.

**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED**

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 2020? 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.

**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED**

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Proprietary Funds

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

Long Term Debt

A separate section is used to account for all long-term Debt including detail of serial bonds payable and obligations under capital leases.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 33 to 65 of this report.

**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED**

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 2020 and 2019.

**Table 1
Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Assets				
Current and Other Assets	\$ 12,368,373	\$ 8,994,097	\$ 430,705	\$ 319,468
Capital Assets	<u>44,338,150</u>	<u>45,135,468</u>	<u>12,478</u>	<u>17,868</u>
Total Assets	<u>56,706,523</u>	<u>54,129,565</u>	<u>443,183</u>	<u>337,336</u>
Deferred Outflows	<u>3,286,486</u>	<u>5,379,524</u>	<u>-</u>	<u>-</u>
Liabilities				
Long-Term Liabilities	28,988,440	31,896,224	-	-
Current Portion of Long-Term Debt	2,927,893	2,874,565	-	-
Other Liabilities	<u>22,020,048</u>	<u>23,969,621</u>	<u>43,890</u>	<u>60,793</u>
Total Liabilities	<u>53,936,381</u>	<u>58,740,410</u>	<u>43,890</u>	<u>60,793</u>
Deferred Inflows	<u>7,402,384</u>	<u>7,391,549</u>	<u>-</u>	<u>-</u>
Net Assets				
Invested in Capital Assets, Net of Debt	14,571,110	12,849,190	12,478	17,868
Restricted	10,200,395	7,078,899	-	-
Unrestricted	<u>(26,117,261)</u>	<u>(26,550,595)</u>	<u>386,515</u>	<u>258,675</u>
Total Net Position	<u>\$ (1,345,756)</u>	<u>\$ (6,622,870)</u>	<u>\$ 399,293</u>	<u>\$ 276,543</u>

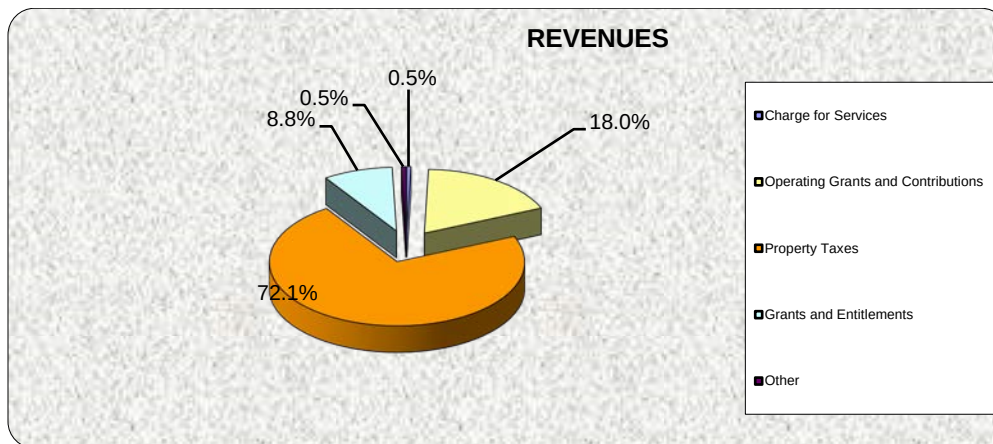
The District's combined net position of \$ (946,463) on June 30, 2020 results in an increase of 85.09% percent from the prior year.

**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED**

Table 2 shows the changes in net position for fiscal year 2020 and 2019.

**Table 2
Change in Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues				
Program Revenues:				
Charge for Services	\$ 492,356	\$ 708,686	\$ 394,145	\$ 575,561
Operating Grants and Contributions	17,071,672	20,483,014	570,485	570,503
General Revenues:				
Property Taxes	68,313,317	67,059,382	-	-
Grants and Entitlements	8,328,016	8,380,488	-	-
Other	517,289	449,907	-	-
Total Revenues	<u>\$ 94,722,650</u>	<u>\$ 97,081,477</u>	<u>\$ 964,630</u>	<u>\$ 1,146,064</u>
Program Expenses				
Instruction	\$52,724,263	\$ 56,698,893	\$ -	\$ -
Support Services:				
Pupils and Instructional Staff	17,379,169	17,131,114	-	-
General and School Administration	6,603,210	6,560,956	-	-
Business Operations and Maintenance of Facilities	7,150,169	7,534,832	-	-
Pupil Transportation	4,239,783	4,613,008	-	-
Interest on Debt	854,701	854,701	-	-
Food Service	-	-	841,880	1,023,704
Other	557,225	420,888	-	-
Total Expenses	<u>89,445,536</u>	<u>93,814,392</u>	<u>841,880</u>	<u>1,023,704</u>
Increase (Decrease) in Net Position	5,277,114	3,267,085	122,750	122,360
Net Position – Beginning	(6,622,870)	(9,889,955)	276,543	154,183
Net Position - Ending	<u>\$ (1,345,756)</u>	<u>\$ (6,622,870)</u>	<u>\$ 399,293</u>	<u>\$ 276,183</u>



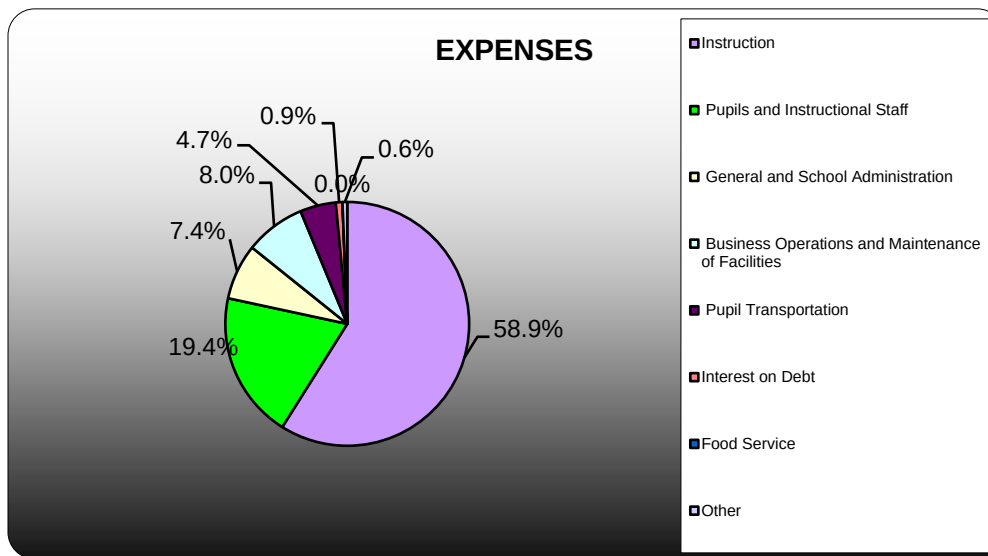
**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED**

Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval only if the District exceeds the state mandated tax levy cap for School District operations. Property taxes made up 72 percent of revenues for governmental activities for the Township of Ocean School District for fiscal year 2020 and 69 percent for fiscal year 2019. Property tax revenues increased by \$1,253,935 which is a 2 percent increase over the prior year. The increase was needed to fund the additional expenditures associated with higher operating costs and a decrease in state aid.

Federal and state grants accounted for another 18 percent of revenues.

Total expenses for the fiscal year was \$89,445,536.



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

Business-Type Activities are not shown above. Revenues for the Food Service Fund totaled \$964,630 which were comprised of charges for services in the amount of \$394,145 and federal and state reimbursements in the amount of \$570,485. Total operating expenses totaled \$841,880.

**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED**

Governmental Activities (continued)

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

Table 3

	<u>Total Cost of Services 2020</u>	<u>Net Cost of Services 2020</u>	<u>Total Cost of Services 2019</u>	<u>Net Cost of Services 2019</u>
Instruction	\$ 52,724,263	\$ 40,715,858	\$ 56,698,893	\$ 41,855,013
Support Services:				
Pupils and Instructional Staff	17,379,169	14,496,402	17,131,114	13,796,049
General and School Administration, and Business Services	6,603,210	5,341,553	6,560,956	5,124,743
Operation and Maintenance of Facilities	7,150,169	6,363,583	7,534,832	6,548,308
Pupil Transportation	4,239,783	3,615,170	4,613,008	4,022,990
Interest and Fiscal Charges	791,717	791,717	854,701	854,701
Other	<u>557,225</u>	<u>557,225</u>	<u>420,888</u>	<u>420,88</u>
Total Expenses	<u>\$ 89,445,536</u>	<u>\$ 71,881,508</u>	<u>\$ 93,814,392</u>	<u>\$ 72,622,692</u>

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

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

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

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

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

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

Other includes special schools.

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

**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED**

The School District's Funds

Information about the School District's governmental funds starts on page 23. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$92,639,401 and expenditures of \$89,751,341. The net change in fund balance for the year was most significant in the General Fund, an increase of \$3,069,214. 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.

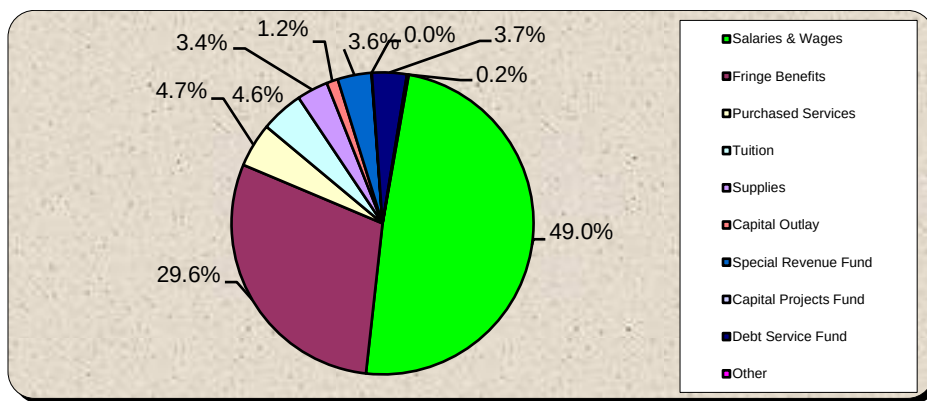


**Table 4
Expenditures by Object for the Fiscal Year Ended June 30,**

	<u>2020</u>	<u>2019</u>	<u>% Change</u>
Salaries & Wages	\$ 44,026,349	\$ 43,810,854	.49%
Fringe Benefits	26,588,577	26,509,581	.30%
Purchased Services	4,247,367	6,271,517	-32.28%
Tuition	4,106,604	3,868,873	6.14%
Supplies	3,013,872	1,848,772	63.02%
Capital Outlay	1,095,912	744,773	47.15%
Special Revenue Fund	3,122,160	2,448,104	2.75%
Capital Projects Fund	36,986	263,402	-85.96%
Debt Service Fund	3,347,164	3,379,923	-.97%
Other	<u>166,350</u>	<u>143,460</u>	.69%
Total	<u>\$89,751,341</u>	<u>\$89,289,259</u>	.51%

Expenditures are up \$462,082 or 0.51 percent from the prior year mostly due to Covid-19 activity that cause a decrease in Purchased Services and an increase in Supplies.

**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED**

General Fund Budgeting Highlights

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

During the course of the fiscal 2020 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Revisions in the budget were made to recognize revenues and expenditures that were not anticipated and to prevent over-expenditures in specific expense accounts. Significant revisions are noted below.

Salaries overall increased due to experienced staff and wage increases that are based on the negotiated contracts.

Additional funds were transferred into Charter School as a new Charter School was opened in the area.

There was an increase in custodial services and personal protective equipment supplies for students and staff due to the Covid-19 Pandemic.

Capital Assets

At the end of the fiscal year 2020, the School District had \$44,338,150 invested in land, construction in progress, buildings, furniture and equipment, and vehicles. Table 5 shows fiscal 2019 balances compared to 2020.

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

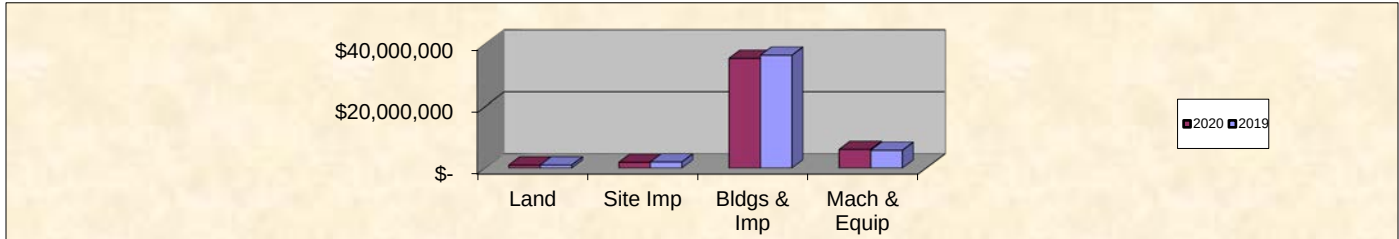
	<u>2020</u>	<u>2019</u>
Land and Construction in Progress	\$ 984,971	\$ 984,971
Site Improvements	1,867,764	1,983,537
Buildings and Improvements	35,389,181	36,384,657
Machinery and Equipment	<u>6,096,234</u>	<u>5,782,304</u>
Totals	<u>\$44,338,150</u>	<u>\$45,135,469</u>

Capital assets decreased \$797,319 from fiscal year 2019 to fiscal year 2020. The decrease in capital assets is due to depreciation expense.

For more detailed information, please refer to the Notes to Financial Statements.

**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED**

Capital Assets (continued)



Debt Administration

At June 30, 2020, the School District had \$31,916,333 as outstanding debt. Of this amount \$2,149,293 is for compensated absences, \$2,207,040 is for capital leases payable, and the \$27,560,000 is for bonds for school construction.

At June 30, 2020, 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 2019-2020 was below the 2% cap on the tax levy. Therefore, there was no election or vote for the budget in April 2020 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 commercial 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, 2021. Each year of this contract will need to be re-negotiated and have an impact on the District's future operating budgets.

**TOWNSHIP OF OCEAN SCHOOL DISTRICT
OAKHURST, NJ
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED**

For the Future (continued)

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

The District has completed the Construction Referendum project for all school buildings in the amount of \$28,944,000. It is one of the District's goals to continue to upgrade and maintain the school facilities.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Kenneth Jannarone, School Business Administrator/Board Secretary at the Township of Ocean Board of Education, 163 Monmouth Road, Oakhurst, NJ 07755 or email kjannarone@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, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 10,448,440	\$ 295,071	\$ 10,743,511
Receivables, net	215,100	135,634	350,734
Restricted assets:			
Capital reserve account - cash	1,158,788	-	1,158,788
Intergovernmental receivable	546,045	-	546,045
Capital assets, net	44,338,150	12,478	44,350,628
Total assets	<u>56,706,523</u>	<u>443,183</u>	<u>57,149,706</u>
Deferred outflows:			
Deferred outflows related to pensions	3,286,486	-	3,286,486
Total deferred outflows	<u>3,286,486</u>	<u>-</u>	<u>3,286,486</u>
LIABILITIES			
Accounts payable	3,152,319	43,890	3,196,209
Contracts payable	49,014	-	49,014
Accrued interest	280,506	-	280,506
Payable to state government	13,471	-	13,471
Noncurrent liabilities:			
Due within one year	2,927,893	-	2,927,893
Due beyond one year	28,988,440	-	28,988,440
State pension liability	18,524,738	-	18,524,738
Total liabilities	<u>53,936,381</u>	<u>43,890</u>	<u>53,980,271</u>
Deferred inflows:			
Deferred inflows related to pensions	7,296,293	-	7,296,293
Unamortized bond issuance premium	106,091	-	106,091
Total deferred inflows	<u>7,402,384</u>	<u>-</u>	<u>7,402,384</u>
NET POSITION			
Invested in capital assets, net of related debt	14,571,110	12,478	14,583,588
Restricted for:			
Other purposes	10,200,395	-	10,200,395
Unrestricted	(26,117,261)	386,815	(25,730,446)
Total net position	<u>\$ (1,345,756)</u>	<u>\$ 399,293</u>	<u>\$ (946,463)</u>

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2020

Functions/Programs	Program		Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Revenues Operating Grants and Contributions	Governmental Activities	Business-type Activities
Governmental activities:					
Instruction:					
Regular	\$ 36,527,743	\$ -	\$ 8,084,094	\$ (28,443,649)	\$ -
Special education	11,968,267	243,678	2,824,860	(8,899,729)	-
Other special instruction	2,419,379	-	598,149	(1,821,230)	-
Other instruction	1,808,874	-	257,624	(1,551,250)	-
Support services:					
Instruction	4,668,511	-	-	(4,668,511)	-
Student and instruction-related services	12,710,658	-	2,882,767	(9,827,891)	-
School administrative services	2,333,637	-	720,539	(1,613,098)	-
General administrative services	2,120,913	-	171,223	(1,949,690)	-
Central services and administrative information technology	2,148,660	-	369,895	(1,778,765)	-
Plant operations and maintenance	7,150,169	118,251	668,335	(6,363,583)	-
Pupil transportation	4,239,783	130,427	494,186	(3,615,170)	-
Special schools	271,731	-	-	(271,731)	-
Charter school	285,494	-	-	(285,494)	-
Interest on long-term debt	791,717	-	-	(791,717)	-
Total governmental activities	89,445,536	492,356	17,071,672	(71,881,508)	-
Business-type activities:					
Food service	841,880	394,145	570,485	-	122,750
Total business-type activities	841,880	394,145	570,485	-	122,750
Total primary government	\$ 90,287,416	\$ 886,501	\$ 17,642,157	(71,881,508)	(71,758,758)
General revenues:					
Property Taxes Levied for:					
General purposes				65,573,829	-
Debt Service				2,739,488	-
Federal and State aid not restricted				8,328,016	-
Investment Earnings				228,763	-
Miscellaneous Income				288,526	-
Total general revenues, special items, extraordinary items and transfers				77,158,622	-
Change in Net Position				5,277,114	122,750
Net Position-beginning				(6,622,870)	276,543
Net Position-ending				\$ (1,345,756)	\$ 399,293
					\$ (946,463)

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

FUND FINANCIAL STATEMENTS

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 9,409,820	\$ -	\$ -	\$ -	\$ 9,409,820
Receivables, net	46,936	-	-	-	46,936
Due from other funds	260,742	-	-	-	260,742
Receivables from other governments	154,693	559,515	-	-	714,208
Restricted cash and cash equivalents	1,158,788	-	-	1	1,158,789
Total Assets	\$ 11,030,979	\$ 559,515	\$ -	\$ 1	\$ 11,590,495
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 857,565	\$ 350,506	\$ -	\$ -	\$ 1,208,071
Contracts payable	49,014	-	-	-	49,014
Interfund payable	-	260,742	-	-	260,742
Payable to state government	-	13,471	-	-	13,471
Total Liabilities	906,579	624,719	-	-	1,531,298
Fund balances:					
Restricted for:					
Excess surplus - current year	3,629,467	-	-	-	3,629,467
Excess surplus - prior year - designated for subsequent year's expenditures	3,255,434	-	-	-	3,255,434
Capital reserve	1,908,788	-	-	-	1,908,788
Maintenance reserve	1,000,000	-	-	-	1,000,000
Assigned to:					
Designated by the BOE for subsequent year's expenditures	406,705	-	-	1	406,706
Unassigned:					
General Fund	(75,994)	(65,204)	-	-	(141,198)
Debt Service Fund	-	-	-	-	-
Total Fund Balances	10,124,400	(65,204)	-	1	10,059,197
Total Liabilities and Fund Balances	\$ 11,030,979	\$ 559,515	\$ -	\$ 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 \$586,027.

(106,091)

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$83,288,500 and the accumulated depreciation is \$38,980,350.

44,338,150

Deferred pension costs in governmental activities are not financial resources and, therefore, not reported in the funds.

(4,009,807)

Accounts payable related to the April 1, 2021 required PERS pension contribution that is not liquidated with current financial resources

(905,628)

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.

(32,196,839)

Net Pension Liability - PERS - June 30, 2020 is not reported as a liability in the funds.

(18,524,738)

\$ (1,345,756)

The accompanying Notes to Basic 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, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local sources:					
Local tax levy	\$ 65,573,829	\$ -	\$ -	\$ 2,739,488	\$ 68,313,317
Tuition charges	118,251	-	-	-	118,251
Transportation fees	130,427	-	-	-	130,427
Rental fees	243,678	-	-	-	243,678
Interest earned on investments	228,481	-	282	-	228,763
Miscellaneous	245,097	-	-	-	245,097
Total - local sources	66,539,763	-	282	2,739,488	69,279,533
State sources	19,644,660	1,239,310	-	607,676	21,491,646
Federal sources	50,576	1,817,646	-	-	1,868,222
Total Revenues	<u>86,234,999</u>	<u>3,056,956</u>	<u>282</u>	<u>3,347,164</u>	<u>92,639,401</u>
EXPENDITURES					
Current:					
Regular instruction	19,998,041	2,225,241	-	-	22,223,282
Special education instruction	6,969,798	-	-	-	6,969,798
Other special instruction	1,360,980	-	-	-	1,360,980
School-sponsored activities	1,353,019	-	-	-	1,353,019
Support services and undistributed costs:					
Instruction	3,821,110	847,401	-	-	4,668,511
Student and instruction-related services	7,609,724	-	-	-	7,609,724
General administrative services	1,058,674	-	-	-	1,058,674
School administrative services	2,004,905	-	-	-	2,004,905
Central services and administrative technology	1,494,146	-	-	-	1,494,146
Plant operations and maintenance	5,967,578	-	-	-	5,967,578
Pupil transportation	3,365,342	-	-	-	3,365,342
Employee benefits	26,588,577	-	-	-	26,588,577
Special schools	271,731	-	-	-	271,731
Transfer to charter school	285,494	-	-	-	285,494
Debt service:					
Principal	-	-	-	2,470,000	2,470,000
Interest and other charges	-	-	-	877,164	877,164
Capital outlay	1,095,912	49,518	36,986	-	1,182,416
Total Expenditures	<u>83,245,031</u>	<u>3,122,160</u>	<u>36,986</u>	<u>3,347,164</u>	<u>89,751,341</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,989,968</u>	<u>(65,204)</u>	<u>(36,704)</u>	<u>-</u>	<u>2,888,060</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	282	-	-	-	282
Transfers out	-	-	(282)	-	(282)
Proceeds from sale of assets	43,429	-	-	-	43,429
Capital leases (non-budgeted)	137,725	-	-	-	137,725
Total Other Financing Sources (Uses)	<u>181,436</u>	<u>-</u>	<u>(282)</u>	<u>-</u>	<u>181,154</u>
Net Change in Fund Balances	3,171,404	(65,204)	(36,986)	-	3,069,214
Fund Balance - Beginning	6,952,996	-	36,986	1	6,989,983
Fund Balance - Ending	<u>\$ 10,124,400</u>	<u>\$ (65,204)</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 10,059,197</u>

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2020

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$ 3,069,214
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	\$ (1,979,735)
Capital outlays	<u>1,182,416</u> (797,319)
Repayment of long-term debt, i.e. bond principal, is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the Statement of Activities.	2,470,000
Repayment of capital lease 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.	186,963
Bond premium is 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.	60,624
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 decrease in accrued interest is an addition in the reconciliation.	24,823
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.	65,316
Proceeds from capital leases are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.	(137,725)
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.	<u>335,218</u>
Change in Net Position of Governmental Activities	<u>\$ 5,277,114</u>

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, 2020

	Business-type Activities Enterprise Funds	Internal Service Funds Self- Insurance Activities
	Food Service Fund	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 295,071	\$ 1,038,620
Other receivables	135,634	-
Total Current Assets	<u>430,705</u>	<u>1,038,620</u>
Capital assets:		
Furniture, machinery and equipment	497,070	-
Less: accumulated depreciation	<u>(484,592)</u>	<u>-</u>
Total Capital Assets	<u>12,478</u>	<u>-</u>
Total Assets	<u>443,183</u>	<u>1,038,620</u>
LIABILITIES		
Current liabilities:		
Accounts payable	<u>43,890</u>	<u>1,038,620</u>
Total Current Liabilities	<u>43,890</u>	<u>1,038,620</u>
NET POSITION		
Invested in capital assets	12,478	-
Unrestricted	<u>386,815</u>	<u>-</u>
Total Net Position	<u>\$ 399,293</u>	<u>\$ -</u>

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2020

	Business-type Activities Enterprise Funds Food Service Fund Fixed Price Contract	Internal Service Funds Self- Insurance Activities
Operating Revenues		
Charges for services:		
Daily sales - reimbursable program	\$ 197,402	\$ -
Daily sales - non-reimbursable program	196,743	-
Services provided to other funds	-	2,725,000
Total Operating Revenues	<u>394,145</u>	<u>2,725,000</u>
Operating Expenses		
Purchased services- fixed price contract	734,392	-
Employee benefits	-	2,725,000
Supplies	22,277	-
Bad debt expense	6,493	-
Depreciation	5,391	-
Total Operating Expenses	<u>768,553</u>	<u>2,725,000</u>
Operating Income (Loss)	<u>(374,408)</u>	<u>-</u>
Non-Operating Revenues		
State sources:		
School lunch program	8,355	-
Federal sources:		
National school lunch program	368,175	-
Breakfast program	120,628	-
Food distribution program	73,327	-
Total Non-Operating Revenues	<u>570,485</u>	<u>-</u>
Change in Net Position Before Transfers	196,077	-
Total Net Position - Beginning	<u>276,543</u>	<u>-</u>
Total Net Position - Ending	<u>\$ 472,620</u>	<u>\$ -</u>

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2020

	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	\$ 395,016	\$ 2,725,000
Payment to management company and other suppliers	(774,443)	-
Payments for employee benefits	-	(2,533,295)
Net Cash Provided by (Used for) Operating Activities	<u>(379,427)</u>	<u>191,705</u>
Cash Flows from Non-Capital Financing Activities		
State sources	9,315	-
Federal sources	477,166	-
Net Cash Provided by Non-Capital Financing Activities	<u>486,481</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	107,054	191,705
Balance - Beginning of Year	<u>188,017</u>	<u>846,915</u>
Balance - End of Year	<u><u>\$ 295,071</u></u>	<u><u>\$ 1,038,620</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:		
Operating loss	\$ (374,408)	\$ -
Adjustments to reconcile operating income (loss) to net cash used for operating activities		
Depreciation	5,391	-
(Increase) decrease in accounts receivable, net	6,494	-
Increase (decrease) in accounts payable	(16,904)	191,705
Total Adjustments	<u>(5,019)</u>	<u>191,705</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>\$ (379,427)</u></u>	<u><u>\$ 191,705</u></u>

Noncash Noncapital Financing Activities:

The Board of Education received \$73,327 of food commodities from the US Department of Agriculture for the year ended June 30, 2020.

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, 2020

	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Agency Fund
ASSETS			
Cash and cash equivalents	\$ 581,787	\$ 30,184	\$ 2,553,439
Total Assets	<u>581,787</u>	<u>30,184</u>	<u>\$ 2,553,439</u>
LIABILITIES			
Payroll deductions and withholdings	95,387	-	\$ 2,219,280
Due to student groups	<u>-</u>	<u>-</u>	<u>334,159</u>
Total Liabilities	<u>95,387</u>	<u>-</u>	<u>\$ 2,553,439</u>
NET POSITION			
Held in trust for unemployment claims and other purposes	<u>\$ 486,400</u>		
Reserved for scholarships		<u>\$ 30,184</u>	

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2020

	Unemployment Compensation Trust	Private Purpose Scholarship Fund
ADDITIONS		
Contributions:		
Plan member	\$ 148,867	\$ -
Scholarship donations	-	7,411
Total Contributions	<u>148,867</u>	<u>7,411</u>
Investment earnings:		
Interest	<u>7,530</u>	-
Net investment earnings	<u>7,530</u>	-
Total Additions	<u>156,397</u>	<u>7,411</u>
DEDUCTIONS		
Quarterly contribution reports & assessment	75,281	-
Unemployment claims	94,930	-
Scholarships awarded	-	11,750
Total Deductions	<u>170,211</u>	<u>11,750</u>
Change in Net Position	(13,814)	(4,339)
Net Position - Beginning of Year	<u>500,214</u>	<u>34,523</u>
Net Position - End of Year	<u><u>\$ 486,400</u></u>	<u><u>\$ 30,184</u></u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

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.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

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 funds:

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

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

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 non-operating 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 non-operating 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 "measurable" and "available" criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

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

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

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

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 are recorded as expenditures during the year of purchase.

H. Capital Assets

Capital assets, which include land, property, plant, 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. Capital assets are restated when the District engages an independent appraisal company to perform a new inventory of the District's capital assets and provide an updated accounting cost record to reflect the updated capital assets.

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.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets (continued)

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

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

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

I. Compensated Absences

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

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2020, no material liability existed for compensated absences in the food service fund.

J. Unearned Revenue

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

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. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items and principal (corpus) of an endowment fund. The District does not have any prepaid item or nonspendable funds related to endowments.

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

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

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 \$9,793,689 and represented \$6,884,901 in excess surplus, \$1,908,788 in capital reserve, and \$1,000,000 in maintenance reserve.

- Assigned for District Operations and Capital Projects:

The District has set aside certain spendable fund balance for school operations and capital projects. At year-end, the assigned fund balance is \$406,706, of which \$406,705 is for school operations, and \$1 is for debt service. The assigned fund balance for District operations includes \$306,705 for outstanding encumbrances. See Note 17.

- Unassigned:

The unassigned fund balance deficit for the General Fund is \$75,994 and \$65,204 for the Special Revenue Fund.

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 2020 fiscal year in the amount of \$3,629,467 which will be designated for tax relief in 2021-2022.

O. Net Position

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

P. Management Estimates

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, pension, workers compensation, compensated absences, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

R. 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 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.

S. 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.

T. Recent Accounting Pronouncements

During fiscal year 2020, the District adopted the following GASB statement:

GASB No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61-* will be effective with the fiscal year ending June 30, 2020. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The requirements of this Statement improve financial reporting by providing users with essential information related to presentation of majority equity interest in legally separate organizations that previously was reported inconsistently.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Recent Accounting Pronouncements (continued)

Accounting standards not yet adopted that the District is currently reviewing for applicability and potential impact include:

GASB No. 84, *Fiduciary activities*- will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom the fiduciary relationship exists.

GASB No. 87, *Leases*- will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement user by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

GASB No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*- will be effective with the fiscal year ending June 30, 2021. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.

GASB No. 91, *Conduit Debt Obligations*- will be effective with the fiscal year ending June 30, 2022. The requirements of this Statement will improve financial reporting by providing a single method of reporting conduit debt obligations for government issuers and eliminate diversity in practice. The Statement achieves these objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

Management has not yet determined the impact of implementing these pronouncements.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

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

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

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

The details of this \$32,196,839 difference are as follows:

Bonds payable	\$27,560,000
Capital leases payable	2,207,040
Accrued interest payable	280,506
Compensated absences	<u>2,149,293</u>
Net adjustments to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$32,196,839</u>

NOTE 3. DEPOSITS AND INVESTMENTS

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

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

Deposits

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

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

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

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

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

Operating cash, in the form of Negotiable Order of Withdrawal ("NOW") accounts, is held in the District's name by a commercial banking institution. At June 30, 2020, the carrying amount of the District's deposits was \$7,114,633 and the bank balance was \$7,494,417. The District also held \$1,400 in petty cash at June 30, 2020.

Based on levels of risk, \$250,000 of the District's cash deposits on June 30, 2020 were secured by federal depository insurance. The remaining bank balance of \$7,244,417 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, 2020, all of the District's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The District does not have a policy for the management of custodial credit risk, other than depositing all its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by financial institutions, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Investments

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bond of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the District.
- d. New Jersey Cash Management Fund, New Jersey Arbitrage Rebate Management Fund and M.B.I.A. Class.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

The District participates in the New Jersey Asset and Rebate Management Program which is a joint investment trust for local government units in the State of New Jersey. It was formed to make available comprehensive investment management, accounting and rebate calculation services for the issuers of tax exempt bonds and complies with all New Jersey statutes and regulations for the allowable investment of public funds. The District participates in the joint investment account which provides a convenient method for local governments to pool funds for temporary investing. These investments consist of United States Treasury Bills and notes and other obligations guaranteed by the United States of America, Federal agency bonds and notes with a maturity not greater than 397 days, and fully collateralized repurchase agreements. The carrying amount and fair value as of June 30, 2020 was \$3,452,577.

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

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

<u>S&P Rating</u>	<u>Percentage of Portfolio</u>
AA+	63.0%
A-1+	9.3%
Exempt*	27.7%
<i>*Represents U.S. Treasury Securities, which are not considered to be exposed to overall credit risk per GASB.</i>	

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, 2019, was 26 days.

NOTE 4. RECEIVABLES

Receivables at June 30, 2020, consisted of accounts (rent and tuition), accrued interest, interfund, intergovernmental, and property taxes. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables are as follows:

	<u>Governmental Fund Financial Statements</u>	<u>Governmental Wide Financial Statements</u>
State Aid	\$ 202,205	\$ 203,216
Federal Aid	458,309	562,747
Other	<u>100,630</u>	<u>130,816</u>
Gross Receivables	761,140	896,779
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>
Total Receivables, net	<u>\$ 761,140</u>	<u>\$ 896,779</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 5. CAPITAL ASSETS

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 984,971	\$ -	\$ -	\$ 984,971
Total capital assets not being depreciated	<u>984,971</u>	<u>-</u>	<u>-</u>	<u>984,971</u>
Capital assets being depreciated:				
Site improvements	3,713,615	39,868	-	3,753,483
Building and building improvements	62,308,728	252,602	-	62,561,330
Vehicles	4,675,003	378,643	-	5,053,646
Capital lease	3,618,358	137,725	-	3,756,083
Furniture and equipment	<u>6,805,409</u>	<u>373,578</u>	<u>-</u>	<u>7,178,987</u>
Totals at historical cost	<u>81,121,113</u>	<u>1,182,416</u>	<u>-</u>	<u>82,303,529</u>
Less accumulated depreciation for:				
Site improvements	1,730,078	155,641	-	1,885,719
Building and building improvements	25,924,071	1,248,078	-	27,172,149
Vehicles	3,458,827	223,923	-	3,682,750
Capital lease	313,312	111,657	-	424,969
Furniture and equipment	<u>5,544,327</u>	<u>240,436</u>	<u>-</u>	<u>5,784,763</u>
	<u>36,970,615</u>	<u>1,979,735</u>	<u>-</u>	<u>38,950,350</u>
Total capital assets being depreciated, Net of accumulated depreciation	<u>44,150,498</u>	<u>(797,319)</u>	<u>-</u>	<u>43,353,179</u>
Governmental Activity Capital Assets, Net	<u>\$ 45,135,469</u>	<u>\$ (797,319)</u>	<u>\$ -</u>	<u>\$ 44,338,150</u>

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

Instruction	\$ 1,191,707
Student and instruction related services	305,526
General and business administrative services	123,001
Plant operations and maintenance	71,068
Pupil transportation	228,444
Support services - students and staff	<u>59,989</u>
Total	<u>\$ 1,979,735</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 5. CAPITAL ASSETS (continued)

The following is a summary of the business-type capital assets for the year ended June 30, 2020:

	<u>Beginning Balance</u>	<u>Transfers or Additions</u>	<u>Transfers or Retirements</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets being depreciated:				
Equipment	\$ 497,070	\$ -	\$ -	\$ 497,070
Less accumulated depreciation	<u>479,202</u>	<u>5,390</u>	<u>-</u>	<u>484,592</u>
Enterprise fund capital assets, net	<u>\$ 17,868</u>	<u>\$ 5,390</u>	<u>\$ -</u>	<u>\$ 12,478</u>

NOTE 6. LONG-TERM LIABILITIES

Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

Principal and interest due on all serial bonds outstanding is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,515,000	\$ 813,896	\$ 3,328,896
2022	2,535,000	750,029	3,285,029
2023	1,745,000	677,956	2,422,956
2024	1,290,000	636,981	1,926,981
2025	1,335,000	598,281	1,933,281
Thereafter	<u>18,140,000</u>	<u>3,589,863</u>	<u>21,729,863</u>
	<u>\$27,560,000</u>	<u>\$ 7,067,006</u>	<u>\$34,627,006</u>

Bonds Authorized But Not Issued

As of June 30, 2020, the District had no authorized but not issued bonds.

Capital Lease Payable

The District is leasing equipment totaling \$3,571,659 under capital leases. Capital leases are for terms of no more than five years except for the lease related to the Energy Savings Improvement Program, which cannot exceed fifteen years.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 6. LONG-TERM LIABILITIES (continued)

Capital Lease Payable (continued)

The following is a schedule of minimum lease payments under the capital leases and the present value of the net minimum lease payments at June 30, 2020.

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2021	\$ 271,648
2022	277,185
2023	282,850
2024	284,411
2025	278,599
Thereafter	<u>1,096,271</u>
Total	2,490,964
Less: Amount representing interest	<u>(283,924)</u>
Present value of minimum lease payments	<u>\$ 2,207,040</u>

Unamortized Bond Premium

Unamortized bond premium as of June 30, 2020 and 2019, is \$ 106,091 and \$166,715, respectively.

Changes in Long-Term Liabilities

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Within</u> <u>One Year</u>
Compensated absences payable	\$ 2,484,511	\$ -	\$ 335,218	\$ 2,149,293	\$ 198,296
Capital leases payable	2,256,278	137,725	186,963	2,207,040	214,597
Serial bonds payable with interest rates of 1.45% to 3.25%	<u>30,030,000</u>	<u>-</u>	<u>2,470,000</u>	<u>27,560,000</u>	<u>2,515,000</u>
Subtotal	34,770,789	137,725	2,992,181	31,916,333	2,927,893
Net pension liability	<u>20,447,449</u>	<u>-</u>	<u>1,922,711</u>	<u>18,524,738</u>	<u>-</u>
Total governmental activities Long-term liabilities	<u>\$55,218,238</u>	<u>\$ 137,725</u>	<u>\$ 4,914,892</u>	<u>\$50,441,071</u>	<u>\$ 2,927,893</u>

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

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 retirement, death and disability benefits 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 all vesting occurs after 10 years of service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2 % of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to members accounts.

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 final average salary for each year of service credit. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of final average salary for each year of service credit.

Early retirement benefits are available with a reduction by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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. 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 final average salary for each year of service credit. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of final average salary for each year of service credit.

Early retirement benefits are available with a reduction by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective 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 or at www.state.nj.us/treasury/pensions. According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 7. PENSION PLANS (continued)

Public Employees' Retirement System (PERS) (continued)

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, 2020, the State of New Jersey contributed \$9,008,808 to the TPAF for post-retirement medical benefits, disability 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 \$2,307,836 during the fiscal year ended June 30, 2020 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, 2020, 2019 and 2018 were \$1,000,040, \$1,036,384, and \$980,468 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.

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, 2020, the District reported a liability of \$18,524,738 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2018, which was rolled forward to June 30, 2019. 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, 2019, the District's proportion was .04501075%, which was a decrease of .00210992% from its proportion measured as of June 30, 2018.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 7. PENSION PLANS (continued)

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

For the year ended June 30, 2020, the District recognized full accrual pension expense of \$947,379 in the district financial statements. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ 332,495	\$ 81,834
Changes of assumptions	1,849,763	6,429,878
Net difference between projected and actual earnings on pension plan investments	-	292,420
Changes in proportion and differences between District contributions and proportionate share of contributions	198,600	492,161
District contributions subsequent to the measurement date	<u>905,628</u>	<u>-</u>
Total	<u>\$ 3,286,486</u>	<u>\$ 7,296,293</u>

\$905,628 is reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	
2020	\$ (234,187)
2021	(759,699)
2022	(678,367)
2023	(318,528)
2024	<u>(32,707)</u>
Total	<u>\$ (2,023,488)</u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.00 - 6.00%
Thereafter	Based on years of service 3.00 - 7.00%
	Based on years of service
Investment rate of return	7.00%

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 7. PENSION PLANS (continued)

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

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the PUB-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
US Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private Equity	12.00%	10.85%

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 7. PENSION PLANS (continued)

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

Discount Rate

The discount rate used to measure the total pension liability for PERS was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, 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 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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, 2019 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 or 1-percentage-point higher than the current rate:

	<u>At 1 % Decrease (5.28 %)</u>	<u>Discount Rate (6.28 %)</u>	<u>At 1 % Increase (7.28 %)</u>
District's proportionate share of the net pension liability	<u>\$22,232,757</u>	<u>\$18,524,738</u>	<u>\$15,403,837</u>

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 for the Local Group at June 30, 2019 are as follows:

Collective deferred outflows of resources	\$ 2,122,619,897
Collective deferred inflows of resources	\$ 6,618,184,855
Collective net pension liability	\$ 18,143,832,135

District's proportion	.04501075%
-----------------------	------------

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 7. PENSION PLANS (continued)

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

The components of the net pension liability of the participating employers for PERS as of June 30, 2019, are as follows:

	<u>State</u>	<u>Local</u>	<u>Total</u>
Total pension liability	\$ 29,512,766,255	\$ 41,491,463,886	\$ 71,004,230,141
Plan fiduciary net position	<u>6,500,345,915</u>	<u>23,347,631,751</u>	<u>29,847,977,666</u>
	<u>\$ 23,012,420,340</u>	<u>\$ 18,143,832,135</u>	<u>\$ 41,156,252,475</u>
District's net pension liability (as reported on June 30, 2019)			<u>\$ 18,524,738</u>

Collective pension expense for the Local Group for the measurement period ended June 30, 2019 is \$967,548,587.

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 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2019, 2018, 2017, 2016, 2015 and 2014 amounts, 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. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense 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, 2019 was \$183,125,465. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2018, which was rolled forward to June 30, 2019. 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, 2019, the State's proportionate share of the TPAF net pension liability associated with the District was .2983911498%, which was a decrease of .0065828504% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$9,008,808 for contributions incurred by the State.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 7. PENSION PLANS (continued)

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

Actuarial Assumptions

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	1.55 - 4.45%
	based on years of service
Thereafter	2.75 - 5.65%
	based on years of service
Investment rate of return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates were based on the PUB-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) 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. The long-term expected rate of return was determined using a building block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
US Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, 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 based on 70% of the actuarially determined contributions for the State. 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 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

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, 2019 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 or 1-percentage point higher than the current rate:

	<u>At 1 % Decrease (4.60 %)</u>	<u>At Current Discount Rate (5.60 %)</u>	<u>At 1 % Increase (6.60 %)</u>
State's proportionate share of the net pension liability associated with the district	<u>\$209,146,070</u>	<u>\$183,125,465</u>	<u>\$150,986,628</u>

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 associated with the Local Group at June 30, 2019 are as follows:

Collective deferred outflows of resources	\$ 10,077,460,797
Collective deferred inflows of resources	\$ 17,525,379,167
Collective net pension liability- Local Group	\$ 61,370,943,870
State's proportionate share associated with the District	.2983911498%

Collective pension expense for the plan measurement period ended June 30, 2019 is \$3,720,032,991.

Additional Information

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees, which include those District employees who are eligible for pension coverage.

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. In the DCRP, employee contributions are 5.5%. Employee contributions are matched by a 3% employer contribution. The District contributed \$74,795 to the DCRP for the year ended June 30, 2020.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 7. PENSION PLANS (continued)

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 OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

Plan description and benefits provided

The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education with 25 years of service or on a disability retirement. Under the provision of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of PERS and Alternative Benefits Program ("APB") who retire from a board of education with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Retirees who are not eligible for employer paid health coverage at retirement can continue in this program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. In fiscal year 2019, the State paid PRM benefits for 153,893 State and local retirees.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2019, the State contributed \$1.908 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's "pay-as-you-go" contributions have remained consistent with Fiscal Year 2018 amounts. The State has appropriated \$1.612 billion in Fiscal Year 2020 as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligation to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2019, total State OPEB liability to provide these benefits is \$76.0 billion, a decrease of \$14.5 billion or 16 percent from the \$90.5 billion liability recorded in Fiscal Year 2018.

The School Employees Health Benefits Program ("SEHBP") Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 8. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

General Information about the OPEB Plan (continued)

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education. Please reference NJ State's CAFR at <https://www.nj.gov/treasury/omb/publications/archives.shtml>

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2019 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%		
Salary increases:	TPAF/ABP	PERS	PFRS
Through 2026	1.55%-3.05%	2.00%-6.00%	3.25%-15.25%
	based on service years	based on service years	based on service years
Thereafter	1.55%-3.05%	3.00%-7.00%	Applied to all
	based on service years	based on service years	future years
Discount rate	3.50%		

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond index.

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015- June 30, 2018, July 1, 2014- June 30, 2018, and July 1, 2013-June 30, 2018 for TPAF and PERS, and PFRS respectively.

Health Care Trend Assumptions

For pre-Medicare medical benefits, this amount initially is 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For Medicare Part B reimbursement, the trend rate is 5.0%.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 8. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Total OPEB Liability (continued)

Changes in the Total OPEB Liability reported by the State of New Jersey:

	<u>Total OPEB Liability</u>
Balance at 6/30/2018	\$ 46,110,832,982
Changes for the year:	
Service cost	1,734,404,850
Interest	1,827,787,206
Changes of benefit terms	-
Differences between expected and actual experience	(7,323,140,818)
Changes in assumptions or other inputs	622,184,027
Benefit payments	(1,280,958,373)
Contributions from the members	<u>37,971,171</u>
Balance at 6/30/2019	<u>\$ 41,729,081,045</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% in 2018 to 3.50% in 2019.

There were no changes in assumptions in benefit terms.

Sensitivity of the Total Nonemployer OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the State for school board retirees, as well as what the State's total OPEB liability for school board retirees would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>1% Decrease (2.50%)</u>	<u>Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB Liability (School Retirees)	<u>\$49,298,534,898</u>	<u>\$41,729,081,045</u>	<u>\$35,716,321,820</u>

Sensitivity of the Total Nonemployer OPEB liability to changes in the healthcare trend rate:

The following presents the total OPEB liability of the State, as well as what the State's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability (School Retirees)	<u>\$34,382,902,820</u>	<u>\$41,729,081,045</u>	<u>\$51,453,912,586</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the District recognized OPEB revenue and expense of \$2,684,029 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75 and in which there is a special funding situation.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 8. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Total OPEB Liability (continued)

In accordance with GASBS No. 75 the District's proportionate share of school retirees OPEB is zero, and there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual Experience	\$ -	\$ (10,484,965,300)
Changes of assumptions or other inputs	-	(8,481,529,343)
Contributions made in fiscal year ending 2019		
After the June 30, 2018 measurement date	<u>To be determined</u>	<u>-</u>
Total	<u>To be determined</u>	<u>\$ (18,966,494,643)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employees OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	
2020	\$ (2,546,527,182)
2020	(2,546,527,182)
2021	(2,546,527,182)
2022	(2,546,527,182)
2023	(2,546,527,182)
Thereafter	<u>(6,233,858,733)</u>
Total	<u>\$ (18,966,494,643)</u>

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:

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 9. RISK MANAGEMENT AND HEALTH INSURANCE (continued)

<u>Fiscal Year</u>	<u>Interest</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$ 7,530	\$ -	\$ 148,867	\$ (170,211)	\$ 486,400
2018-2020	10,442	-	124,608	(93,384)	500,214
2017-2018	5,560	-	122,706	(120,412)	458,548

Health Insurance

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

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

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

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year liability</u>	<u>Current year claims Changes in estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year end</u>
2019-2020	\$ 846,916	\$ 2,725,000	\$(2,533,296)	\$ 1,038,620
2018-2020	832,780	2,140,000	(2,125,864)	846,916
2017-2018	609,604	3,085,500	(2,862,324)	832,780

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 Annuities, National Life Teachers Pension and Lincoln Investments.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 11. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2020, 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 \$260,742

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

Interfund transfers during the year were as follows:

	<u>Transfers from other funds</u>	<u>Transfers to other funds</u>
General fund	\$ 282	\$ -
Capital projects	<u>-</u>	<u>282</u>
	<u>\$ 282</u>	<u>\$ 282</u>

NOTE 12. ECONOMIC DEPENDENCY

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

NOTE 13. CONTINGENT LIABILITIES

Litigation

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

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.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 14. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion during the 2000-2001 school year 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, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance, July 1, 2019	\$ 1,142,075
Interest earnings	16,713
Deposits per board resolution	
Board resolution June 16, 2020	<u>750,000</u>
Ending balance, June 30, 2020	<u>\$ 1,908,788</u>

The June 30, 2020 LRFP balance of local support costs of uncompleted capital projects is \$4,236,976.

NOTE 15. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by the District during the 2019-2020 school year for the accumulation of funds for use as maintenance expenditures in subsequent fiscal years. The maintenance reserve is maintained in the general fund and its activity is included in the general fund annual budget.

The maintenance reserve account is used to accumulate funds for the required maintenance of the District's facilities. The District is prohibited for from using the funds for routine or capital maintenance. A District may only increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes or by deposit of unanticipated revenue or unexpended line-item appropriation by board resolution at year end. The board resolution for deposit at year end into a maintenance reserve account must be made between June 1 and June 30 of the budget year.

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance, July 1, 2019	\$ -
Interest earnings	-
Deposits per board resolution	
Board resolution June 16, 2020	<u>1,000,000</u>
Ending balance, June 30, 2020	<u>\$ 1,000,000</u>

The balance in the maintenance reserve does not exceed four percent of the replacement cost of the school district's facilities for the current year at June 30, 2020. The District did not budget for withdrawal from maintenance reserve in its 2020-2021 fiscal year budget.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 16. DEFICIT FUND BALANCES

As reflected on Exhibit B-1, Balance Sheet Governmental Funds, the District has a deficit fund balance of \$75,994 in the General Fund and \$65,204 in the Special Revenue Fund as of June 30, 2020. This deficit is reported in the fund financial statements on a modified accrual basis. *N.J.S.A.* 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed on or more June State aid payments as revenue, for budget purposes only, in the current school year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payment (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the General and Special Revenue Fund balance deficits do not alone indicate that the district is facing financial difficulties.

Pursuant to *N.J.S.A.* 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP funds statements of \$141,198 is less than the last state aid payment.

As reflected on Exhibit A-1, Statement of Net Position, a deficit in unrestricted net position of \$1,345,756 existed as of June 30, 2020 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, and pension costs are recorded when due. Therefore, this deficit in unrestricted net position for governmental activities does not indicate that the District is facing financial difficulties.

NOTE 17. FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1)

Of the \$10,124,400 General Fund balance in the fund financial statements at June 30, 2020, \$306,705 is reserved for encumbrances; \$3,629,467 is reserved as excess surplus in accordance with *N.J.S.A.* 18A:7F-7; \$3,255,434 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2021; \$1,908,788 has been reserved in the Capital Reserve Account, \$1,000,000 has been reserved in the Maintenance Reserve account and \$100,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2021. The resulting deficit of \$75,994 as described in Note 16 is unreserved and undesignated.

Special Revenue Fund

The \$65,204 deficit in the Special Revenue Fund in the fund financial statements at June 30, 2020 is unreserved and undesignated.

Debt Service Fund

The \$1 Debt Service Fund balance at June 30, 2020, has been appropriated and included as anticipated revenue for the year ending June 30, 2021.

OCEAN TOWNSHIP SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

NOTE 18. RELATED PARTIES AND ORGANIZATIONS

Not included in the District's financial statements are certain Parent-Teacher Associations (PTAs), Parent-Teacher-Student Associations (PTSAs), 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 their own affairs to distinguish them as separate from the administrative organization of the District. The District does not account for these entities as component units or joint ventures; it does not maintain an ongoing financial interest or have responsibility for these entities.

NOTE 19. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that accounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

NOTE 20. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 4, 2021, the date through which procedures were performed to prepare the financial statements for issuance. The outbreak of COVID-19 continues to cause widespread disruption including the operations of public school systems. The course of the pandemic and its ultimate effect on the United States and its economy is not fully known at this time. Management evaluation is ongoing and it is impossible to predict the effect that the pandemic may have on school operations as the educational environment continues to change.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 65,573,829	\$ -	\$ 65,573,829	\$ 65,573,829	\$ -
Tuition	200,000	(200,000)	-	-	-
Transportation fees	-	-	-	130,427	130,427
Interest on investments	-	-	-	-	-
Capital reserve interest	-	-	-	16,714	16,714
Miscellaneous	270,100	200,000	470,100	575,115	105,015
Rental fee	280,000	-	280,000	243,678	(36,322)
Total - local sources	66,323,929	-	66,323,929	66,539,763	215,834
State sources:					
Categorical special education aid	2,526,776	-	2,526,776	2,526,776	-
Categorical security aid	552,389	-	552,389	552,389	-
Adjustment aid	2,376,876	-	2,376,876	2,376,876	-
Categorical transportation aid	1,729,784	-	1,729,784	1,729,784	-
Extraordinary aid	800,000	-	800,000	1,131,277	331,277
Aid in lieu adjustment	-	-	-	-	-
Other unrestricted state aid	-	-	-	29,013	29,013
On-behalf TPAF post retirement medical (non-budgeted)	-	-	-	2,436,630	2,436,630
On-behalf TPAF pension contributions (non-budgeted)	-	-	-	6,568,061	6,568,061
On-behalf TPAF long term disability insurance (non-budgeted)	-	-	-	4,117	4,117
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	2,307,836	2,307,836
Total - state sources	7,985,825	-	7,985,825	19,662,759	11,676,934

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Federal sources:					
Medical assistance program	\$ 80,587	\$ -	\$ 80,587	\$ 50,576	\$ (30,011)
Total - federal sources	80,587	-	80,587	50,576	(30,011)
Total revenues	74,390,341	-	74,390,341	86,253,098	11,862,757
EXPENDITURES:					
CURRENT EXPENSE:					
Regular programs - instruction:					
Salaries of teachers:					
Preschool/kindergarten	761,550	164,675	926,225	896,331	29,894
Grades 1-5	6,770,799	78,100	6,848,899	6,807,876	41,023
Grades 6-8	5,020,300	(310,739)	4,709,561	4,467,022	242,539
Grades 9-12	6,519,763	-	6,519,763	6,385,505	134,258
Regular programs - home instruction:					
Salaries of teachers	39,000	-	39,000	35,444	3,556
Purchased professional educational services	35,000	-	35,000	5,586	29,414
Regular programs - undistributed instruction:					
Other salaries for instruction	272,701	-	272,701	266,234	6,467
Purchased professional educational services	6,910	35,000	41,910	39,372	2,538
Purchased technical services	263,850	(12,500)	251,350	219,087	32,263
Other purchased services (400 - 500 series)	49,834	(12,000)	37,834	10,808	27,026
General supplies	875,887	38,516	914,403	844,438	69,965
Textbooks	37,735	(5,000)	32,735	11,812	20,923
Other objects	19,601	5,148	24,749	8,526	16,223
Total regular programs	20,672,930	(18,800)	20,654,130	19,998,041	656,089

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Special education - instruction:					
Learning and/or language disabilities:					
Salaries of teachers	\$ 997,980	\$ (19,175)	\$ 978,805	\$ 947,182	\$ 31,623
Other salaries for instruction	258,935	56,439	315,374	283,921	31,453
General supplies	13,085	(4,320)	8,765	7,480	1,285
Total learning and/or language disabilities	1,270,000	32,944	1,302,944	1,238,583	64,361
Multiple disabilities:					
Salaries of teachers	587,505	(136,300)	451,205	441,269	9,936
Other salaries for instruction	460,588	(49,915)	410,673	403,748	6,925
Other purchased services (400-500 series)	24,200	600	24,800	24,363	437
General supplies	13,410	1,500	14,910	13,383	1,527
Textbooks	1,346	(900)	446	428	18
Total multiple disabilities	1,087,049	(185,015)	902,034	883,191	18,843
Resource room:					
Salaries of teachers	3,526,092	154,390	3,680,482	3,636,062	44,420
Other salaries for instruction	333,804	(15,010)	318,794	318,793	1
General supplies	29,067	5,500	34,567	31,055	3,512
Textbooks	1,595	-	1,595	1,289	306
Total resource room	3,890,558	144,880	4,035,438	3,987,199	48,239

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Preschool disabilities - part-time:					
Salaries of teachers	\$ 450,350	\$ (121,208)	\$ 329,142	\$ 279,790	\$ 49,352
Other salaries for instruction	214,344	(54,457)	159,887	114,679	45,208
Purchased professional - educational services	4,966	(4,966)	-	-	-
General supplies	-	4,966	4,966	3,392	1,574
Total preschool disabilities - part-time	669,660	(175,665)	493,995	397,861	96,134
Preschool disabilities - full-time:					
Salaries of teachers	236,650	8,100	244,750	244,749	1
Other salaries for instructions	133,496	85,036	218,532	218,215	317
Total preschool disabilities - full time	370,146	93,136	463,282	462,964	318
Total special education - instruction	7,287,413	(89,720)	7,197,693	6,969,798	227,895
Basic skills/remedial - instruction:					
Salaries of teachers	520,894	-	520,894	479,708	41,186
Other salaries for instruction	17,554	3,613	21,167	21,167	-
Other purchased services (400 - 500 series)	200	-	200	192	8
General supplies	11,089	525	11,614	10,526	1,088
Total basic skills/remedial - instruction	549,737	4,138	553,875	511,593	42,282
Bilingual education - instruction:					
Salaries of teachers	798,179	15,721	813,900	813,900	-
Other salaries for instruction	65,660	-	65,660	23,284	42,376
Other purchased services (400-500 series)	-	-	-	-	-
General supplies	17,277	-	17,277	12,203	5,074
Total bilingual education - instruction	881,116	15,721	896,837	849,387	47,450

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
School sponsored cocurricular activities - instruction:					
Salaries	\$ 356,655	\$ -	\$ 356,655	\$ 329,731	\$ 26,924
Purchased services (300 - 500 series)	21,220	6,908	28,128	24,523	3,605
Supplies and materials	23,613	5,000	28,613	26,068	2,545
Other objects	1,783	-	1,783	370	1,413
Transfers to cover deficit	5,000	(2,000)	3,000	3,000	-
Total school sponsored cocurricular activities - instruction	408,271	9,908	418,179	383,692	34,487
School sponsored athletics - instruction:					
Salaries	743,118	(6,908)	736,210	716,466	19,744
Purchased services (300 - 500 series)	212,263	(25,819)	186,444	141,653	44,791
Supplies and materials	69,922	(3,450)	66,472	61,079	5,393
Other objects	10,780	-	10,780	7,003	3,777
Transfers to cover deficit	90,000	-	90,000	43,126	46,874
Total school sponsored athletics - instruction	1,126,083	(36,177)	1,089,906	969,327	120,579
Total - instruction	30,925,550	(114,930)	30,810,620	29,681,838	1,128,782
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within state - regular	11,000	25,000	36,000	28,949	7,051
Tuition to other LEAs within state - special	338,562	50,337	388,899	357,320	31,579
Tuition to county vocational school districts - regular	579,295	(25,000)	554,295	491,971	62,324
Tuition to county vocational school districts - special	91,960	-	91,960	76,142	15,818
Tuition to private schools for disabled within state	2,856,962	(54,000)	2,802,962	2,743,728	59,234
Tuition to private schools for disabled and other LEA's outside state	230,000	(103,927)	126,073	123,000	3,073
Total undistributed expenditures - instruction	4,107,779	(107,590)	4,000,189	3,821,110	179,079

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Attendance and social work services:					
Salaries	\$ 81,532	\$ -	\$ 81,532	\$ 81,531	\$ 1
Other purchased services	200	-	200	-	200
Total attendance and social work services	81,732	-	81,732	81,531	201
Health services:					
Salaries	476,979	(19,565)	457,414	456,295	1,119
Purchased professional and technical services	110,000	30,000	140,000	82,524	57,476
Supplies and materials	18,367	19,565	37,932	17,243	20,689
Total health services	605,346	30,000	635,346	556,062	79,284
Speech, occupational therapy, physical therapy, related services:					
Salaries	1,031,758	(11,525)	1,020,233	1,019,759	474
Purchased professional educational services	245,100	(32,300)	212,800	97,677	115,123
Supplies and materials	11,247	7,800	19,047	15,825	3,222
Other objects	600	-	600	268	332
Total speech, occupational therapy, physical therapy, related services	1,288,705	(36,025)	1,252,680	1,133,529	119,151
Other support services - students - extra services:					
Salaries	890,589	28,000	918,589	916,294	2,295
Total other support services - students - extra services	890,589	28,000	918,589	916,294	2,295

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Other support services - guidance:					
Salaries of other professional staff	\$ 1,195,668	\$ (60,225)	\$ 1,135,443	\$ 1,109,595	\$ 25,848
Salaries of secretarial and clerical assistants	127,887	-	127,887	127,887	-
Other purchased services (400 - 500 series)	3,565	(350)	3,215	2,073	1,142
Supplies and materials	54,289	350	54,639	53,163	1,476
Other objects	10,850	-	10,850	9,360	1,490
Total other support services - guidance	1,392,259	(60,225)	1,332,034	1,302,078	29,956
Other support services - child study team:					
Salaries of other professional staff	1,621,218	44,800	1,666,018	1,630,924	35,094
Salaries of secretarial and clerical assistants	168,616	-	168,616	162,415	6,201
Purchased professional-educational services	52,000	(600)	51,400	13,692	37,708
Other purchased professional and technical services	47,916	3,600	51,516	31,241	20,275
Miscellaneous purchased services (400 - 500 series)	15,945	(2,780)	13,165	7,993	5,172
Supplies and materials	71,063	(125)	70,938	62,661	8,277
Other objects	5,100	-	5,100	3,584	1,516
Total other support services - child study team	1,981,858	44,895	2,026,753	1,912,510	114,243
Improvement of instructional services:					
Salaries of supervisors of instruction	862,473	5,400	867,873	794,649	73,224
Salaries of other professional staff	113,182	1,034	114,216	106,631	7,585
Salaries of secretarial and clerical assistants	151,469	-	151,469	144,278	7,191
Other purchased services (400 - 500 series)	25,250	(1,400)	23,850	11,021	12,829
Supplies and materials	5,463	1,400	6,863	6,778	85
Other objects	3,965	-	3,965	3,598	367
Total improvement of instructional services	1,161,802	6,434	1,168,236	1,066,955	101,281

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Educational media services/school library:					
Salaries	\$ 479,556	\$ -	\$ 479,556	\$ 479,556	\$ -
Purchased professional and technical services	3,750	-	3,750	3,750	-
Supplies and materials	67,396	(70)	67,326	58,856	8,470
Other objects	400	70	470	130	340
Total educational media services/school library	551,102	-	551,102	542,292	8,810
Instructional staff training services:					
Salaries of other professional staff	64,122	690	64,812	64,810	2
Salaries of secretarial and clerical assistants	9,826	-	9,826	9,826	-
Other salaries	2,000	(2,000)	-	-	-
Purchased professional educational services	20,850	(18,850)	2,000	581	1,419
Other purchased services (400 - 500 series)	-	36,150	36,150	23,256	12,894
Total instructional staff training services	96,798	15,990	112,788	98,473	14,315
Support services - general administration:					
Salaries	507,190	-	507,190	506,071	1,119
Legal services	215,000	(51,000)	164,000	114,174	49,826
Audit fees	39,000	1,000	40,000	40,000	-
Architectural/Engineering services	20,000	-	20,000	-	20,000
Other purchased professional services	82,375	(20,000)	62,375	59,375	3,000
Purchased technical services	23,300	2,000	25,300	23,692	1,608
Communications/telephone	224,000	32,500	256,500	244,698	11,802
BOE other purchased professional services	5,000	-	5,000	2,081	2,919
Other purchased services (400 - 500 series)	22,600	16,500	39,100	28,301	10,799
General supplies	9,128	-	9,128	7,206	1,922
BOE in-house training/meeting supplies	3,000	-	3,000	1,614	1,386
Miscellaneous expenditures	38,000	-	38,000	31,382	6,618
BOE membership dues and fees	500	-	500	80	420
Total support services - general administration	1,189,093	(19,000)	1,170,093	1,058,674	111,419

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Support services - school administration:					
Salaries of principals/assistant principals	\$ 1,096,806	\$ (1,000)	\$ 1,095,806	\$ 1,079,163	\$ 16,643
Salaries of other professional staff	253,906	(7,124)	246,782	237,083	9,699
Salaries of secretarial and clerical assistants	525,937	2,443	528,380	526,885	1,495
Other purchased services (400 - 500 series)	131,975	(1,500)	130,475	94,618	35,857
Supplies and materials	44,788	6,800	51,588	45,525	6,063
Other objects	27,000	2,500	29,500	21,631	7,869
Total support services - school administration	2,080,412	2,119	2,082,531	2,004,905	77,626
Central services:					
Salaries	572,384	-	572,384	569,501	2,883
Purchased professional services	115,000	(49,000)	66,000	65,085	915
Purchased technical services	-	51,000	51,000	50,529	471
Other purchased services (400 - 500 series)	12,600	-	12,600	7,551	5,049
Supplies and materials	11,300	6,490	17,790	17,426	364
Miscellaneous expenditures	7,500	-	7,500	5,901	1,599
Total central services	718,784	8,490	727,274	715,993	11,281
Administrative information technology:					
Salaries	729,627	-	729,627	717,812	11,815
Other purchased services (400 - 500 series)	142,376	51,000	193,376	60,341	133,035
Total administrative information technology	872,003	51,000	923,003	778,153	144,850
Required allowable maintenance for school facilities:					
Salaries	626,752	(28,200)	598,552	512,018	86,534
Cleaning, repair and maintenance services	258,500	27,200	285,700	222,012	63,688
General supplies	183,700	1,000	184,700	130,606	54,094
Total required allowable maintenance for school facilities	1,068,952	-	1,068,952	864,636	204,316

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Custodial services:					
Salaries	\$ 2,305,985	\$ -	\$ 2,305,985	\$ 2,099,243	\$ 206,742
Salaries of non-instructional aids	80,000	-	80,000	64,142	15,858
Purchased professional and technical services	39,300	-	39,300	20,223	19,077
Cleaning, repair and maintenance services	174,954	15,000	189,954	119,480	70,474
Rental of land and buildings other than lease purchase agreements	16,500	-	16,500	5,440	11,060
Lease purchase payments - Energy Savings	236,173	-	236,173	236,172	1
Other purchased property services	243,600	425	244,025	201,806	42,219
Insurance	480,678	-	480,678	409,582	71,096
Travel	-	600	600	546	54
Miscellaneous Purchased Services	600	(600)	-	-	-
General supplies	346,135	(4,300)	341,835	280,102	61,733
Energy (natural gas)	484,600	-	484,600	398,260	86,340
Energy (electricity)	832,000	-	832,000	738,354	93,646
Other objects	28,988	-	28,988	19,267	9,721
Total custodial services	5,269,513	11,125	5,280,638	4,592,617	688,021
Care and upkeep of grounds:					
Salaries	137,632	-	137,632	129,921	7,711
Cleaning, repair and maintenance services	22,130	-	22,130	6,465	15,665
General supplies	82,173	(10,700)	71,473	31,168	40,305
Total care and upkeep of grounds	241,935	(10,700)	231,235	167,554	63,681
Security:					
Salaries	337,894	(5,078)	332,816	286,741	46,075
Purchased prof. and tech. services	75,000	2,500	77,500	55,318	22,182
General supplies	600	2,690	3,290	712	2,578
Total security	413,494	112	413,606	342,771	70,835

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Student transportation services:					
Salaries of non-instructional aids	\$ 155,805	\$ (5,200)	\$ 150,605	\$ 115,704	\$ 34,901
Salaries for pupil transportation					
between home and school - regular	1,432,870	5,200	1,438,070	1,389,846	48,224
between home and school - special education	284,518	-	284,518	253,204	31,314
other than between home and school	55,000	-	55,000	38,298	16,702
Other purchased professional and technical services	85,500	37,400	122,900	90,342	32,558
Cleaning, repair and maintenance services	480,000	54,000	534,000	519,345	14,655
Contracted services (between home and school) - vendors	605,000	-	605,000	445,615	159,385
Contracted services (between home and school) - joint agreement	16,000	-	16,000	3,000	13,000
Contracted services (special education) - vendors	289,000	(30,000)	259,000	195,306	63,694
Contracted services aid-in-lieu payments - non public	135,000	-	135,000	91,045	43,955
Miscellaneous purchased services - transportation	120,890	-	120,890	90,738	30,152
General supplies	5,000	-	5,000	2,393	2,607
Transportation supplies	179,000	(1,400)	177,600	121,382	56,218
Miscellaneous expenditures	12,000	-	12,000	9,124	2,876
Total student transportation services	3,855,583	60,000	3,915,583	3,365,342	550,241
Personal services - employee benefits:					
Unallocated benefits:					
Group insurance	14,000	-	14,000	11,366	2,634
Social security contributions	982,620	-	982,620	929,961	52,659
Other retirement contribution - PERS	1,212,728	(50,000)	1,162,728	1,018,705	144,023
Other retirement contribution - ERIP	38,000	-	38,000	16,325	21,675
Other retirement contribution - regular	76,000	-	76,000	74,795	1,205
Workmen's compensation	694,324	26,268	720,592	702,158	18,434
Health benefits	13,397,020	-	13,397,020	12,283,133	1,113,887
Tuition reimbursement	145,000	-	145,000	143,222	1,778
Other employee benefits	141,800	-	141,800	92,268	49,532
Total unallocated benefits	16,701,492	(23,732)	16,677,760	15,271,933	1,405,827

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
On-behalf contributions:					
On-behalf TPAF post retirement medical (non-budgeted)	\$ -	\$ -	\$ -	\$ 2,436,630	\$ (2,436,630)
On-behalf TPAF pension contributions (non-budgeted)	-	-	-	6,568,061	(6,568,061)
On-behalf TPAF long-term disability Insurance (non-budgeted)	-	-	-	4,117	(4,117)
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	2,307,836	(2,307,836)
Total on-behalf contributions	-	-	-	11,316,644	(11,316,644)
Total personal services - employee benefits	16,701,492	(23,732)	16,677,760	26,588,577	(9,910,817)
Total undistributed expenditures	44,569,231	893	44,570,124	51,910,056	(7,339,932)
Total general current expense	75,494,781	(114,037)	75,380,744	81,591,894	(6,211,150)
CAPITAL OUTLAY:					
Equipment:					
Special education - instruction	8,000	(8,000)	-	-	-
Multiple disabilities					
Undistributed expenditures:					
School administration	321,018	(30,000)	291,018	265,084	25,934
Required maintenance school facilities	113,364	2,570	115,934	115,934	-
Custodial services	-	90,664	90,664	21,226	69,438
Care and upkeep of grounds	155,000	(3,959)	151,041	144,040	7,001
School Buses Regular	400,000	(36,338)	363,662	351,811	11,851
Total equipment	997,382	14,937	1,012,319	898,095	114,224

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Facilities acquisition and construction services:					
Other objects	60,092	-	60,092	60,092	-
Interest deposit to capital reserve	100	-	100	-	100
Total facilities acquisition and construction services	60,192	-	60,192	60,092	100
Assets acquired under capital leases (non-budgeted)					
Undistributed Expenditures:	-	-	-	137,725	(137,725)
General Administration					
Total capital outlay	<u>1,057,574</u>	<u>14,937</u>	<u>1,072,511</u>	<u>1,095,912</u>	<u>(23,401)</u>
SPECIAL SCHOOLS:					
Summer school - instruction:					
Salaries of teachers	160,705	(8,490)	152,215	138,915	13,300
Other salaries for instruction	126,380	-	126,380	126,276	104
Purchased professional and technical services	11,750	(350)	11,400	5,095	6,305
General supplies	5,649	350	5,999	1,445	4,554
Total summer school - instruction	304,484	(8,490)	295,994	271,731	24,263
Total special schools	<u>304,484</u>	<u>(8,490)</u>	<u>295,994</u>	<u>271,731</u>	<u>24,263</u>
Transfer of funds to Charter School	177,904	107,590	285,494	285,494	-
Total expenditures	<u>77,034,743</u>	<u>-</u>	<u>77,034,743</u>	<u>83,245,031</u>	<u>(6,210,288)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,644,402)</u>	<u>-</u>	<u>(2,644,402)</u>	<u>3,008,067</u>	<u>5,652,469</u>

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Actual Variance Final to Actual
Operating transfers in:					
Transfer from other funds	\$ -	\$ -	\$ -	282	\$ 282
Sale of fixed assets	-	-	-	43,429	43,429
Capital leases (non-budgeted)	-	-	-	137,725	137,725
Total other financing sources (uses)	-	-	-	181,436	181,436
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	(2,644,402)	-	(2,644,402)	3,189,503	5,833,905
Fund balance, July 1	8,806,994	-	8,806,994	8,806,994	-
Fund balance, June 30	<u>\$ 6,162,592</u>	<u>\$ -</u>	<u>\$ 6,162,592</u>	<u>\$ 11,996,497</u>	<u>\$ 5,833,905</u>
Recapitulation					
Restricted fund balance:					
Capital reserve				\$ 1,908,788	
Maintenance Reserve				1,000,000	
Excess surplus - designated for subsequent year's expenditures				3,255,434	
Excess surplus - current year				3,629,467	
Assigned fund balances:					
Designated for subsequent year's expenditures				406,705	
Unassigned fund balances				<u>1,796,103</u>	
				11,996,497	
Reconciliation to governmental funds statements (GAAP)					
Last state aid payment not recognized on GAAP basis				<u>(1,872,097)</u>	
Fund Balance per governmental funds (GAAP)				<u>\$ 10,124,400</u>	

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State sources	\$ 563,674	\$ 846,050	\$ 1,409,724	\$ 1,394,652	\$ (15,072)
Federal sources	1,520,052	591,553	2,111,605	1,865,274	(246,331)
Total Revenues	<u>2,083,726</u>	<u>1,437,603</u>	<u>3,521,329</u>	<u>3,259,926</u>	<u>(261,403)</u>
EXPENDITURES:					
Instruction					
Salaries of teachers	663,460	(94,376)	569,084	553,710	15,374
Other salaries for instruction	856,592	(787,051)	69,541	69,541	-
Purchased professional and technical services	90,234	22,538	112,772	108,814	3,958
General supplies	-	193,370	193,370	98,564	94,806
Textbooks	33,317	7,955	41,272	41,151	121
Other purchased services	440,123	1,053,294	1,493,417	1,476,105	17,312
Total Instruction	<u>2,083,726</u>	<u>395,730</u>	<u>2,479,456</u>	<u>2,347,885</u>	<u>131,571</u>
Support Services					
Salaries of supervisors	-	6,300	6,300	6,300	-
Salaries of secretaries and clerical assistants	-	113,754	113,754	113,754	-
Personal services - employee benefits	-	202,180	202,180	200,754	1,426
Purchased professional services	-	375,222	375,222	341,213	34,009
General supplies	-	273,427	273,427	179,031	94,396
Other purchased services	-	21,472	21,472	21,471	1
Total Support Services	<u>-</u>	<u>992,355</u>	<u>992,355</u>	<u>862,523</u>	<u>129,832</u>
Instructional equipment	<u>-</u>	<u>49,518</u>	<u>49,518</u>	<u>49,518</u>	<u>-</u>
Total Expenditures	<u>2,083,726</u>	<u>1,437,603</u>	<u>3,521,329</u>	<u>3,259,926</u>	<u>261,403</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**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, 2020**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 86,253,098	\$ 3,259,926
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	(137,766)
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until subsequent year.	(1,872,097)	(65,204)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	<u>1,853,998</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u><u>\$ 86,234,999</u></u>	<u><u>\$ 3,056,956</u></u>
Uses / Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 83,245,031	\$ 3,259,926
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	<u>-</u>	<u>(137,766)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u><u>\$ 83,245,031</u></u>	<u><u>\$ 3,122,160</u></u>

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 *
Last Seven Years *

	Fiscal Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
District's proportion of the Net Pension Liability	0.04501075%	0.04712067%	0.05035807%	0.05254898%	0.05101445%	0.04984458%	0.04956637%
Employer's proportionate share of the Net Pension Liability	\$ 18,524,738	\$ 20,447,449	\$ 24,637,193	\$ 31,008,009	\$ 23,553,440	\$ 19,364,539	\$ 19,038,744
District's covered-employee payroll	\$ 7,287,888	\$ 7,224,113	\$ 7,335,862	\$ 7,130,014	\$ 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	254.19%	283.04%	335.85%	434.89%	326.26%	265.02%	274.95%
Plan Fiduciary Net Position as a percentage of the total pension liability (local)	42.04%	40.45%	48.10%	40.14%	47.93%	52.08%	48.72%

82 * 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 for which information is available.

OCEAN TOWNSHIP SCHOOL DISTRICT
Schedule of District Contributions
Public Employees Retirement System
Required Supplementary Information
Last Seven Years

	Fiscal Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
Contractually-required contribution	\$1,000,040	\$1,032,967	\$980,468	\$ 930,106	\$ 902,069	\$ 852,645	\$ 750,592
Contributions in relation to the contractually-required contribution	(1,000,040)	(1,032,967)	(980,468)	(930,106)	(902,069)	(852,645)	(750,952)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 7,287,888	\$ 7,224,113	\$ 7,335,862	\$ 7,130,014	\$ 7,219,151	\$ 7,306,958	\$ 6,924,348
Contributions as a percentage of covered-employee payroll	13.72%	14.30%	13.37%	13.04%	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 Fund
Required Supplementary Information *
Last Seven Years *

	Fiscal Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
District's proportion of the Net Pension Liability**	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportion of the net pension liability associated with the District **	0.29839115%	0.30497400%	0.30731149%	0.31209329%	0.30429849%	0.30006102%	0.30554180%
State's proportionate share of the Net Pension Liability associated with the employer*	\$ 183,125,465	\$ 194,017,908	\$ 207,200,489	\$ 245,512,453	\$ 192,329,639	\$ 160,666,363	\$ 154,418,423
District's covered-employee payroll	\$ 31,228,688	\$ 31,717,809	\$ 31,635,815	\$ 31,553,108	\$ 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	586.40%	611.70%	654.96%	778.09%	612.22%	519.06%	518.78%
Plan Fiduciary Net Position as a percentage of the total pension liability (local)	26.95%	26.49%	25.41%	22.33%	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 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.

District.

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

**SCHEDULES RELATED TO ACCOUNTING
AND REPORTING FOR POSTEMPLOYMENT
BENEFITS OTHER THAN PENSIONS**

OCEAN TOWNSHIP SCHOOL DISTRICT
Schedule of Changes in the District's OPEB Liability and Related Ratios
Required Supplementary Information*
Last Three Years*

	Fiscal Year Ended June 30,		
	2020	2019	2018
Total OPEB Liability:			
Service Cost	\$ 5,040,013	\$ 5,677,196	\$ 6,834,986
Interest	6,152,717	6,508,440	5,624,888
Differences between expected and actual experience	(25,915,094)	(12,377,049)	-
Changes in assumptions or other inputs	2,075,561	(17,901,608)	(22,869,891)
Contributions from the members	126,669	144,168	151,915
Benefit payments	(4,273,184)	(4,171,344)	(4,125,607)
Net change in total OPEB Liability	(16,793,318)	(22,120,197)	(14,383,709)
Total OPEB liability, beginning	155,998,498	178,118,695	192,502,404
Total OPEB liability, ending	\$ 139,205,180	\$ 155,998,498	\$ 178,118,695
District's Proportionate Share of OPEB Liability	\$ -	\$ -	\$ -
State's Proportionate Share of OPEB Liability	139,205,180	155,998,498	178,118,695
Total OPEB liability- ending	\$ 139,205,180	\$ 155,998,498	\$ 178,118,695
District's Covered-Employee Payroll	\$ 38,516,576	\$ 38,941,922	\$ 38,971,677
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%	0%	0%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75

*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 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, 2020

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019 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 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019 in accordance with Paragraph 44 of GASB Statement No. 67.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019

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.

OCEAN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2020

	I.D.E.A Part B		Title I Basic 2019-2020	Cares Act	Total Other Special Projects (Ex. E-1a)	Total Nonpublic Programs (Ex. E-1b)	Totals 2020
	Regular 2019-2020	Preschool 2019-2020					
REVENUES:							
State sources	\$ -	\$ -	\$ -	\$ -	\$ 660,186	\$ 734,466	\$ 1,394,652
Federal sources	940,728	42,236	481,026	173,718	227,566	-	1,865,274
Total revenues	<u>\$ 940,728</u>	<u>\$ 42,236</u>	<u>\$ 481,026</u>	<u>\$ 173,718</u>	<u>\$ 887,752</u>	<u>\$ 734,466</u>	<u>\$ 3,259,926</u>
EXPENDITURES:							
Instruction:							
Salaries of teachers	\$ -	\$ -	\$ 352,729	\$ -	\$ 200,981	\$ -	\$ 553,710
Other salaries for instruction	-	-	-	-	69,541	-	69,541
Purchased professional and technical services	-	-	-	-	-	108,814	108,814
General supplies	-	-	-	8,872	89,692	-	98,564
Textbooks	-	-	-	-	-	41,151	41,151
Other purchased services	831,565	42,236	1,093	-	16,710	584,501	1,476,105
Total instruction	<u>831,565</u>	<u>42,236</u>	<u>353,822</u>	<u>8,872</u>	<u>376,924</u>	<u>734,466</u>	<u>2,347,885</u>
Support services:							
Other salaries for instruction	-	-	-	-	120,054	-	120,054
Personal services - employee benefits	-	-	126,947	-	73,807	-	200,754
Purchased professional and technical services	109,163	-	-	-	232,050	-	341,213
Other purchased services	-	-	-	-	21,471	-	21,471
General supplies	-	-	257	164,846	13,928	-	179,031
Total support services	<u>109,163</u>	<u>-</u>	<u>127,204</u>	<u>164,846</u>	<u>461,310</u>	<u>-</u>	<u>862,523</u>
Instructional Equipment	-	-	-	-	49,518	-	49,518
Total expenditures	<u>\$ 940,728</u>	<u>\$ 42,236</u>	<u>\$ 481,026</u>	<u>\$ 173,718</u>	<u>\$ 887,752</u>	<u>\$ 734,466</u>	<u>\$ 3,259,926</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis (Continued)
For the Fiscal Year Ended June 30, 2020

	Title II, Part A Teacher and Principal Training & Recruiting 2019-2020	Title III Part A 2019-2020	Title III Immigrant 2019-2020	Career Pathways 2020	Preschool Education Aid 2020	Advanced Computer Science Grant 2020	Carry forward to E-1 Total Other Special Projects
REVENUES:							
State sources	\$ -	\$ -	\$ -	\$ -	\$ 585,172	\$ 75,014	\$ 660,186
Federal sources	78,823	35,890	12,853	100,000	-	-	227,566
Total revenues	\$ 78,823	\$ 35,890	\$ 12,853	\$ 100,000	\$ 585,172	\$ 75,014	\$ 887,752
EXPENDITURES:							
Instruction:							
Salaries of teachers	\$ 47,153	\$ 26,377	\$ -	\$ 4,480	\$ 120,906	\$ 2,065	200,981
Other salaries for instruction	-	-	11,940	-	57,601	-	69,541
General supplies	-	-	-	17,523	13,982	58,187	89,692
Other purchased services	-	-	-	9,260	-	7,450	16,710
Total instruction	47,153	26,377	11,940	31,263	192,489	67,702	376,924
Support services:							
Other salaries for instruction	-	-	-	14,125	101,899	4,030	120,054
Personal services - employee benefits	16,970	9,493	913	2,230	43,735	466	73,807
Purchased professional and technical services	14,700	-	-	-	215,600	1,750	232,050
Other purchased services	-	-	-	-	21,471	-	21,471
General supplies	-	20	-	8,970	3,872	1,066	13,928
Total support services	31,670	9,513	913	25,325	386,577	7,312	461,310
Instructional Equipment	-	-	-	43,412	6,106	-	49,518
Total expenditures	\$ 78,823	\$ 35,890	\$ 12,853	\$ 100,000	\$ 585,172	\$ 75,014	\$ 887,752

OCEAN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis (Continued)
For the Fiscal Year Ended June 30, 2020

	N.J. Nonpublic Examination and Classification	Handicapped Services Ch. 193	N.J. Nonpublic Auxiliary Services Ch. 192	N.J. Nonpublic Auxiliary Services Ch. 192	Nonpublic Nursing	Nonpublic Textbooks	Nonpublic Technology	Nonpublic Security Aid	Carry forward to E-1 Total Nonpublic Programs
		Corrective Speech	Supplemental Instruction	Compensatory	ESL				
REVENUES:									
State sources	\$ 127,843	\$ 39,575	\$ 95,438	\$ 189,007	\$ 1,853	\$ 81,620	\$ 41,151	\$ 130,785	\$ 734,466
Total revenues	<u>\$ 127,843</u>	<u>\$ 39,575</u>	<u>\$ 95,438</u>	<u>\$ 189,007</u>	<u>\$ 1,853</u>	<u>\$ 81,620</u>	<u>\$ 41,151</u>	<u>\$ 130,785</u>	<u>\$ 734,466</u>
EXPENDITURES:									
Instruction:									
Purchased professional and technical services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,620	\$ -	\$ -	\$ 108,814
Textbooks	-	-	-	-	-	-	41,151	-	41,151
Other purchased services	127,843	39,575	95,438	189,007	1,853	-	-	130,785	584,501
Total instruction	<u>127,843</u>	<u>39,575</u>	<u>95,438</u>	<u>189,007</u>	<u>1,853</u>	<u>81,620</u>	<u>41,151</u>	<u>130,785</u>	<u>734,466</u>
Total expenditures	<u>\$ 127,843</u>	<u>\$ 39,575</u>	<u>\$ 95,438</u>	<u>\$ 189,007</u>	<u>\$ 1,853</u>	<u>\$ 81,620</u>	<u>\$ 41,151</u>	<u>\$ 130,785</u>	<u>\$ 734,466</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Preschool Education Aid Schedule of Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers	\$ 120,906	\$ 120,906	\$ -
Other salaries for instruction	57,601	57,601	-
General supplies	13,982	13,982	-
Total instruction	<u>192,489</u>	<u>192,489</u>	<u>-</u>
Support services:			
Salaries of supervisors of instruction	6,300	6,300	-
Salaries of secretarial and clerical assistants	2,700	2,700	-
Other salaries for instruction	92,899	92,899	-
Personal services - employee benefits	43,735	43,735	-
Purchased educational services- Head Start	210,000	210,000	-
Purchased professional and educational services	7,200	5,600	1,600
Other purchased services	15,615	15,615	-
Other purchased services-cleaning	5,856	5,856	-
General supplies	3,872	3,872	-
Total support services	<u>388,177</u>	<u>386,577</u>	<u>1,600</u>
Instructional Equipment	<u>6,106</u>	<u>6,106</u>	<u>-</u>
Total expenditures	<u><u>\$ 586,772</u></u>	<u><u>\$ 585,172</u></u>	<u><u>\$ 1,600</u></u>
Calculation of Budget and Carryover			
Total revised 2019-20 Preschool Education Aid allocation	\$ 586,772		
Add: Actual ECPA/PEA Carryover (June 30, 2019)	-		
Add: Budgeted transfer from the General Fund 2019-20	<u>-</u>		
Total Preschool Education Aid Funds Available for 2019-20 Budget	586,772		
Less: 2019-20 Budgeted Preschool Education Aid	<u>(586,772)</u>		
Available and unbudgeted Preschool Education Aid Funds as of June 30, 2020	-		
Add: June 30, 2020 Unexpended Preschool Education Aid	1,600		
Less: 2019-20 Commissioner - approved Transfer to the General Fund	<u>-</u>		
2019-20 Carryover- Preschool Education Aid Programs	<u>1,600</u>		
2019-20 Preschool Education Aid Carryover Budgeted for Preschool Programs 2020-21	<u><u>\$ 1,600</u></u>		

CAPITAL PROJECTS FUND DETAIL STATEMENTS

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2020

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations June 30, 2020
			Prior Years	Current Year	
2015 Referendum	3/12/2015	\$ 28,944,000	\$ 28,907,014	\$ 36,986	\$ -
Totals		<u>\$ 28,944,000</u>	<u>\$ 28,907,014</u>	<u>\$ 36,986</u>	<u>\$ -</u>

OCEAN TOWNSHIP SCHOOL DISTRICT

Capital Projects Fund

Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, 2020

Revenues and Other Financing Sources

State sources	\$ -
Bond proceeds	-
Total revenues	<u>-</u>

Expenditures and Other Financing Uses

Purchased professional and technical services	-
Construction services	-
Other objects	36,986
Total expenditures	<u>36,986</u>

Deficiency of revenues under expenditures (36,986)

Fund balance - Beginning 36,986

Fund balance - Ending \$ -

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, 2020

	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	<u>28,944,000</u>	<u>-</u>	<u>28,944,000</u>	<u>28,944,000</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	2,000,598	-	2,000,598	1,534,623
Construction services	25,880,148	-	25,880,148	26,990,602
Other objects	1,026,268	36,986	1,063,254	418,775
Total expenditures	<u>28,907,014</u>	<u>36,986</u>	<u>28,944,000</u>	<u>28,944,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 36,986</u>	<u>\$ (36,986)</u>	<u>\$ -</u>	<u>\$ -</u>
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	100%			
Original target completion date	September 2017			
Revised target completion date	September 2018			

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.

OCEAN TOWNSHIP SCHOOL DISTRICT
Combining Statement of Fiduciary Net Position
Trust and Agency Funds
June 30, 2020

	Trust			Agency		
	Unemployment Compensation	Private Purpose	Total Trust Fund	Student Activity	Payroll	Total Agency Fund
ASSETS:						
Cash and cash equivalents	\$ 581,787	\$ 30,184	\$ 611,971	\$ 334,159	\$ 2,219,280	\$ 2,553,439
Total assets	581,787	30,184	611,971	\$ 334,159	\$ 2,219,280	\$ 2,553,439
LIABILITIES:						
Payroll deductions and withholdings	95,387	-	95,387	-	\$ 2,219,280	\$ 2,219,280
Due to student groups	-	-	-	334,159	-	334,159
Total liabilities	95,387	-	95,387	\$ 334,159	\$ 2,219,280	\$ 2,553,439
NET POSITION:						
Reserved	486,400	30,184	516,584			
Total net position	\$ 486,400	\$ 30,184	\$ 516,584			

OCEAN TOWNSHIP SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2020

	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Total Trusts
ADDITIONS:			
Contributions:			
Plan member	\$ 148,867	\$ -	\$ 148,867
Other	-	7,411	7,411
Total contributions	148,867	7,411	156,278
Investment earnings:			
Interest	7,530	-	7,530
Net investment earnings	7,530	-	7,530
Total Additions	156,397	7,411	163,808
DEDUCTIONS:			
Quarterly contribution reports	75,281	-	75,281
Unemployment claims	94,930	-	94,930
Scholarships awarded	-	11,750	11,750
Total Deductions	170,211	11,750	181,961
Change in Net Position	(13,814)	(4,339)	(18,153)
Net Position - Beginning of Year	500,214	34,523	534,737
Net Position - End of Year	<u>\$ 486,400</u>	<u>\$ 30,184</u>	<u>\$ 516,584</u>

**OCEAN TOWNSHIP SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2020**

	<u>Balance July 1, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2020</u>
ELEMENTARY SCHOOLS:				
Ocean Township Elementary	\$ 1,897	\$ 12,738	\$ 11,695	\$ 2,940
Wayside Elementary	14,890	5,151	1,600	18,441
Wanamassa Elementary	12,262	900	11,411	1,751
Total elementary schools	<u>29,049</u>	<u>18,789</u>	<u>24,706</u>	<u>23,132</u>
INTERMEDIATE SCHOOL	<u>62,696</u>	<u>38,410</u>	<u>23,577</u>	<u>77,529</u>
HIGH SCHOOL	<u>218,523</u>	<u>349,964</u>	<u>334,989</u>	<u>233,498</u>
Total all schools	<u><u>\$ 310,268</u></u>	<u><u>\$ 407,163</u></u>	<u><u>\$ 383,272</u></u>	<u><u>\$ 334,159</u></u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2020

	<u>Balance July 1, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2020</u>
ASSETS:				
Cash and cash equivalents	\$ 1,993,736	\$ 24,531,342	\$ 24,305,798	\$ 2,219,280
Total assets	<u>\$ 1,993,736</u>	<u>\$ 24,531,342</u>	<u>\$ 24,305,798</u>	<u>\$ 2,219,280</u>
LIABILITIES:				
Payroll deductions and withholdings	\$ 1,993,736	\$ 24,531,342	\$ 24,305,798	\$ 2,219,280
Total liabilities	<u>\$ 1,993,736</u>	<u>\$ 24,531,342</u>	<u>\$ 24,305,798</u>	<u>\$ 2,219,280</u>

LONG-TERM DEBT SCHEDULES

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Obligations under Capital Lease
As of June 30, 2020

Description	Amount of Original Issue	Balance July 1, 2019	Issued Current Year	Retired Current Year	Balance June 30, 2020
Energy Saving Improvement Project	\$ 3,433,934	\$ 2,256,278	\$ -	\$ 178,511	\$ 2,077,767
Districtwide Copy Machines	137,725	-	137,725	8,452	129,273
Total Obligations under Capital Lease	<u>\$ 3,571,659</u>	<u>\$ 2,256,278</u>	<u>\$ 137,725</u>	<u>\$ 186,963</u>	<u>\$ 2,207,040</u>

OCEAN TOWNSHIP SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final to Actual</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 2,739,488	\$ -	\$ 2,739,488	\$ 2,739,488	\$ -
State sources:					
Debt service aid - Type II	607,676	-	607,676	607,676	-
Total revenues	<u>3,347,164</u>	<u>-</u>	<u>3,347,164</u>	<u>3,347,164</u>	<u>-</u>
EXPENDITURES:					
Regular debt service:					
Interest	877,165	-	877,165	877,164	1
Redemption of principal	2,470,000	-	2,470,000	2,470,000	-
Total expenditures	<u>3,347,165</u>	<u>-</u>	<u>3,347,165</u>	<u>3,347,164</u>	<u>1</u>
Excess (Deficiency) of revenues over expenses	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>1</u>
Net change in fund balances	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>1</u>
Fund balances, July 1	1	-	1	1	-
Fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
Recapitulation of Excess of Revenues Over Expenditures					
Budgeted fund balance	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>

Ocean Township School District Statistical Section (Unaudited)

<u>Contents</u>	<u>Page</u>
Financial Trends	101 - 107
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	108 - 111
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
Debt Capacity	112 - 115
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	116 - 117
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	118 - 123
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.	

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

	Fiscal year ending June 30,									
	2011	2012	2013	2014	2015	2016 (restated)	2017 (restated)	2018	2019	2020
Governmental activities										
Invested in capital assets, net of related debt	\$ 18,865,230	\$ 20,862,685	\$ 23,103,432	\$ 26,199,311	\$ 1,851,705	\$ 1,897,901	\$ 3,982,607	\$ 10,878,904	\$ 12,849,190	\$ 14,571,110
Restricted	5,283,098	7,896,093	8,599,305	7,421,919	33,319,170	24,916,071	10,800,884	5,532,025	7,078,899	10,200,395
Unrestricted	(3,049,861)	(3,165,792)	(3,018,695)	(2,932,839)	(21,706,190)	(22,387,040)	(24,236,674)	(26,300,884)	(26,550,959)	(26,117,261)
Total governmental activities net position	<u>\$ 21,098,467</u>	<u>\$ 25,592,986</u>	<u>\$ 28,684,042</u>	<u>\$ 30,688,391</u>	<u>\$ 13,464,685</u>	<u>\$ 4,426,932</u>	<u>\$ (9,453,183)</u>	<u>\$ (9,889,955)</u>	<u>\$ (6,622,870)</u>	<u>\$ (1,345,756)</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 64,236	\$ 76,535	\$ 64,921	\$ 55,812	\$ 47,283	\$ 39,095	\$ 30,906	\$ 23,259	\$ 17,868	\$ 12,478
Unrestricted	25,685	(34,970)	55,533	38,867	25,142	51,636	90,561	130,924	258,675	386,815
Total business-type activities net position	<u>\$ 89,921</u>	<u>\$ 41,565</u>	<u>\$ 120,454</u>	<u>\$ 94,679</u>	<u>\$ 72,425</u>	<u>\$ 90,731</u>	<u>\$ 121,467</u>	<u>\$ 154,183</u>	<u>\$ 276,543</u>	<u>\$ 399,293</u>
District-wide										
Invested in capital assets, net of related debt	\$ 18,929,466	\$ 20,939,220	\$ 23,168,353	\$ 26,255,123	\$ 1,898,988	\$ 1,936,996	\$ 4,013,513	\$ 10,902,163	\$ 12,867,058	\$ 14,583,588
Restricted	5,283,098	7,896,093	8,599,305	7,421,919	33,319,170	24,916,071	10,800,884	5,532,025	7,078,899	10,200,395
Unrestricted	(3,024,176)	(3,200,762)	(2,963,162)	(2,893,972)	(21,681,048)	(22,335,404)	(24,146,113)	(26,169,960)	(26,292,284)	(25,730,446)
Total district-wide net position	<u>\$ 21,188,388</u>	<u>\$ 25,634,551</u>	<u>\$ 28,804,496</u>	<u>\$ 30,783,070</u>	<u>\$ 13,537,110</u>	<u>\$ 4,517,663</u>	<u>\$ (9,331,716)</u>	<u>\$ (9,735,772)</u>	<u>\$ (6,346,327)</u>	<u>\$ (946,463)</u>

Source: District records

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

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.

Note: The years 2016 and 2017 were restated due to a revaluation of capital assets.

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

	Fiscal year ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Instruction										
Regular	\$ 30,672,356	\$ 31,201,908	\$ 31,710,830	\$ 32,519,106	\$ 37,890,451	\$ 40,522,362	\$ 45,892,122	\$ 45,781,920	\$ 40,219,547	\$ 36,527,743
Special education	6,672,604	7,304,546	7,949,249	8,250,188	10,042,126	11,419,006	12,793,370	13,834,752	12,419,261	11,968,267
Other special education	1,345,531	1,601,960	1,779,028	2,057,503	2,304,209	2,531,521	3,029,437	2,621,320	2,261,234	2,419,379
Other instruction	1,457,112	1,545,146	1,568,092	1,644,512	1,721,308	1,831,733	1,809,805	1,825,577	1,798,851	1,808,874
Support Services										
Instruction	3,992,315	3,265,613	4,702,295	4,020,710	4,211,098	4,319,884	4,420,757	3,480,737	4,052,082	4,668,511
Student & instruction-related services	8,252,664	9,260,790	9,073,914	9,144,162	10,997,582	11,863,986	13,544,060	14,068,119	13,079,032	12,710,658
School administrative services	2,820,723	2,943,430	3,022,176	3,071,142	3,494,178	3,750,253	4,023,127	2,917,325	2,541,108	2,333,637
General administrative services	1,164,642	1,130,936	1,217,809	1,300,236	739,030	639,274	1,097,739	2,036,664	1,919,850	2,120,913
Central services and administrative information technology	1,432,837	1,475,749	1,555,888	1,668,114	1,933,809	1,855,649	2,113,122	2,166,689	2,099,998	2,148,660
Plant operations and maintenance	7,004,447	6,786,929	6,580,843	6,952,515	7,662,856	7,627,965	7,510,703	7,639,931	7,534,832	7,150,169
Pupil transportation	3,908,346	3,917,781	4,245,998	3,908,356	3,904,511	3,998,919	4,076,488	4,418,551	4,613,008	4,239,783
Special Schools	164,599	156,620	159,880	188,275	207,251	227,710	223,586	239,036	273,088	271,731
Charter schools	30,345	21,473	43,184	47,307	15,745	25,462	-	43,096	147,800	285,494
Interest on long-term debt	1,460,077	716,154	627,280	545,646	674,061	1,127,442	939,956	918,227	854,701	791,717
Total governmental activities expenses	70,378,798	71,329,035	74,236,466	75,317,772	85,798,215	91,741,166	101,474,272	101,991,946	93,814,392	89,445,536
Business-type activities:										
Food service	1,192,783	1,237,158	1,173,646	1,202,792	1,229,862	1,129,632	1,089,540	1,132,300	1,023,704	841,880
Total business-type activities expense	1,192,783	1,237,158	1,173,646	1,202,792	1,229,862	1,129,632	1,089,540	1,132,300	1,023,704	841,880
Total district expenses	<u>\$ 71,571,581</u>	<u>\$ 72,566,193</u>	<u>\$ 75,410,112</u>	<u>\$ 76,520,564</u>	<u>\$ 87,028,077</u>	<u>\$ 92,870,798</u>	<u>\$ 102,563,812</u>	<u>\$ 103,124,246</u>	<u>\$ 94,838,096</u>	<u>\$ 90,287,416</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 263,729	\$ 267,470	\$ 259,327	\$ 273,683	\$ 273,485	\$ 292,954	\$ 138,091	\$ 233,095	\$ 310,487	\$ 243,678
Support services	19,600	20,698	6,813	66,021	65,142	19,248	35,804	41,499	295,444	118,251
Special schools	7,569,905	8,276,785	9,107,433	7,932,435	16,411,370	20,327,982	27,188,389	27,313,539	102,755	130,427
Operating grants and contributions	7,853,234	8,564,953	9,373,573	8,272,139	16,749,997	20,640,184	27,645,263	27,860,465	20,483,014	17,071,672
Total governmental activities program revenues									21,191,700	17,564,028
Business-type activities:										
Charges for services:										
Food service	689,179	710,173	634,851	645,088	600,395	560,319	543,772	582,923	575,561	394,145
Operating grants and contributions	423,596	478,629	467,684	531,929	607,213	587,619	576,504	582,093	570,503	570,485
Total business-type activities program revenues	1,112,775	1,188,802	1,102,535	1,177,017	1,207,608	1,147,938	1,120,276	1,165,016	1,146,064	964,630
Total district program revenues	<u>\$ 8,966,009</u>	<u>\$ 9,753,755</u>	<u>\$ 10,476,108</u>	<u>\$ 9,449,156</u>	<u>\$ 17,957,605</u>	<u>\$ 21,788,122</u>	<u>\$ 28,765,539</u>	<u>\$ 29,025,481</u>	<u>\$ 22,337,764</u>	<u>\$ 18,528,658</u>
Net (Expense) Revenue										
Governmental activities	\$ (62,525,564)	\$ (62,764,082)	\$ (64,862,893)	\$ (67,045,633)	\$ (69,048,218)	\$ (71,100,982)	\$ (73,829,009)	\$ (74,131,485)	\$ (72,622,692)	\$ (71,881,508)
Business-type activities	(80,008)	(48,356)	(71,111)	(25,775)	(22,254)	18,306	30,236	32,716	122,360	122,750
Total district-wide net expense	<u>\$ (62,605,572)</u>	<u>\$ (62,812,438)</u>	<u>\$ (64,934,004)</u>	<u>\$ (67,071,408)</u>	<u>\$ (69,070,472)</u>	<u>\$ (71,082,676)</u>	<u>\$ (73,798,273)</u>	<u>\$ (74,098,769)</u>	<u>\$ (72,500,332)</u>	<u>\$ (71,758,758)</u>

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 54,408,683	\$ 55,724,474	\$ 56,734,353	\$ 57,501,584	\$ 58,643,552	\$ 60,221,552	\$ 61,425,948	\$ 62,765,948	\$ 64,307,696	\$ 65,573,829
Taxes levied for debt service	3,118,052	3,093,434	3,092,317	3,055,830	3,025,867	2,246,346	3,501,658	2,160,996	2,751,686	2,739,488
Federal and state aid not restricted	7,204,310	8,117,177	7,983,334	7,927,627	8,170,339	8,302,180	8,416,244	8,494,157	8,380,488	8,328,016
Investment earnings	16,408	13,824	18,898	15,354	10,300	89,927	25,179	95,283	233,879	228,763
Transfers	(100,000)	-	(150,000)	116	20,858	-	-	-	-	-
Gain on disposal of capital assets	18,093	17,982	-	-	-	-	-	-	-	-
Miscellaneous income	268,441	291,709	275,047	549,471	211,544	228,156	117,262	178,326	216,028	288,526
Total governmental activities	64,933,987	67,258,600	67,953,949	69,049,982	70,082,460	71,088,161	73,486,291	73,694,710	75,889,777	77,158,622
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	100,000	-	150,000	-	-	-	-	-	-	-
Total business-type activities	100,000	-	150,000	-	-	-	-	-	-	-
Total district-wide	\$ 65,033,987	\$ 67,258,600	\$ 68,103,949	\$ 69,049,982	\$ 70,082,460	\$ 71,088,161	\$ 73,486,291	\$ 73,694,710	\$ 75,889,777	\$ 77,158,622
Change in Net Position										
Governmental activities	\$ 2,408,423	\$ 4,494,518	\$ 3,091,056	\$ 2,004,349	\$ 1,034,242	\$ (12,821)	\$ (342,718)	\$ (436,775)	\$ 3,267,085	\$ 5,277,114
Business-type activities	19,992	(48,356)	78,889	(25,775)	(22,254)	18,306	30,736	32,716	122,360	122,750
Total district	\$ 2,428,415	\$ 4,446,162	\$ 3,169,945	\$ 1,978,574	\$ 1,011,988	\$ 5,485	\$ (311,982)	\$ (404,059)	\$ 3,389,445	\$ 5,399,864

Source: District records

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Reserved	\$ 5,226,328	\$ 7,896,091	\$ 8,599,304	\$ 7,242,923	\$ 6,123,377	\$ 5,117,680	\$ 5,105,507	\$ 5,210,074	\$ 7,041,912	\$ 10,200,394
Unreserved	304,658	217,629	293,642	346,530	364,431	247,902	242,073	63,177	(88,916)	(75,994)
Total general fund	\$ 5,530,986	\$ 8,113,720	\$ 8,892,946	\$ 7,589,453	\$ 6,487,808	\$ 5,365,582	\$ 5,347,580	\$ 5,273,251	\$ 6,952,996	\$ 10,124,400
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 22,089,092	\$ 18,613,673	\$ 798,529	\$ 53,915	\$ -	\$ -
Unreserved:										
Special revenue fund	-	-	-	-	-	-	-	-	-	(65,204)
Capital projects fund	-	-	-	175,206	5,106,702	1,184,718	4,896,847	246,473	36,986	-
Debt service fund	56,770	2	1	1	-	-	21,562	21,563	1	1
Total all other governmental funds	\$ 56,770	\$ 2	\$ 1	\$ 175,207	\$ 27,195,794	\$ 19,798,391	\$ 5,716,938	\$ 321,951	\$ 36,987	\$ (65,203)

Source: District records

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

	Fiscal year ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax levy	\$ 57,526,735	\$ 58,817,908	\$ 59,826,670	\$ 60,557,414	\$ 61,669,419	\$ 62,467,898	\$ 64,927,606	\$ 64,926,944	\$ 67,059,382	\$ 68,313,317
Tuition charges	19,600	20,698	6,813	66,021	65,142	19,248	138,091	233,095	310,487	118,251
Transportation fee	8,840	-	-	-	-	15,938	35,804	41,499	102,755	130,427
Interest earnings	16,408	13,824	18,898	15,470	31,159	95,927	95,917	233,879	228,763	228,763
Miscellaneous	402,607	452,838	428,034	630,085	426,357	480,347	400,091	443,050	496,029	488,775
State sources	12,275,813	13,806,616	15,227,408	14,229,523	15,438,917	16,788,459	17,778,805	20,193,940	20,641,162	21,491,646
Federal sources	2,498,402	2,587,346	1,863,358	1,630,537	1,774,391	1,733,629	1,823,755	1,839,188	1,824,905	1,868,222
Total revenue	72,748,405	75,699,230	77,371,181	77,129,050	79,405,385	81,595,446	85,170,069	87,772,999	90,668,599	92,639,401
Expenditures										
Instruction:										
Regular instruction	21,897,306	21,843,058	21,787,047	22,544,366	22,675,022	22,811,686	22,700,708	22,999,240	22,495,108	22,223,282
Special education instruction	4,582,938	5,001,480	5,308,236	5,619,296	5,855,639	6,249,695	6,104,371	6,837,150	6,843,019	6,969,798
Other special instruction	919,375	1,071,086	1,187,303	1,380,015	1,321,236	1,359,701	1,422,138	1,231,576	1,191,662	1,360,980
Other instruction	1,150,970	1,218,492	1,251,072	1,296,007	1,335,311	1,418,439	1,356,764	1,350,530	1,344,459	1,353,019
Support Services:										
Instruction	3,992,315	3,265,613	4,702,295	4,020,710	4,211,098	4,319,884	4,420,757	3,480,737	4,052,082	4,668,511
Student & inst. related services	5,816,263	6,595,331	6,224,530	6,279,647	6,691,253	6,781,825	6,929,989	7,221,656	7,382,372	7,609,724
General & business administrative services	992,083	946,485	1,033,549	1,107,951	1,054,071	985,129	1,187,648	1,075,568	1,089,835	1,058,674
School administrative services	2,036,891	2,088,832	2,120,028	2,160,457	2,191,915	2,224,084	2,135,743	2,066,397	2,008,350	2,004,905
Central services	649,609	658,153	646,807	657,179	813,562	689,750	706,557	711,319	686,612	715,993
Administrative information technology	437,484	455,117	532,987	587,607	600,211	601,763	679,446	696,270	742,095	778,153
Plant operations and maintenance	6,134,451	5,835,371	5,663,134	5,949,808	6,050,497	6,542,703	6,290,964	6,426,803	6,354,390	5,967,578
Pupil transportation	3,115,311	3,151,643	3,236,620	3,184,955	3,210,016	3,309,559	3,326,902	3,582,846	3,780,708	3,365,342
Unallocated benefits	15,192,995	16,491,099	18,004,332	17,981,725	19,408,640	21,158,651	23,449,483	25,872,166	26,509,581	26,588,577
Special Schools	164,599	156,620	159,880	188,278	207,251	227,710	223,586	239,036	273,088	271,731
Transfer to Charter Schools	30,545	21,473	43,184	47,307	15,745	25,462	-	43,098	147,800	285,494
Capital outlay	344,535	1,193,799	1,261,704	5,534,939	4,774,762	8,999,641	14,665,669	6,007,343	1,008,175	1,182,416
Debt service:										
Principal	2,530,000	2,610,000	2,645,000	2,690,000	2,745,000	1,265,000	2,599,000	2,400,000	2,440,000	2,470,000
Interest and other charges	812,332	726,908	634,248	554,442	469,214	1,169,218	1,069,949	1,008,188	939,923	877,164
Total expenditures	70,800,002	73,330,560	76,441,956	81,784,689	83,630,443	90,139,900	99,269,674	93,249,923	89,289,259	89,751,341
Excess (Deficiency) of revenues over (under) expenditures	1,948,403	2,368,670	929,225	(4,655,639)	(4,225,058)	(8,544,454)	(14,099,605)	(5,476,924)	1,379,340	2,888,060

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Other Financing sources (uses)										
Capital leases (non-budgeted)	\$ -	\$ 139,314	\$ -	\$ 6,688	\$ 1,200,000	\$ -	\$ -	\$ -	\$ -	\$ 137,725
Proceeds from bonds	8,585,000	-	-	3,433,934	28,944,000	-	2,650,000	-	-	-
Payments to refunding bond escrow	(9,199,528)	-	-	-	-	-	(2,650,000)	-	-	-
Premium on sale of bonds	692,118	-	-	-	-	-	-	-	-	-
Cost of issuance	(47,700)	-	-	-	-	-	-	-	-	-
FEMA Reimbursement	-	-	-	83,042	-	-	-	-	-	-
Sale of assets	18,093	17,982	-	3,688	-	24,825	150	7,608	15,441	43,429
Transfers in	29,892	-	-	116	20,859	-	40,738	10,478	1,800	282
Transfers out	(129,892)	-	(150,000)	(116)	(20,858)	-	(40,738)	(10,478)	(1,800)	(282)
Total other financing sources (uses)	(52,017)	157,296	(150,000)	3,527,352	30,144,001	24,825	150	7,608	15,441	181,154
Net change in fund balances	\$ 1,896,386	\$ 2,525,966	\$ 779,225	\$ (1,128,287)	\$ 25,918,943	\$ (8,519,629)	\$ (14,099,455)	\$ (5,469,316)	\$ 1,394,781	\$ 3,069,214
Debt service as a percentage of noncapital expenditures	4.74%	4.63%	4.36%	4.26%	4.08%	3.00%	4.34%	3.91%	3.83%	3.78%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

Description	Fiscal year ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Sale of energy	\$ 18,360	\$ 17,085	\$ 3,990	\$ 3,884	\$ 4,480	\$ -	\$ 6,898	\$ 2,410	\$ -	\$ -
FEMA Reimbursement	-	-	-	83,042	-	-	-	-	-	-
Grants and Donations	44,149	31,628	-	193,279	25,000	1,620	-	-	-	3,000
Facility charge	254,889	267,470	259,327	273,683	273,485	277,016	282,979	272,332	295,444	333,514
Prior-year insurance refunds	-	-	-	-	-	41,466	-	720	560	40,508
Prior-year miscellaneous refunds	39,582	66,826	85,174	74,840	31,424	95,136	6,681	12,934	33,146	30,958
Sponsorship	30,950	27,950	27,250	24,250	25,800	23,100	25,100	23,600	16,500	10,500
Sale of assets	18,093	17,982	-	3,688	-	-	-	7,608	925	523
Tuition	19,600	20,698	6,813	66,021	65,142	19,248	138,091	233,095	310,487	118,251
Transportation fees	8,840	-	25,223	21,055	17,718	15,938	35,804	41,499	102,755	114,127
Interest	16,406	13,824	17,625	15,354	10,301	13,907	25,179	84,805	232,079	228,481
Cancellation of prior year checks	-	-	-	-	-	-	22,996	-	15,085	-
OTEA/OT	-	-	-	-	-	-	-	-	17,851	-
Shared services	11,141	38,939	26,233	38,584	30,090	27,529	47,447	110,740	105,619	47,177
Spartan Football Club Stipend	-	-	-	-	-	-	-	-	-	12,500
Advertising- School Buses	-	-	-	-	-	-	-	-	6,300	2,100
Miscellaneous	3,535	2,940	2,110	510	18,360	14,480	7,990	12,706	4,599	5,545
Total other local revenue	\$ 465,545	\$ 505,342	\$ 453,745	\$ 798,190	\$ 501,800	\$ 529,440	\$ 599,165	\$ 802,449	\$ 1,141,350	\$ 947,184

Source: District Records

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	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
2011	93,051,700	3,418,789,500	864,200	3,000	626,100,600	-	157,266,300	4,296,075,300	-	4,068,768	4,300,144,068	5,118,942,495	1.305
2012	88,166,100	3,427,805,400	864,200	3,000	613,228,750	-	157,266,300	4,287,333,750	-	4,391,570	4,291,725,320	4,803,080,497	1.331
2013	83,425,400	3,425,911,290	1,196,900	4,800	596,484,760	-	157,243,600	4,264,266,750	-	4,531,727	4,268,798,477	4,566,355,552	1.362
2014	84,477,500	3,378,704,730	1,196,900	4,800	580,553,450	-	152,764,100	4,197,701,480	-	3,778,433	4,201,479,913	4,473,944,524	1.408
2015	84,178,000	3,382,560,000	1,111,900	4,700	573,206,000	-	151,604,900	4,192,665,500	-	3,785,482	4,196,450,982	4,539,382,409	1.431
2016	71,704,300	3,397,753,500	1,074,900	3,800	583,675,400	-	163,311,500	4,217,523,400	-	3,628,655	4,221,152,055	4,673,821,521	1.458
2017	71,984,400	3,897,335,500	1,273,700	3,900	631,943,700	-	218,542,400	4,821,083,600	-	4,034,953	4,825,118,553	4,759,112,032	1.323
2018	75,981,300	4,082,025,000	1,294,200	4,100	584,516,000	-	236,536,800	4,980,357,400	-	4,022,460	4,984,379,860	4,888,118,749	1.324
2019	79,745,200	4,326,880,300	1,311,000	4,100	608,674,920	-	242,693,900	5,259,309,420	213,680	4,064,174	5,263,159,914	5,269,784,142	1.286
2020	75,553,700	4,549,307,800	6,357,900	4,100	626,777,020	-	251,064,000	5,509,064,520	213,680	4,113,022	5,512,963,862	5,431,068,013	1.249

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.

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

b Tax rates are per \$100.

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

Township of Ocean

Fiscal Year Ended June 30,	Township of Ocean Board of Education Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct School Tax Rate	Township of Ocean	Monmouth County	
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
2017	1.252	0.071	1.323	0.442	0.286	2.051
2018	1.280	0.044	1.324	0.428	0.287	2.039
2019	1.233	0.053	1.286	0.415	0.285	1.986
2020	1.199	0.050	1.249	0.415	0.276	1.940

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.

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
Current Year and Nine Years Ago
Unaudited

	2020	
	Taxable Assessed Value	% of Total District Net Assessed Value
Woodshire Apartments	\$ 71,408,100	1.30%
Seaview Acquisition LLC	58,017,900	1.05%
Continental Land Developers, L.L.C.	31,897,000	0.58%
Cold Indian Spring Corp	27,666,400	0.50%
Gold Enterprises	26,500,000	0.48%
Sunset Arcadia Center Inc	25,957,100	0.47%
Primrose Estates, LLC	23,328,000	0.42%
Westwood Oaks Associates	22,254,200	0.40%
Continental Enterprise Apart., LLC	15,747,200	0.29%
Hollywood Golf Club	14,680,600	0.27%
TOTAL	\$ 317,456,500	5.76%

	2011	
	Taxable Assessed Value	% of Total District Net Assessed Value
Seaview Square, LLC c/o Linque Management	\$ 60,000,000	1.40%
Woodshire Apartments	48,393,500	1.13%
Sunset Arcadia Center, Inc.	28,986,400	0.67%
Ocean Seniors, LLC	23,987,300	0.56%
Westwood Oaks Associates	23,107,100	0.54%
Sears Roebuck & Co.	22,517,600	0.52%
Cold Indian Springs Corp	20,046,600	0.47%
Gold Enterprises c/o Salem Management	19,222,700	0.45%
Continental Land Developers, LLC	16,453,000	0.38%
Hollywood Golf Club	15,398,300	0.36%
TOTAL	\$ 278,112,500	6.48%

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

Collected within the Fiscal Year of the Levy ^a

Year Ended December 31,	Total Tax Levy for the Fiscal Year	Amount	Percentage of Levy	Collections in Subsequent Years
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%	1,305,974
2016	99,422,014	98,081,445	98.65%	1,135,286
2017	102,122,810	100,910,589	98.81%	1,140,142
2018	105,415,006	104,054,548	98.71%	1,300,051
2019	108,054,225	106,800,774	98.84%	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

Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases			
2011	20,310,000	-	20,310,000	1.22%	739
2012	17,700,000	123,561	17,823,561	1.03%	650
2013	15,055,000	97,909	15,152,909	0.87%	554
2014	12,365,000	3,510,707	15,875,707	0.87%	582
2015	38,564,000	4,146,230	42,710,230	2.24%	1,566
2016	37,299,000	3,523,750	40,822,750	2.10%	1,498
2017	34,870,000	3,081,295	37,951,295	2.86%	1,425
2018	32,470,000	2,675,426	35,145,426	2.52%	1,311
2019	30,030,000	2,256,278	32,286,278	N/A	N/A
2020	27,560,000	2,077,767	29,637,767	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.

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Ratio of 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
2011	19,630,574	-	19,630,574	0.46%	719.70
2012	17,047,401	-	17,047,401	0.40%	626.60
2013	14,513,020	-	14,513,020	0.34%	535.56
2014	11,959,428	-	11,959,428	0.28%	442.45
2015	37,297,867	-	37,297,867	0.89%	1,382.38
2016	36,068,208	-	36,068,208	0.85%	1,339.53
2017	33,794,526	-	33,794,526	0.70%	1,269.04
2018	32,470,000	-	32,470,000	0.65%	1,211.16
2019	30,030,000	-	30,030,000	0.57%	1,125.60
2020	27,560,000	-	27,560,000	0.50%	1,031.90

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, 2019
Unaudited

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Ocean	\$ 32,181,717	100.00%	\$ 32,181,717
Monmouth County General Obligation Debt	512,159,170	4.324%	22,145,763
Other debt			-
Subtotal overlapping debt			54,327,480
Ocean Township School District Direct Debt			29,520,000
Total Direct and Overlapping Debt			<u>\$ 83,847,480</u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2019

Equalized valuation basis	
2019	\$ 5,513,177,542
2018	\$ 5,263,373,594
2017	4,984,379,860
	<u>\$ 15,760,930,996</u>
Average equalized valuation of taxable property	\$ 5,253,643,665
Debt limit (4% of average equalization value)	210,145,747 ^a
Total Net Debt Applicable to Limit	<u>27,560,000</u>
Legal debt margin	<u>\$ 182,585,747</u>

	Fiscal Year					Fiscal Year				
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 204,231,014	\$ 213,728,756	\$ 200,266,753	\$ 189,054,243	\$ 146,622,630	\$ 124,268,127	\$ 192,172,462	\$ 163,570,407	\$ 171,887,912	\$ 182,585,747
Total net debt applicable to limit	20,310,000	17,700,000	15,055,000	12,365,000	38,564,500	37,299,000	34,870,000	32,470,000	30,030,000	27,560,000
Legal debt margin	\$ 183,921,014	\$ 196,028,756	\$ 185,211,753	\$ 176,689,243	\$ 108,058,130	\$ 86,969,127	\$ 157,302,462	\$ 131,100,407	\$ 141,857,912	\$ 155,025,747
Total net debt applicable to the limit as a percentage of debt limit	9.94%	8.28%	7.52%	6.54%	26.30%	30.01%	18.15%	19.85%	17.47%	15.09%

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

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

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
2011	27,276	\$ 1,134,327,012	\$ 41,587	8.80%
2012	27,206	1,166,076,366	42,861	8.70%
2013	27,099	1,172,356,938	43,262	7.00%
2014	27,030	1,214,971,470	44,949	5.60%
2015	26,981	1,270,319,442	47,082	4.30%
2016	26,926	1,305,641,740	48,490	3.90%
2017	26,630	1,324,815,870	49,749	3.50%
2018	26,809	1,394,282,472	52,008	3.20%
2019	26,679	N/A	N/A	N/A
2020	26,542	N/A	N/A	N/A

Sources:

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

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

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

TOWNSHIP OF OCEAN

	<u>2020</u>		<u>2011</u>	
		Percentage of Total Municipal Employment		Percentage of Total Municipal Employment
<u>Employer</u>	<u>Employees</u>		<u>Employees</u>	
N/A		N/A		N/A

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction:										
Regular	263.7	264.8	263.5	266.8	267.4	267.9	265.4	256.0	255.0	256.0
Special education	105.5	103.0	111.7	116.0	126.4	133.5	142.4	141.2	138.3	130.0
Other special education	27.6	35.5	31.0	31.0	20.5	25.0	25.0	21.0	18.5	25.0
Other instruction	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Support Services:										
Student and instruction related services	76.6	79.7	82.0	87.0	97.0	93.0	103.0	105.0	101.8	91.0
General administration	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
School administration services	25.0	25.0	25.0	25.0	25.0	25.0	24.0	23.0	23.0	23.0
Central services	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	7.0	7.0
Administrative information technology	8.0	8.0	9.0	11.0	11.0	11.0	11.0	13.0	13.0	13.0
Plant operations and maintenance	57.0	60.0	57.0	56.0	61.5	62.0	61.0	63.5	67.0	53.0
Pupil transportation	49.0	41.0	43.0	44.0	45.0	45.0	44.0	44.0	46.0	42.0
Total	630.4	635.0	640.2	654.8	671.8	680.4	693.8	684.7	679.6	650.0

Source: District records.

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	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2011	4,010	67,113,135	16,736	-0.09%	358	11.6:1	10.4:1	11.7:1	3,942	3,821	-3.29%	96.93%
2012	3,931	68,799,853	17,502	4.58%	358	11.3:1	10.2:1	11.6:1	3,935	3,777	-0.18%	95.98%
2013	3,852	71,901,004	18,666	6.65%	375	11.3:1	9.8:1	11.3:1	3,811	3,645	-3.15%	95.64%
2014	3,816	73,005,308	19,131	2.49%	371	10.3:1	9.4:1	11.4:1	3,781	3,618	-0.79%	95.69%
2015	3,750	76,176,388	20,314	6.18%	367	10.3:1	9.2:1	11.2:1	3,726	3,571	-1.45%	95.84%
2016	3,655	78,706,041	21,534	6.01%	370	9.9:1	8.6:1	11.3:1	3,629	3,485	-2.60%	96.03%
2017	3,584	80,935,056	22,582	4.87%	369	9.8:1	8.6:1	10.9:1	3,560	3,410	-1.90%	95.79%
2018	3,514	83,834,392	23,857	5.65%	364	9.8:1	8.6:1	10.7:1	3,485	3,335	-2.11%	95.70%
2019	3,426	84,901,161	24,781	3.87%	355	9.5:1	9.3:1	10.2:1	3,400	3,243	-2.44%	95.38%
2020	3,305	85,221,761	25,786	4.06%	411	7.5:1	8.4:1	8.4:1	3,253	3,148	-4.32%	96.77%

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 attendance are obtained from the School Register Summary (SRS).

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

District Building	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Elementary										
Wanamassa Elementary School										
Square feet	59,580	59,580	59,580	59,580	59,580	59,580	59,580	80,529	80,529	80,529
Capacity (students)	477	477	477	477	477	477	477	477	477	477
Enrollment	383	371	342	325	318	295	315	309	316	305
Ocean Township Elementary School										
Square feet	76,160	76,160	76,160	76,160	76,160	76,160	76,160	77,797	77,797	77,797
Capacity (students)	609	609	609	609	609	609	609	609	609	609
Enrollment	473	459	440	460	419	411	386	426	396	366
Wayside Elementary School										
Square feet	147,375	147,375	147,375	147,375	147,375	147,375	147,375	96,987	96,987	96,987
Capacity (students)	713	713	713	713	713	713	713	713	713	713
Enrollment	591	581	602	630	677	660	652	606	585	566
Middle School										
Ocean Township Intermediate School										
Square feet	257,400	257,400	257,400	257,400	257,400	257,400	257,400	231,031	231,031	231,031
Capacity (students)	1,951	1,951	1,951	1,951	1,951	1,951	1,951	1,951	1,951	1,951
Enrollment	1,284	1,284	1,230	1,175	1,135	1,081	1,075	1,053	1,050	1,029
High School										
Ocean Township High School										
Square feet	200,215	200,215	200,215	200,215	200,215	200,215	200,215	224,295	224,295	224,295
Capacity (students)	1,326	1,326	1,326	1,326	1,326	1,326	1,326	1,326	1,326	1,326
Enrollment	1,279	1,236	1,238	1,226	1,201	1,208	1,156	1,120	1,079	1,039

Number of Schools at June 30, 2020

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.

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
School facilities											
Ocean Township Elementary School	76,160	\$ 93,678	\$ 94,390	\$ 93,120	\$ 124,610	\$ 122,247	\$ 100,822	\$ 128,875	\$ 120,169	\$ 97,900	\$ 87,684
Ocean Township High School	200,215	319,582	391,314	305,615	308,456	423,187	319,849	270,142	323,544	298,983	287,527
Ocean Township Intermediate School	257,400	291,724	305,409	376,229	276,040	324,327	322,773	274,200	288,107	294,184	285,759
Wanamassa Elementary School	59,580	80,522	83,580	69,039	75,967	77,613	76,277	76,810	114,669	97,457	87,965
Wayside Elementary School	147,375	136,485	154,798	156,815	152,939	155,759	158,277	157,805	141,516	104,926	115,700
Total School Facilities		921,991	1,029,491	1,000,818	938,012	1,103,133	977,998	907,832	988,005	893,450	864,635
Grand Total		<u>\$ 921,991</u>	<u>\$ 1,029,491</u>	<u>\$ 1,000,818</u>	<u>\$ 938,012</u>	<u>\$ 1,103,133</u>	<u>\$ 977,998</u>	<u>\$ 907,832</u>	<u>\$ 988,005</u>	<u>\$ 893,450</u>	<u>\$ 864,635</u>

Source: District Records

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

OCEAN TOWNSHIP SCHOOL DISTRICT

Insurance Schedule

June 30, 2020

Unaudited

	Coverage	Deductible / Self-Insured Retention
Through the New Jersey Schools Insurance Group:		
Property coverage- Real and personal		
Limit of Liability, per Occurrence	\$ 500,000,000	\$ 5,000
Electronic Data Processing Equipment		
Limit of Liability, per Occurrence	\$ 5,881,900	\$ 1,000
Equipment Breakdown		
Limit of Liability, per Loss	\$ 100,000,000	\$ 5,000
Crime		
Public Employee Dishonesty	\$ 1,000,000	\$ 1,000
Theft, Disappearance and Destruction- Money and Securities	\$ 25,000	\$ 500
Theft, Disappearance and Destruction- Money Orders and Counterfeit Paper Currency	\$ 100,000	\$ 500
Forgery or Alteration	\$ 250,000	\$ 1,000
Computer Fraud	\$ 1,000,000	\$ 1,000
Comprehensive General Liability		
Limit of Liability, per Occurrence	\$ 11,000,000	\$ -
Automobile		
Liability- any Auto		
Bodily Injury and Property Damage		
Limit of Liability, per Accident	\$ 11,000,000	\$ -
Terrorism, per occurrence/annual NJSIG aggregate	\$ 1,000,000	\$ -
Physical Damage- Scheduled Vehicles only		
Comprehensive, Collision and Hired Car Physical Damage	\$ -	\$ 1,000
Workers' Compensation		
Workers' compensation		
Limit of Liability	Statutory	\$ -
Employers Liability/Occupational Disease		
Limit of Liability, per Occurrence	\$ 3,000,000	\$ -
School Leaders Errors and Omissions Liability		
Limit of Liability, each policy period	\$ 11,000,000	-
Each claim	\$ -	\$ 20,000
Bonds:		
Treasurer	\$ 375,000	\$ 1,000
Through Federal Insurance Company:		
Supplemental Indemnity Program- Business Travel Accident		
Limit of liability, per accident	\$ 100,000	\$ -
Through Catlin Insurance Company Incorporated:		
Student Accident- Basic		
Total Benefit Maximum for all Accidental Medical		
School coverage	\$ 25,000	\$ -
Sports Coverage	\$ 25,000	\$ -
Accidental Death and Dismemberment		
Accidental Death	\$ 10,000	\$ -
Accidental Single Dismemberment	\$ 25,000	\$ -
Accidental Double Dismemberment	\$ 50,000	\$ -

OCEAN TOWNSHIP SCHOOL DISTRICT

Insurance Schedule

June 30, 2020

Unaudited

	Coverage	Deductible / Self-Insured Retention
Through United States Fire Insurance Company:		
Student Accident- Catastrophic		
Accident Death Benefit, per occurrence annually	\$ 50,000	\$ -
Benefit period of ten years with a maximum benefit amount	\$ 5,000,000	\$ 25,000
Through National Union Fire Insurance Company of Pittsburgh, PA:		
Crisis Management		
Expenses, each insured event	\$ 1,000,000	\$ -
Judgements, each insured event	\$ 1,000,000	\$ -
Death or Dismemberment, each insured event	\$ 2,500,000	\$ -
Death or Dismemberment, each insured person	\$ 250,000	\$ -
Disappearance, each insured event	\$ 250,000	\$ -
Disappearance, each insured person	\$ 250,000	\$ -
Threat, each insured event	\$ 250,000	\$ -
Through Breazley Insurance Company, Inc.		
Cyber Liability		
Aggregate sublimit of liability	\$ 2,000,000	\$ -
Through Ironshore Specialty Insurance Company		
Environmental		
Policy Aggregate Limit	\$ 11,000,000	\$ 1,000,000
Through Aspen Specialty Insurance Company		
Demolition and Rebuild following an Active Assailant Incident		
Policy Aggregate Limit	\$ 10,000,000	\$ -
Through Lloyd's Insurance Company		
Terrorism		
Policy Aggregate Limit	\$ 100,000,000	\$ -

SINGLE AUDIT SECTION

**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 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, 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, 2020, 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 thereon dated February 4, 2021.

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.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication 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
February 4, 2021

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, 2020. 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 awards and state financial assistance applicable to its federal and state programs.

Auditor's Responsibility

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

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, 2020.

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 compliance 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The Purpose of this Report

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
February 4, 2021

OCEAN TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020

K-3
Schedule A

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2019	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2020		
							Deferred Revenue (Accts. Rec.)				Accounts Receivable	Due to Grantor	
U.S. Department of Education													
General Fund:													
Medical Assistance Program (SEMI)	93.778	1905NJSMAP	N/A	\$ 50,576	7/1/19	6/30/20	\$ -	\$ -	\$ 50,576	\$ (50,576)	\$ -	\$ -	
Total General Fund							-	-	50,576	(50,576)	-	-	
U.S. Department of Education													
Passed-through State Department of Education:													
Special Revenue Fund:													
Title I, Part A, Improving Basic Skills	84.010A	S010A180030	NCLB-19	495,000	7/1/18	6/30/19	(193,402)	-	193,402	-	-	-	
Title I, Part A, Improving Basic Skills	84.010A	S010A170030	NCLB-20	499,000	7/1/19	6/30/20	-	-	254,237	(481,026)	(226,789)	-	
							(193,402)	-	447,639	(481,026)	(226,789)	-	
Title II, Part A, Improving Teacher Quality	84.367A	S367A180029	NCLB-19	106,290	7/1/18	6/30/19	(40,985)	(11,713)	40,985	-	-	-	
Title II, Part A, Improving Teacher Quality	84.367A	S367A170029	NCLB-20	91,751	7/1/19	6/30/20	-	11,713	36,496	(78,823)	(42,327)	-	
							(40,985)	-	77,481	(78,823)	(42,327)	-	
Title IIIA, English Language Enhancement	84.365	S365A180030	NCLB-19	50,590	7/1/18	6/30/19	(18,730)	-	18,730	-	-	-	
Title IIIA, English Language Enhancement	84.365	S365A170030	NCLB-20	35,979	7/1/19	6/30/20	-	-	18,484	(35,890)	(17,406)	-	
Title IIIA, Immigrant	84.365A	S365A180030	NCLB-20	12,854	7/1/19	6/30/20	-	450	8,327	(12,853)	(4,526)	-	
Title IIIA, Immigrant	84.365A	S365A180030	NCLB-19	11,014	7/1/18	6/30/19	(2,714)	(450)	2,714	-	-	-	
							(21,444)	-	48,255	(48,743)	(21,932)	-	
COVID 19-CARES Emergency Relief Grant	84.425D	ESEA-3590-20	N/A	362,922	3/13/20	9/30/22	-	-	-	(173,718)	(173,718)	-	
Career and Technical Education-Teacher Pathway	84.051D	V051D170008	N/A	100,000	3/1/20	2/28/21	-	-	-	-	-	-	
Career and Technical Education-Teacher Pathway	84.051D	V051D170008	N/A	100,000	3/1/19	2/28/20	-	-	100,000	(100,000)	-	-	
Special Education Cluster (IDEA):													
IDEA, Part B, Basic Regular	84.027	H027A160100	FT-19	965,861	7/1/18	6/30/19	(79,490)	(6,012)	79,490	-	-	-	
IDEA, Part B, Basic Regular	84.027	H027A150100	FT-20	966,863	7/1/19	6/30/20	-	6,012	813,817	(940,728)	(126,911)	-	
IDEA, Preschool	84.173	H173A160114	PS-20	42,236	7/1/19	6/30/20	-	-	34,691	(42,236)	(7,545)	-	
IDEA, Preschool	84.173	H173A160114	PS-19	41,894	7/1/18	6/30/19	(2,558)	-	2,558	-	-	-	
Total Special Education Cluster							(82,048)	-	930,556	(982,964)	(134,456)	-	
Total Special Revenue Fund							(337,879)	-	1,603,931	(1,865,274)	(599,222)	-	
U.S. Department of Agriculture													
Passed-through State Department of Education:													
Enterprise Fund (Children Nutrition Cluster):													
Food Distribution Program	10.555	201NJ304N1099	N/A	73,327	7/1/19	6/30/20	-	-	73,327	(73,327)	-	-	
School Breakfast Program	10.553	191NJ304N1099	N/A	82,028	7/1/18	6/30/19	(17,069)	-	17,069	-	-	-	
School Breakfast Program	10.553	201NJ304N1099	N/A	120,628	7/1/19	6/30/20	-	-	80,177	(120,628)	(40,451)	-	
National School Lunch Program	10.555	191NJ304N1099	N/A	405,209	7/1/18	6/30/19	(75,732)	-	75,732	-	-	-	
National School Lunch Program	10.555	201NJ304N1099	N/A	368,175	7/1/19	6/30/20	-	-	304,188	(368,175)	(63,987)	-	
Total Enterprise Fund (Child Nutrition Cluster)							(92,801)	-	550,493	(562,130)	(104,438)	-	
Total Federal Awards							\$ (430,680)	\$ -	\$ 2,205,000	\$ (2,477,980)	\$ (703,660)	\$ -	

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

OCEAN TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2020

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2019		Carryover/ (Walkover) Amount	GAAP Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2020			Memo	
					Deferred Revenue (Accounts Receivable)	Due to Grantor					Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
Categorical Special Education Aid	20-495-034-5120-089	\$ 2,526,776	7/1/19	6/30/20	\$ -	\$ -	\$ -	\$ 2,274,098	\$ (2,526,776)	\$ -	\$ -	\$ -	\$ -	252,678	\$ 2,526,776
Categorical Security Aid	20-495-034-5120-084	552,389	7/1/19	6/30/20	-	-	-	497,150	(552,389)	-	-	-	-	55,239	552,389
Adjustment Aid	20-495-034-5120-085	2,376,876	7/1/19	6/30/20	-	-	-	2,145,964	(2,376,876)	-	-	-	-	230,912	2,376,876
Categorical Transportation Aid	20-495-034-5120-014	1,729,784	7/1/19	6/30/20	-	-	-	1,556,806	(1,729,784)	-	-	-	-	172,978	1,729,784
Extraordinary Special Education Costs Aid	20-495-034-5120-044	1,131,277	7/1/19	6/30/20	-	-	-	-	(1,131,277)	-	-	-	-	1,131,277	1,131,277
Nonpublic Transportation Cost Aid	20-495-034-5120-014	62,710	7/1/19	6/30/20	-	-	-	-	(29,013)	-	-	-	-	29,013	29,013
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	2,307,836	7/1/19	6/30/20	-	-	-	2,193,366	(2,307,836)	-	(114,470)	-	-	-	2,307,836
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	2,233,385	7/1/18	6/30/19	(110,347)	-	-	110,347	-	-	-	-	-	-	-
TPAF pension-normal costs	20-495-034-5094-002	6,568,061	7/1/19	6/30/20	-	-	-	6,568,061	(6,568,061)	-	-	-	-	-	6,568,061
TPAF pension-long-term disability	20-495-034-5094-004	4,117	7/1/19	6/30/20	-	-	-	4,117	(4,117)	-	-	-	-	-	4,117
TPAF pension-post-retirement medical	20-495-034-5095-001	2,436,630	7/1/19	6/30/20	-	-	-	2,436,630	(2,436,630)	-	-	-	-	-	2,436,630
Total General Fund					(110,347)	-	-	17,786,539	(19,662,759)	-	(114,470)	-	-	1,872,097	19,662,759
Special Revenue Fund:															
NJ Nonpublic Aid:															
Textbook Aid	19-100-034-5120-064	39,196	7/1/18	6/30/19	-	1,323	-	-	-	(1,323)	-	-	-	-	-
Textbook Aid	20-100-034-5120-064	41,272	7/1/19	6/30/20	-	-	-	41,272	(41,151)	-	-	-	121	-	41,151
Nursing Services Aid	19-100-034-5120-070	79,734	7/1/18	6/30/19	-	38	-	-	-	(38)	-	-	-	-	-
Nursing Services Aid	20-100-034-5120-070	84,584	7/1/19	6/30/20	-	-	-	84,584	(81,620)	-	-	-	2,964	-	81,620
Technology Initiative	19-100-034-5120-373	26,424	7/1/18	6/30/19	-	4	-	-	-	(4)	-	-	-	-	-
Technology Initiative	20-100-034-5120-373	28,188	7/1/19	6/30/20	-	-	-	28,188	(27,194)	-	-	-	994	-	27,194
Security Aid	20-100-034-5120-509	130,800	7/1/19	6/30/20	-	-	-	130,800	(130,785)	-	-	-	15	-	130,785
Auxiliary Services:															
Compensatory Education	20-100-034-5120-067	189,007	7/1/19	6/30/20	-	-	-	168,524	(189,007)	-	(20,483)	-	-	-	189,007
English as a Second Language	19-100-034-5120-067	6,039	7/1/18	6/30/19	-	3,255	-	-	-	(3,255)	-	-	-	-	-
English as a Second Language	20-100-034-5120-067	4,963	7/1/19	6/30/20	-	-	-	4,466	(1,853)	-	(496)	-	3,110	-	1,853
Home Instruction	19-100-034-5120-067	138	7/1/18	6/30/19	(138)	-	-	138	-	-	-	-	-	-	-
Handicapped Services:															
Examination and Classification	19-100-034-5120-066	146,311	7/1/18	6/30/19	-	689	-	-	-	(689)	-	-	-	-	-
Examination and Classification	20-100-034-5120-066	127,843	7/1/19	6/30/20	-	-	-	110,228	(127,843)	-	(17,615)	-	-	-	127,843
Corrective Speech	19-100-034-5120-066	40,801	7/1/18	6/30/19	-	1,071	-	-	-	(1,071)	-	-	-	-	-
Corrective Speech	20-100-034-5120-066	45,843	7/1/19	6/30/20	-	-	-	40,429	(39,575)	-	(5,414)	-	6,268	-	39,575
Supplemental Instruction	19-100-034-5120-066	82,310	7/1/18	6/30/19	-	-	-	-	-	-	-	-	-	-	-
Supplemental Instruction	20-100-034-5120-066	95,438	7/1/19	6/30/20	-	-	-	85,168	(95,438)	-	(10,270)	-	-	-	95,438
Preschool Education Aid	20-495-034-5120-086	586,772	10/1/19	6/30/20	-	-	-	521,568	(585,172)	-	-	1,600	-	65,204	585,172
Advanced Computer Science Grant	19-100-034-C201-G06	75,014	1/15/19	6/30/20	-	-	-	39,957	(75,014)	-	(35,057)	-	-	-	75,014
Total Special Revenue Fund					(138)	6,380	-	1,255,322	(1,394,652)	(6,380)	(89,335)	1,600	13,472	65,204	1,394,652
Debt Service Fund:															
Debt Service Aid- Type II	20-495-034-5120-017	607,676	7/1/19	6/30/20	-	-	-	607,676	(607,676)	-	-	-	-	-	607,676
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State share)	19-100-010-3350-023	10,599	7/1/18	6/30/19	(1,972)	-	-	-	-	-	-	-	-	-	-
National School Lunch Program (State share)	20-100-010-3350-023	8,354	7/1/19	6/30/20	-	-	-	7,343	(8,354)	-	(1,011)	-	-	-	8,354
Total Enterprise Fund					(1,972)	-	-	7,343	(8,354)	-	(1,011)	-	-	-	8,354
Total State Financial Assistance					(112,457)	6,380	-	19,656,880	(21,673,441)	(6,380)	(204,816)	1,600	13,472	1,937,301	21,673,441
State Financial Assistance Not Subject to Single Audit Determination - General Fund (Non Cash Assistance)															
TPAF pension-normal costs	20-495-034-5094-002	6,568,061	7/1/19	6/30/20	-	-	-	(6,568,061)	6,568,061	-	-	-	-	-	(6,568,061)
TPAF pension-long term disability	20-495-034-5094-004	4,117	7/1/19	6/30/20	-	-	-	(4,117)	4,117	-	-	-	-	-	(4,117)
TPAF pension-post retirement medical	20-495-034-5094-001	2,436,630	7/1/19	6/30/20	-	-	-	(2,436,630)	2,436,630	-	-	-	-	-	(2,436,630)
Total State Financial Assistance Subject to Single Audit					\$ (112,457)	\$ 6,380	\$ -	\$ 10,648,072	\$ (12,664,633)	\$ (6,380)	\$ (204,816)	\$ 1,600	\$ 13,472	\$ 1,937,301	\$ 12,664,633

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

**Ocean Township School District
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
June 30, 2020**

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 Title 2 U. S. *Code of Federal Regulation Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey Office of Management and Budget Circular 15-08, *Single Audit Policy for Recipients of Federal Grants and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes, payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more deferred June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and 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 \$(18,099) for the general fund and \$(202,970) 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, 2020

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 50,576	\$19,644,660	\$19,695,236
Special Revenue Fund	1,817,646	1,239,310	3,056,956
Debt Service Fund	-	607,676	607,676
Food Service Fund	<u>562,130</u>	<u>8,355</u>	<u>570,485</u>
Total Awards and Financial Assistance	<u>\$ 2,430,352</u>	<u>\$21,500,001</u>	<u>\$23,930,353</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the food distribution program represent current year value received and current year distributions, respectively. The amount reported as TPAF Pension- 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, 2020. 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, 2020.

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. DE MINIMUS INDIRECT COST RATE

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.

Ocean Township School District
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
June 30, 2020

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 50,576	\$19,644,660	\$19,695,236
Special Revenue Fund	1,817,646	1,239,310	3,056,956
Debt Service Fund	-	607,676	607,676
Food Service Fund	<u>562,130</u>	<u>8,355</u>	<u>570,485</u>
Total Awards and Financial Assistance	<u>\$ 2,430,352</u>	<u>\$21,500,001</u>	<u>\$23,930,353</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the food distribution program represent current year value received and current year distributions, respectively. The amount reported as TPAF Pension- 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, 2020. 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, 2020.

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. DE MINIMUS INDIRECT COST RATE

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, 2020**

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 ☒ none reported

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

Federal Awards

Internal Control over major programs:

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

2. Significant deficiencies identified? ☐ 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 2 CFR 200 section .516(a) of the Uniform Guidance? ☐ yes ☒ no

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>FAIN Number (s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	H027A160100	IDEA Part B Basic

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, 2020
(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:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>20-495-034-5120-084</u>	<u>State Aid Public Cluster:</u>
<u>20-495-034-5120-085</u>	<u>Categorical Security Aid</u>
<u>20-495-034-5120-089</u>	<u>Adjustment Aid</u>
<u>20-495-034-5120-014</u>	<u>Categorical Special Education Aid</u>
<u>20-495-034-5120-014</u>	<u>Categorical Transportation Aid</u>
<u>20-495-034-5120-014</u>	<u>Non-Public Transportation Aid in Lieu</u>

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, 2020
(continued)**

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting.

N/A No matters were reported.

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 NJ OMB Circular Letter 15-08 as applicable.

N/A No matters were reported.

**TOWNSHIP OF OCEAN BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 NJ OMB Circular Letter 15-08, as applicable.

N/A No matters were reported.