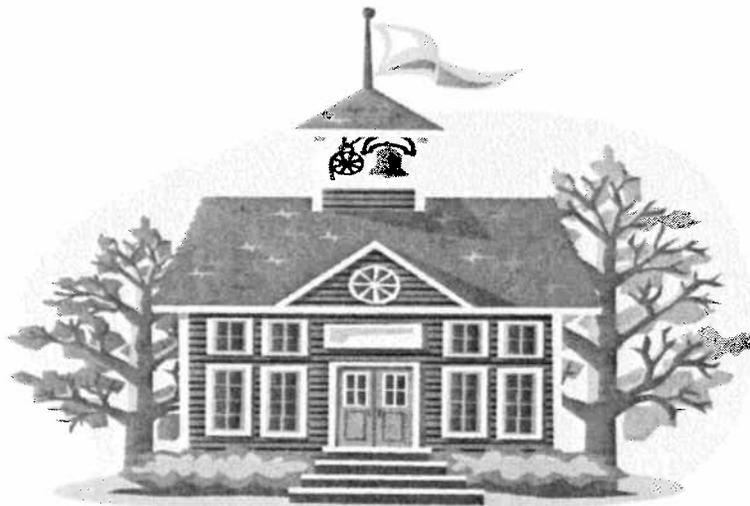


**SCHOOL DISTRICT**

**OF**

**OCEANPORT**



**OCEANPORT BOARD OF EDUCATION  
OCEANPORT, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

**OCEANPORT  
BOARD OF EDUCATION**

**OCEANPORT, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**PREPARED BY**

**OCEANPORT BOARD OF EDUCATION  
FINANCE DEPARTMENT**

**OCEANPORT SCHOOL DISTRICT**

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## **INTRODUCTORY SECTION**

# OCEANPORT BOARD OF EDUCATION

2 Maple Place, Oceanport, NJ 07757  
Phone 732-222-8851 – Fax 732-222-8849

Thomas Farrell, Superintendent  
Dennis W. Kotch, Business Administrator

December 3, 2013

Honorable President and  
Members of the Board of Education  
Oceanport School District  
County of Monmouth, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Oceanport School District (District) for the fiscal year ended June 30, 2013, is hereby submitted. 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 as follows:

The Introductory Section includes the Letter of Transmittal, the District's Organizational Chart, and a list of Principal Officials.

The Financial Section includes the General Purpose Financial Statements and Schedules, the Independent Auditor's and the Management's Discussion and Analysis.

The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.

The Single Audit Section: The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996, as amended and the U.S. Office of Management and Budget Circular A - 133, AAudits of State and Local Governments,@ and the State Treasury Circular A-04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments.@ Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

**REPORTING ENTITY AND ITS SERVICES:**

Oceanport School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14 and Statement 34. All funds and account groups of the District are included in this report. The Oceanport Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-School through Eighth Grade. These services include regular as well as special education disabled youngsters. The District completed the 2012-2013 fiscal year with an enrollment of 637 students.

**ECONOMIC CONDITION AND OUTLOOK:**

As a result of the District's efforts over the past several years, the financial status of the Oceanport School continues to remain stable and many accomplishments have occurred as a result. Funds continue to be set aside for capital projects and tax relief.

Proactive planning has allowed the district to increase staff development, review curriculum needs and upgrade instructional materials (as per the curriculum review cycle), as well as provide technological improvements as per the district's technology plan (i.e. a wireless school, SMARTboards, video-conference equipment, mobile labs). As a result, the District is better prepared to meet the challenge of preparing all students for the future.

The above has permitted the District to have a much improved economic condition and a brighter outlook for the future. A "stabilized" budget, and ongoing community support will continue to contribute to this improved economic condition and outlook.

**MAJOR INITIATIVES:**

The district continued throughout the year to refine, expand or re-evaluate its programs and to provide many opportunities for staff development, in and outside of the district. This initiative is meant to assure that students score above the State averages on State Assessments and above National averages on standardized assessments.

The district has integrated technology components throughout the curriculum. The upgrading of technology hardware and software and the training of staff members is an ongoing project (i.e. becoming a wireless school, video conference equipment, SMARTBoards). The District is working towards a 1-to-1 initiative with every student having his/her own device. As of September 1, 2013, approximately 50% of the students were equipped with a District owned laptop. Administrative software, library software, and teacher tools (i.e. grading software, website) are continually expanded and improved.

Professional development opportunities occur on many levels. As part of faculty meetings, mandated topics, such as HIB (Harassment, Intimidation & Bullying), sexual harassment, affirmative action, right-to-know and bloodborne pathogens, are reviewed and updated. Specific staff members attend monthly meetings of organizations related to their professional responsibilities.

Professional staff development days are held throughout the year to provide opportunities for staff members to increase their knowledge and skills. During the 2012-2013 school year, staff development days focused on technology, health issues, character education, anti-bullying, special education, writing, and the core-curriculum content standards. The 2013-2014 school year will focus again on the infusion of technology, Response to Intervention (RTI), special education, anti-bullying, writing, Wilson Reading, autism, ABA, Balanced literacy initiatives, and the new "common core" curriculum with an emphasis on differentiated instruction.

Finally, opportunities are provided for staff members to attend workshops to support the district's initiatives and individual professional improvement plans.

#### **INTERNAL ACCOUNTING CONTROLS:**

Management of the 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 the federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

#### **BUDGETARY CONTROLS:**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at fiscal year end.

#### **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 and account groups. These funds and account groups are explained in "Notes to the Financial Statements,@ Note 1.

**CASH MANAGEMENT:**

The investment policy of the District is guided in large part by State statute as detailed in "Notes to the Financial Statement,@ 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.

**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.

**OTHER INFORMATION:**

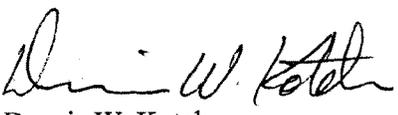
**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert Hulsart & Company, CPAs, was selected by the Board's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996, as amended and the related OMB Circular A - 133 and State Treasury Circular Letter A-04-04 OMB. The auditor's report on the general purpose financial statements and combined and individual fund statements and schedules are 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.

**ACKNOWLEDGMENTS:**

We would like to express our appreciation to the members of the Oceanport 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.

Respectfully submitted,

  
Thomas Farrell  
Superintendent

  
Dennis W. Kotch  
Business Administrator/  
Board Secretary

OCEANPORT BOARD OF EDUCATION  
WEST LONG BRANCH, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2013

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Colin Soyer, President	2013
Christopher McCrae, Vice President	2014
Spencer Carpenter	2013
John Coffey	2015
Ted Gammon	2014
William McVitty	2013
Michael Murphy	2015
Mark O'Neill	2014
Tom Welsh	2015
 <u>Other Officials</u>	
Thomas Farrell, Superintendent/Principal	
Dennis W. Kotch, CPA, Board Secretary/Business Administrator/Treasurer	
Richard McOmber, Esq., Solicitor	

**OCEANPORT BOROUGH BOARD OF EDUCATION**

**OCEANPORT, NEW JERSEY**

**CONSULTANTS AND ADVISORS**

**JUNE 30, 2013**

**Audit Firm**

Robert A. Hulsart and Company  
2807 Hurley Pond Road  
Wall, New Jersey 07719

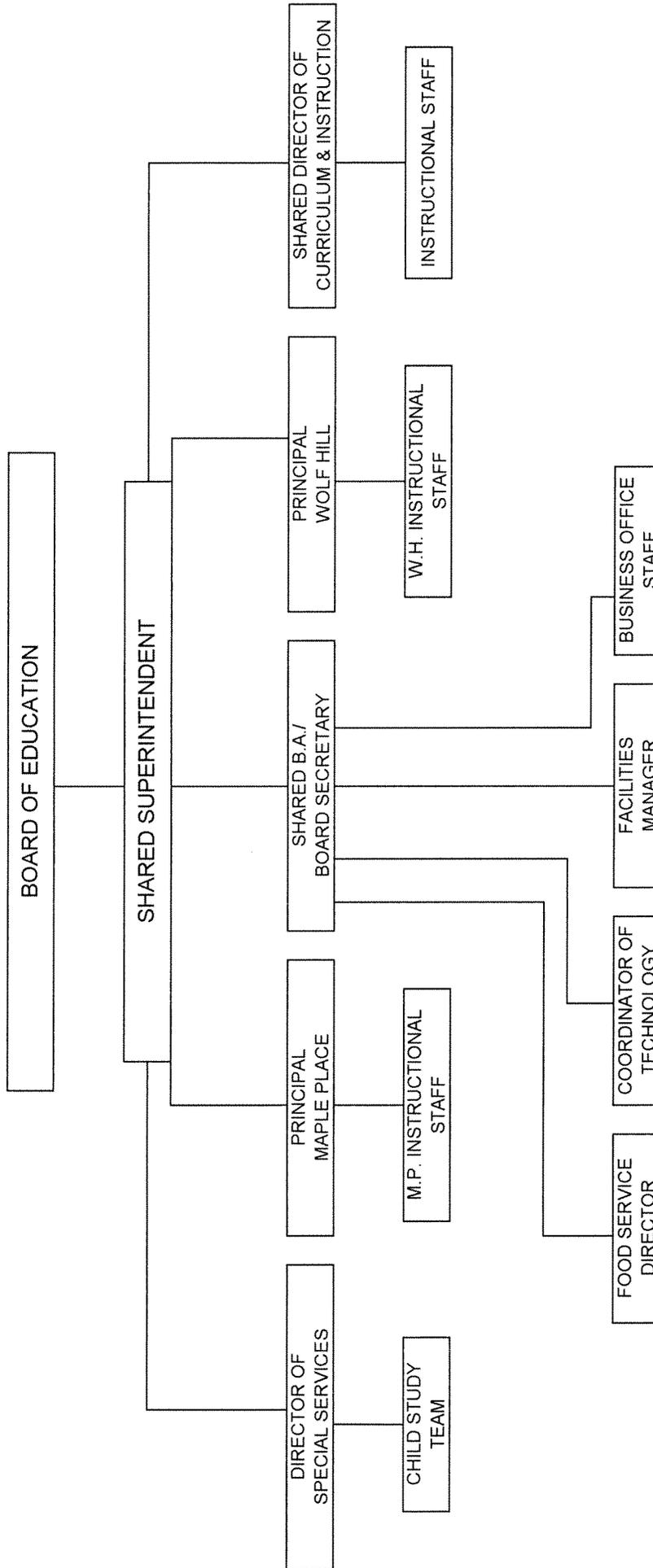
**Attorney**

McOmber & McOmber  
54 Shrewsbury Avenue  
Red Bank, New Jersey 07701

**Official Depository**

Investors Savings Bank  
169 Broadway  
Long Branch, New Jersey 07740

OCEANPORT BOARD OF EDUCATION  
ORGANIZATIONAL CHART



**FINANCIAL SECTION**

# Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.  
 ROBERT A. HULSART, JR., C.P.A., P.S.A.

Telecopier:  
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 rah@monmouth.com

2807 Hurley Pond Road - Suite 100  
 P.O. Box 1409  
 Wall, New Jersey 07719-1409  
 (732) 681-4990

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
 of the Board of Education  
 Oceanport School District  
 County of Monmouth  
 Oceanport, 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 Board of Education of the Oceanport School District, in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the 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.

### Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Board of Education of the Oceanport School District, in the County of Monmouth, State of New Jersey, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is the responsibility of management and was derived from and relates 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 standard generally accepted in the United States of America. In our opinion, the accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information has 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 it.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2013 on our consideration of the Oceanport's Board of Education internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Oceanport Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

---

**Robert A. Hulsart**  
**Licensed Public School Accountant**  
**No. 322**  
**Robert A. Hulsart and Company**  
**Wall Township, New Jersey**

December 3, 2013

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

## **BASIC FINANCIAL STATEMENTS**

**BOROUGH OF OCEANPORT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
**UNAUDITED**

The discussion and analysis of Oceanport School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

**Financial Highlights**

Key Financial highlights for the 2012-2013 fiscal year is as follows:

- General revenues accounted for \$10,635,019 in revenue or 98% 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 \$225,768 or 2% percent to total revenues.
- Total position of governmental activities increased by \$324,096.
- The School District had \$10,530,881 in expenses; only \$225,768 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$10,635,019 were adequate to provide for these programs.
- The General Fund had \$10,503,273 in revenues and \$10,358,022 in expenditures. The General Fund's balance increased \$139,441 from 2012.

**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 Oceanport 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. In the case of Oceanport School District, the General Fund is the most significant fund, with the Special Revenue Fund, Capital Project's Fund and Debt Service Fund also having significance.

## Using this Comprehensive Annual Financial Report (CAFR) – (Continued)

The School Board's auditor has provided assurance in his Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

### 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 the 2012-2013 fiscal year?" The Statement of Net Position and the Statement of Activities helps 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 companies. 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 those assets. This change in net assets is important because it tells the reader that, for the school district as a whole, the financial positions 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 is divided into two distinct kinds of activities:

- Governmental activities – All of the School District's programs and services are reported here including, but not limited to, 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 all the expense of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

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

#### Fund Financial Statements

The analysis of the School District's major (all) funds begins on exhibit A-1. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and Governmental Funds is reconciled in the financial statements.

## Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

## The School District as a Whole

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

	<b>Table 1 Net Position</b>	
	<u>2013</u>	<u>2012</u>
<b><u>Assets</u></b>		
Current and Other Assets	\$ 1,622,139	1,379,149
Capital Assets, Net	<u>5,403,627</u>	<u>5,596,426</u>
Total Assets	<u>\$ 7,025,766</u>	<u>6,975,575</u>
<b><u>Liabilities</u></b>		
Long-Term Liabilities	\$ 1,885,084	2,267,713
Other Liabilities	<u>500,217</u>	<u>418,698</u>
Total Liabilities	<u>\$ 2,385,301</u>	<u>2,686,411</u>
<b><u>Net Position</u></b>		
Invested in Capital Assets, Net of Debt	\$ 3,518,543	3,761,690
Restricted	983,270	864,255
Unrestricted	<u>138,652</u>	<u>(336,781)</u>
Total Net Position	<u>\$ 4,640,465</u>	<u>4,289,164</u>

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

**Table 2**  
**Changes in Net Position**

	<u>2013</u>	<u>2012</u>
<b><u>Revenues</u></b>		
Program Revenues		
Charges for Services	\$ 163,026	348,006
Operating Grants and Contributions	225,303	1,162,019
General Revenues		
Property Taxes	8,969,686	9,075,881
Grants and Entitlements	1,394,827	384,085
Other	<u>270,506</u>	<u>566,410</u>
Total Revenues	<u>11,023,348</u>	<u>11,536,401</u>
<b><u>Program Expenses</u></b>		
Instruction	4,114,468	5,194,632
Support Services		
Pupils and Instructional Staff	1,479,673	1,992,901
General Administration, School Administration,		
Business	3,674,254	1,415,202
Operations and Maintenance of Facilities	795,448	1,129,527
Pupil Transportation	394,015	410,821
Interest on Debt	73,023	75,794
Food Service	<u>178,151</u>	<u>182,843</u>
Total Expenses	<u>10,709,032</u>	<u>10,401,720</u>
Adjustment	<u>(5,810)</u>	<u>          </u>
Increase in Net Position	<u>\$ 308,506</u>	<u>1,134,681</u>

### **Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 83 percent of revenues for governmental activities for the Oceanport School District for fiscal year 2013. The District's total revenues were \$10,860,787 for the fiscal year ended June 30, 2013.

### **Business-Type Activities**

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- Food service expenses exceeded revenue by \$15,590.
- Charges for services represent \$123,416 of revenue. This represents amount paid by patrons for daily food services.
- Federal and state reimbursements for food service was \$39,145.

### **Governmental Activities**

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

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.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

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.

Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

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 unallocated depreciation and amortization.

**School Board Funds**

The School Board uses funds to control and manage money for particular purposes. The Fund’s basic financial statements allow the School Board to demonstrate its stewardship over and accountability for resources received from the Borough of Oceanport’s taxpayer’s and other entities, including the State of New Jersey and the Federal Government. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board’s overall financial health.

As the School Board completed the fiscal year ended June 30, 2013, it reported a combined net position balance of \$4,640,465. The Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net position.

The School Board’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.

Over the course of the year, the School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the School Board’s original and final budget compared with actual operating results is provided in the section of the CAFR, entitled Budgetary Comparison Schedules. The School Board generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

The General Fund finished the fiscal year at \$1,238,083, an increase of \$143,786 from 2011-2012.

**Capital Assets**

At June 30, 2013, the School Board had approximately \$7,808,712 invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table II below shows the net book value of capital assets at the end of the 2013 fiscal year.

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Table II		
Capital Assets at June 30, 2013		
Land	\$ 1,315,100	
Buildings	3,944,829	
Machinery and Equipment	<u>118,591</u>	<u>25,107</u>
Total	<u>\$ 5,378,520</u>	<u>25,107</u>

### **Debt Administration**

At June 30, 2013 the School District had \$1,833,417 as outstanding debt. Of this amount \$159,328 is for compensated absences, \$18,442 is capital leases; and the balance of \$1,695,000 is for bonds for school construction.

### **Economic Factors and Next Year's Budget**

The Oceanport School District is in good financial condition presently. Future finances are not without challenges as state funding is decreased.

The Borough of Oceanport is primarily a residential community, with the Monmouth Park racetrack as the major ratable in the Borough. The majority of revenues needed to operate the District are derived from homeowners through property tax assessments and collections.

For the 2012-2013 school year, the School Board was able to sustain its general fund budget through the local tax levy, state education aid, federal aid, tuition and local revenue sources. Approximately 13% of the School Board's general fund revenue is from State Aid 84% of total revenue is from local tax levy, and 3% is from miscellaneous revenue, which among other things includes interest on deposits.

The \$217,955 is unrestricted net position for all governmental activities represent the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's noncurrent liabilities such as compensated absences, the School Board would have a surplus of \$217,955.

At this time, the most important factor affecting the budget is the unsettled situation with State Aid. While State aid may be frozen, the District may experience growth in student population. The tax levy will be the area that will need to absorb any increase in budget obligations.

In conclusion, the Oceanport 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 Dennis W. Kotch, School Business Administrator/Board Secretary at Oceanport Board of Education, 2 Maple Place, Oceanport, New Jersey 07757.

**DISTRICT-WIDE FINANCIAL STATEMENTS – A**

STATEMENT OF NET POSITION

Exhibit A-1

JUNE 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 332,578	45,626	378,204
Receivables, Net	264,287	3,247	267,534
Inventory		2,356	2,356
Restricted Assets:			-
Cash and Cash Equivalents	974,005		974,005
Capital Reserve Account - Cash	40		40
Capital Assets, Not Being Depreciated	1,315,100		1,315,100
Capital Assets, Net	<u>4,063,420</u>	<u>25,107</u>	<u>4,088,527</u>
Total Assets	<u>\$ 6,949,430</u>	<u>76,336</u>	<u>7,025,766</u>
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 369,685	130,532	500,217
Accrued Interest	1,667		1,667
Noncurrent Liabilities:			
Due Within One Year	115,647		115,647
Due Beyond One Year	<u>1,767,770</u>		<u>1,767,770</u>
Total Liabilities	<u>\$ 2,254,769</u>	<u>130,532</u>	<u>2,385,301</u>
<b><u>Net Position</u></b>			
Invested in Capital Assets, Net of Related Debt	\$ 3,493,436	25,107	3,518,543
Restricted For:			
Capital Projects	40		40
Debt Service	3,225		3,225
Other Purposes	980,005		980,005
Unrestricted	<u>217,955</u>	<u>(79,303)</u>	<u>138,652</u>
Total Net Position	<u>\$ 4,694,661</u>	<u>(54,196)</u>	<u>4,640,465</u>

The accompanying notes to financial statements are an integral part of this statement.

OCEANPORT SCHOOL DISTRICT

Exhibit A-2  
Sheet 1 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Functions/Programs</b>						
Governmental Activities:						
Instruction:						
Regular	\$ 2,812,502			(2,812,502)		(2,812,502)
Special Education	1,176,586		104,358	(1,072,228)		(1,072,228)
Other Instruction	125,380			(125,380)		(125,380)
Support Services:						
Tuition	39,610	39,610		-		-
Student & Instruction Related Services	1,440,063		81,800	(1,358,263)		(1,358,263)
School Administrative Services	314,478			(314,478)		(314,478)
General and Business Administrative Services	629,569			(629,569)		(629,569)
Plant Operations and Maintenance	795,448			(795,448)		(795,448)
Pupil Transportation	394,015			(394,015)		(394,015)
Unallocated Benefits	2,427,334			(2,427,334)		(2,427,334)
Interest on Long-Term Debt	73,023			(73,023)		(73,023)
Unallocated Depreciation	187,327			(187,327)		(187,327)
Capital Outlay	115,546			(115,546)		(115,546)
Total Government Activities	10,530,881	39,610	186,158	(10,305,113)	-	(10,305,113)
Business-Type Activities:						
Food Service	178,151	123,416	39,145		(15,590)	(15,590)
Total Business-Type Activities	178,151	123,416	39,145	-	(15,590)	(15,590)
Total Primary Government	10,709,032	163,026	225,303	(10,305,113)	(15,590)	(10,320,703)

OCEANPORT SCHOOL DISTRICT

Exhibit A-2  
Sheet 2 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purpose, Net			\$ 8,856,591		8,856,591
Property Taxes, Levied for Debt Service			113,095		113,095
Federal and State Aid Not Restricted			1,394,827		1,394,827
Miscellaneous			57,855		57,855
Interest Earned			6,915		6,915
Tuition			205,736		205,736
Other Financing Uses			(5,810)		(5,810)
Total General Revenues, Special Items, Extraordinary Items and Transfers			10,629,209	-	10,629,209
Change in Net Position			324,096	(15,590)	308,506
Net Position - Beginning			4,370,565	(38,606)	4,331,959
Net Position - Ending			\$ 4,694,661	(54,196)	\$ 4,640,465

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

**FUND FINANCIAL STATEMENTS – B**

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>					
Cash and Cash Equivalents	\$ 1,303,398			3,225	1,306,623
Due From Other Funds	131,939				131,939
Interfund Receivable	92,894				92,894
Receivables from Other Governments	39,454	870	92,024		132,348
Total Assets	<u>\$ 1,567,685</u>	<u>870</u>	<u>92,024</u>	<u>3,225</u>	<u>1,663,804</u>
<b><u>Liabilities and Fund Balance</u></b>					
Liabilities:					
Accounts Payable	\$ 369,685				369,685
Interfund Payable		870	92,024		92,894
Total Liabilities	<u>369,685</u>	<u>870</u>	<u>92,024</u>	<u>-</u>	<u>462,579</u>
Fund Balance:					
Restricted for:					
Excess Surplus-Current Year	208,963				208,963
Maintenance Reserve	500,000				500,000
Capital Reserve Account	40				40
Emergency Reserve	250,000				250,000
Committed To:					
Other Purposes	6,000				6,000
Assigned To:					
Debt Service				3,225	3,225
Designed by the BOE for subsequent Years Expenditures	15,042				15,042
Unassigned:					
General Fund	217,955				217,955
Total Fund Balances	<u>1,198,000</u>	<u>-</u>	<u>-</u>	<u>3,225</u>	<u>1,201,225</u>
Total Liabilities and Fund Balance	<u>\$ 1,567,685</u>	<u>870</u>	<u>92,024</u>	<u>3,225</u>	

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$8,895,089 and the accumulated depreciation is \$3,516,569

5,378,520

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (see Note 3)

(1,883,417)

Accrued Interest

(1,667)

Net position of governmental activities

\$ 4,694,661

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

**OCEANPORT SCHOOL DISTRICT**

Exhibit B-2  
Sheet 1 of 2

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b><u>Revenues</u></b>					
Local Sources:					
Local Tax Levy	\$ 8,856,591			113,095	8,969,686
Tuition	245,346				245,346
Interest Earned	6,915				6,915
Miscellaneous	57,855				57,855
Total Local Sources	<u>9,166,707</u>	<u>-</u>	<u>-</u>	<u>113,095</u>	<u>9,279,802</u>
State Sources	1,336,566			58,261	1,394,827
Federal Sources		186,158			186,158
Total Revenues	<u>10,503,273</u>	<u>186,158</u>	<u>-</u>	<u>171,356</u>	<u>10,860,787</u>
<b><u>Expenditures</u></b>					
Current:					
Regular Instruction	2,812,502				2,812,502
Special Education Instruction	1,072,228	104,358			1,176,586
Other Instruction	125,380				125,380
Support Services and Undistributed Costs:					
Tuition	33,804	5,806			39,610
Student and Instruction Related Services	1,364,069	75,994			1,440,063
School Administrative Services	314,478				314,478
Other Administrative Services	629,569				629,569
Plant Operations and Maintenance	795,448				795,448
Pupil Transportation	394,015				394,015
Unallocated Benefits	2,700,983				2,700,983
Debt Service:					
Principal				100,000	100,000
Interest and Other Charges				71,356	71,356
Capital Outlay	115,546				115,546
Total Expenditures	<u>10,358,022</u>	<u>186,158</u>	<u>-</u>	<u>171,356</u>	<u>10,715,536</u>

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

OCEANPORT SCHOOL DISTRICT

Exhibit B-2  
Sheet 2 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues Over Expenditures	145,251	-	-	-	145,251
Other Financing Sources (Uses):					
Adjustment to Prove to Assets	(5,810)				(5,810)
Total Other Financing Sources (Uses)	(5,810)	-	-		(5,810)
Net Change in Fund Balances	139,441	-	-		139,441
Fund Balance - July 1	1,058,559			3,225	1,061,784
Fund Balance - June 30	<u>\$ 1,198,000</u>	<u>-</u>	<u>-</u>	<u>3,225</u>	<u>1,201,225</u>

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Exhibit B-3

TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ 139,441
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	(187,327)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	100,000
Compensated Absences	273,649
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.	<u>(1,667)</u>
Change in Net Position of Governmental Activities	<u>\$ 324,096</u>

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

**OCEANPORT SCHOOL DISTRICT**

25.

**STATEMENT OF NET POSITION**

Exhibit B-4

**PROPRIETARY FUNDS**

**JUNE 30, 2013**

	<b><u>Enterprise Fund</u></b>
<b><u>Assets</u></b>	
Current Assets:	
Cash and Cash Equivalents	\$ 45,626
Accounts Receivable:	
Federal	2,052
State	85
Other	1,110
Inventories	2,356
Total Current Assets	<u>51,229</u>
Noncurrent Assets:	
Equipment	228,723
Less: Accumulated Depreciation	<u>(203,616)</u>
Total Noncurrent Assets	<u>25,107</u>
Total Assets	<u>\$ 76,336</u>
<b><u>Liabilities</u></b>	
Accounts Payables	<u>\$ 130,532</u>
<b><u>Net Position</u></b>	
Investment in Capital Assets	\$ 25,107
Unrestricted	<u>(79,303)</u>
Total Net Position	<u>\$ (54,196)</u>

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES

Exhibit B-5

IN FUND NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2013

	<u>Enterprise Fund</u>
Operating Revenues:	
Local Sources:	
Daily Sales Reimbursable Programs	\$ 123,416
Total Operating Revenue	<u>123,416</u>
Operating Expenses:	
Cost of Sales	46,203
Salaries	72,867
Management Fee	9,289
Miscellaneous	44,320
Depreciation	5,472
Total Operating Expenses	<u>178,151</u>
Operating (Loss)/Profit	(54,735)
Non-Operating Revenues:	
State Sources:	
State Lunch Program	1,423
Federal Sources:	
Federal Lunch Program	28,696
Federal PB Lunch Program	1,804
Commodities	7,222
Total Non-Operating Revenues	<u>39,145</u>
Change in Net Position	(15,590)
Net Position, July 1	<u>(38,606)</u>
Net Position, June 30	<u><u>\$ (54,196)</u></u>

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

**OCEANPORT SCHOOL DISTRICT**

**STATEMENT OF CASH FLOWS**

Exhibit B-6

**PROPRIETARY FUNDS**

**JUNE 30, 2013**

	<b><u>Enterprise Fund</u></b>
Cash Flows from Operating Activities:	
Receipts from Daily Sales	\$ 123,416
Payments to Suppliers	(110,090)
Net Cash Used by Operating Activities	<u>13,326</u>
Cash Flows from Noncapital Financing Activities:	
Federal and State Sources	31,923
Net Cash Provided by Noncapital Financing Activities	<u>31,923</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	45,249
Cash and Cash Equivalents July 1	<u>377</u>
Cash and Cash Equivalents June 30	<u>\$ 45,626</u>
Cash Flows from Operating Activities:	
Operating (Loss)/Profit	\$ (54,735)
Adjustments to Reconcile Operating Loss to Cash Provided (Used) by Operating Activities:	
Depreciation	5,472
Commodities	7,222
Changes in Assets and Liabilities:	
Increase/(Decrease) in Accounts Payables	57,917
(Increase)/Decrease in Inventories	(413)
(Increase)/Decrease in Accounts Receivable	<u>(2,137)</u>
Net Cash Used by Operating Activities	<u>\$ 13,326</u>

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

OCEANPORT SCHOOL DISTRICTSTATEMENT OF FIDUCIARY NET POSITION

Exhibit B-7

FIDUCIARY FUNDSJUNE 30, 2013

	<u>Unemployment Compensation Trust</u>
Assets:	
Cash and Cash Equivalents	\$ 158,216
Total Assets	<u>\$ 158,216</u>
Net Position:	
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 158,216</u>
Total Net Position	<u>\$ 158,216</u>

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

OCEANPORT SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Exhibit B-8

FIDUCIARY FUNDS

JUNE 30, 2013

	<u>Unemployment Compensation Trust</u>
<b><u>Additions</u></b>	
Investment Earnings:	
Interest	372
Net Investments Earnings	<u>372</u>
Total Additions	<u>372</u>
<b><u>Deductions</u></b>	
Unemployment Claims	27,618
Total Deductions	<u>27,618</u>
Change in Net Position	(27,246)
Net Position - Beginning of Year	<u>185,462</u>
Net Position - End of the Year	<u><u>\$ 158,216</u></u>

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

**NOTES TO FINANCIAL STATEMENTS**

**BOARD OF EDUCATION**  
**OCEANPORT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1: Summary of Significant Accounting Policies**

The financial statements of the Board of Education (Board) of the Oceanport School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

**A. Reporting Entity:**

The Oceanport School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Government Accounting and Financial Reporting Standards, is whether:

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

**B. Government-Wide Financial Statements**

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities such as student activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by state and federal aid, tuition and county tax levies, from business-type activities generally financed in whole or in part with fees charged to external parties.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**B. Government-Wide Financial Statements (Continued)**

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees and other charges to users of the District's services and (2) operating grants and contributions. These revenues are subject to externally imposed restrictions to these program uses. Tax levies and other revenue sources not properly included with program revenues are reported as general revenues.

**Fund Financial Statements**

Fund financial statements are provided for governmental, proprietary and fiduciary funds. The New Jersey Department of Education (the "Department") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The Department believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

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

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. County tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. The Unemployment Trust Fund recognizes employer and employee contributions in the period in which contributions are due.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to apply current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term pension and compensated absences, which are reported as expenditures in the year due.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

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

Major revenue sources susceptible to accrual includes Intergovernmental revenues, and the county tax levy. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for food sales and for services provided to other governmental entities. Principles operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

**D. Fund Accounting:**

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

**Governmental Fund Types**

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

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

Capital Projects Fund: the capital projects fund is used to account for all 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 is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**Proprietary Fund Type**

Enterprise Fund: To account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the District is that the costs of providing goods or services to the District on a continuing basis be financed or recovered primarily through user charges.

**NOTE 1: Summary of Significant Accounting Policies (Continued)****D. Fund Accounting (Continued):****Fiduciary Fund Types**

Agency Funds (Payroll and Student Activities 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.

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.

Expendable Trust Fund: An expendable trust fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets where both the principal and interest may be spent. Expendable trust funds include Unemployment Compensation Insurance.

Agency Funds (Payroll and Student Activities 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.

**E. Basis of Accounting:**

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

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

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recorded in the accounting period in which they are earned and expenses are recorded at the time liabilities are incurred.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**F. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. Budgets 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 detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2013 were insignificant.

The Public School Education Act of 1975, limits the annual increase of any district's net current expense budget. The Commissioner of Education certifies the allowable amount for each district but may grant a higher level of increase if he determines that the sums so provided would be insufficient to meet the identified goals and needs of the district or that an anticipated enrollment increase requires additional funds.

The Commissioner must also review every proposed local school district budget for the next school year. He examines every item of appropriations for current expenses and budgeted capital outlay to determine their adequacy in relation to the identified needs and goals of the district. If, in his view, they are insufficient, the Commissioner must order remedial action. If necessary, he is authorized to order changes in the local district budget.

Once a budget is approved, it can be amended by transfers or additional appropriation of fund balances by approval of a majority of the members of the Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Individual transfers were not material in relation to the original appropriations. All uncommitted budget appropriations lapse at year-end.

**G. Encumbrances:**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**H. Short-Term Interfund Receivables/Payables:**

Short-Term interfund receivables/payables represents amounts that are owed, other than charges for good or services rendered to/from a particular fund in the District and that are due within one year.

**I. Inventories and Prepaid Expenses**

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2013.

**J. Capital Assets and Depreciation**

The District's property, buildings and improvements, equipment, vehicles, furniture and fixtures with useful lives of five years or more are stated at historical or estimated historical cost and are reported in the government-wide financial statements. Proprietary Fund capital assets are reported in its respective fund.

The District contracted with an outside service company to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2012-2013 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2013, fiscal year 2013 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	20 – 50
Equipment and Vehicles	5 – 20
Furniture and Fixtures	5 – 20

The District is currently in the process of obtaining and installing software that will maintain proper capital asset and depreciation records.

Capital asset activity for the year ended June 30, 2013 was as follows:

NOTE 1: Summary of Significant Accounting Policies (Continued)J. Capital Assets and Depreciation (Continued)

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2013</u>
Governmental Activities:				
Capital Assets that are Not Being Depreciated:				
Land	\$ 1,315,100	_____	_____	1,315,100
Total Capital Assets Not Being Depreciated	<u>1,315,100</u>	_____	_____	<u>1,315,100</u>
Depreciable Assets:				
Buildings	6,973,162			6,973,162
Equipment	<u>606,827</u>	_____	_____	<u>606,827</u>
Totals at Historical Cost	<u>7,579,989</u>	_____	_____	<u>7,579,989</u>
Less: Accumulated Depreciation for:				
Buildings	(2,892,703)	(135,630)		(3,028,333)
Equipment	<u>(436,539)</u>	<u>(51,697)</u>	_____	<u>(488,236)</u>
Total Accumulated Depreciation	<u>(3,329,242)</u>	<u>(187,327)</u>	_____	<u>(3,516,569)</u>
Net Depreciable Assets	<u>4,250,747</u>	<u>(187,327)</u>	_____	<u>4,063,420</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,565,847</u>	<u>(187,327)</u>	_____	<u>5,378,520</u>
Business-Type Activities:				
Equipment	\$ 228,723			228,723
Less: Accumulated Depreciation for:				
Equipment	<u>(198,144)</u>	<u>(5,472)</u>	_____	<u>(203,616)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 30,579</u>	<u>(5,472)</u>	_____	<u>25,107</u>
Depreciation expense was charged to governmental functions as follows:				
Unallocated				<u>\$ 187,327</u>

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**K. Compensated Absences**

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services 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 rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. 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 agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the general long-term debt account group. The current portion of the compensated absence balance is not considered material to the applicable fund total liabilities, and therefore is not shown separately from the long-term liability balance of compensated absences.

**L. Deferred Revenue**

Deferred revenue in the special revenue fund represents cash, which has been received but not yet earned. See note 1(e) regarding the special revenue fund.

**M. Long-Term Obligations**

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

**N. Fund Equity**

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Grants, entitlements, or shared revenues which are restricted for the acquisition or construction of capital assets are also recorded as contributed capital. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

**O. Tuition Receivable**

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**P. Tuition Payable**

Tuition charges for the fiscal year 2012-2013 was based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**NOTE 2: Cash and Cash Equivalents and Investments**

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short term investments with original maturities of three months or less.

Investments are stated at cost or amortized cost, which approximates market. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

**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, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

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

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

In addition to the above collateral requirement, 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.

**Investments**

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank of Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following categories described below:

FDIC	\$ 250,000
GUPDA	<u>1,658,031</u>
	<u>\$ 1,908,031</u>

**NOTE 2: Cash and Cash Equivalents and Investments (Continued)**

As of June 30, 2013, cash and cash equivalents and investments of the District consisted of the following:

	<b>Cash and Cash Equivalents</b>
Interest Bearing Checking Accounts	<u>\$ 1,599,484</u>

The carrying amount of the Board's cash, cash equivalents and investments at June 30, 2013 was \$1,599,484 and the bank balance was \$1,908,031. Of the bank balance \$250,000 was covered by federal depository insurance and \$1,658,031 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

**NOTE 3: General Long-Term Debt**

During the fiscal year ended June 30, 2013, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>	<u>Long-Term Portion</u>	<u>2013-2014 Payment</u>
Compensated Absences Payable	\$ 432,977		(273,649)	159,328	159,328	
Capital Leases	39,736		(10,647)	29,089	18,442	10,647
Bonds Payable	<u>1,795,000</u>	_____	<u>(100,000)</u>	<u>1,695,000</u>	<u>1,590,000</u>	<u>105,000</u>
	<u>\$ 2,267,713</u>	=====	<u>(384,296)</u>	<u>1,883,417</u>	<u>1,767,770</u>	<u>115,647</u>

**A. Bonds Payable**

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 105,000	67,256	172,256
2015	110,000	62,956	172,956
2016	115,000	58,456	173,456
2017	120,000	53,756	173,756
2018	125,000	48,778	173,778
2019-2023	680,000	161,907	841,907
2024-2026	<u>440,000</u>	<u>27,430</u>	<u>467,430</u>
	<u>\$ 1,695,000</u>	<u>480,539</u>	<u>2,175,539</u>

Bonds issued 12/15/06 for \$2,135.00 at interest from 4.0% to 4.125% maturing 8/1/15 with a balance of \$1,695,000 at June 30, 2013.

**NOTE 3: General Long-Term Debt (Continued)****B. Bonds Authorized But Not Issued**

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

**C. Capital Leases**

2011 Xerox @ 4% interest for 5 years maturing 2/25/16 with a balance of \$29,089 at June 30, 2013.

**Future Minimum Lease Payments**

2013-2014	\$ 11,407
2014-2015	11,407
2015-2016	<u>7,605</u>
	30,419
Less: Interest	<u>(1,330)</u>
Lease Payments	<u>\$ 29,089</u>

**NOTE 4: Pension Plans**

**Description of Plans** – All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

**Teachers' Pension and Annuity Fund (TPAF)** – The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**NOTE 4: Pension Plans (Continued)**

**Public Employees' Retirement System (PERS)** – The Public Employee's Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**Vesting and Benefit Provisions** – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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 the members' accounts.

**Significant Legislation** - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

**Contribution Requirements** – The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

**NOTE 4: Pension Plans (Continued)**

<b><u>Three-Year Trend Information for PERS</u></b>			
<b><u>Year</u></b>	<b><u>Annual</u></b>	<b><u>Percentage</u></b>	<b><u>Net</u></b>
<b><u>Funding</u></b>	<b><u>Pension</u></b>	<b><u>of APC</u></b>	<b><u>Pension</u></b>
	<b><u>Cost (APC)</u></b>	<b><u>Contributed</u></b>	<b><u>Obligation</u></b>
6/30/13	\$ 87,516	100%	0
6/30/12	102,405	100%	0

<b><u>Three-Year Trend Information for TPAF (Paid On-Behalf of the District)</u></b>			
<b><u>Year</u></b>	<b><u>Annual</u></b>	<b><u>Percentage</u></b>	<b><u>Net</u></b>
<b><u>Funding</u></b>	<b><u>Pension</u></b>	<b><u>of APC</u></b>	<b><u>Pension</u></b>
	<b><u>Cost (APC)</u></b>	<b><u>Contributed</u></b>	<b><u>Obligation</u></b>
6/30/13	\$ 605,862	100%	0
6/30/12	454,011	100%	0
6/30/11	314,246	100%	0

During the fiscal year ended June 30, 2013, the State of New Jersey contributed \$605,862 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$302,713 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenue and expenditure in accordance with GASB 24.

**NOTE 5: Post-Retirement Benefits**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

**NOTE 6: Contingent Liabilities**

It is the opinion of the school board officials that there is no litigation threatened or pending that would materially affect the financial position of the school district.

**NOTE 7: Equity Balance**

At June 30, 2013, the General Fund equity balance was as follows:

Restricted For:	
Capital Reserve	\$ 40
Emergency Reserve	250,000
Maintenance Reserve	500,000
Excess Surplus	208,963
Assigned to:	
Year-End Encumbrances	6,000
Designated for Subsequent Year's Expenditures	15,042
Unassigned:	
General Fund	<u>258,038</u>
	<u>\$ 1,238,083</u>

Reserved for encumbrances represents outstanding purchase orders which will be rolled into the 2012-2013 budget and expended therefrom.

Reserved excess surplus represents a calculation under N.J.S.A. 18A:7F-7 which identifies an amount of surplus under the statute which must be restricted for use in the next succeeding budget.

**2% Calculation of Excess Surplus**

2012-13 Total General Fund Expenditures Per the CAFR	\$ 10,358,022
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(908,575)</u>
Adjusted 2012-13 General Fund Expenditures	<u>\$ 9,449,447</u>
2% of Adjusted 2012-13 General Fund Expenditures	<u>\$ 188,989</u>
Enter Above or \$250,000 Whichever is Greater	\$ 250,000
Increased by: Allowable Adjustment	<u>8,038</u>
Maximum Unassigned Fund Balance	<u>\$ 258,038</u>

**NOTE 7: Equity Balance****Section 2**

Total General Fund – Fund Balance @ 6-30-13	\$ 1,238,083
Decreased by:	
Unrestricted Fund Balance Designated for Subsequent Years Expenditures	(15,042)
Maintenance Reserve	(500,000)
Capital Reserve	(40)
Emergency Reserve	(250,000)
Reserved for Encumbrances	<u>(6,000)</u>
Total Unassigned Fund Balance	<u>\$ 467,001</u>
Excess Surplus – Reserved Fund Balance	<u>\$ 208,963</u>

**Section 3**

Excess Surplus – Current Year	<u>\$ 208,963</u>
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**Detail of Allowable Adjustments**

Extraordinary Aid	\$ 4,939
Non Public Transportation	<u>3,099</u>
	<u>\$ 8,038</u>

**Reserves**

Capital Reserve	\$ 40
Emergency Reserve	250,000
Maintenance Reserve	<u>500,000</u>
Total Other Restricted/Reserved Fund Balance	<u>\$ 750,040</u>

**NOTE 8: Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**Property and Liability Insurance** – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds.

**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 the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current year:

**NOTE 8: Risk Management (Continued)**

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest</u>	<u>Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$ 200,000		114	104,161	113,302
2011-2012	100,000		322	28,162	185,462
2012-2013			372	27,618	158,216

**NOTE 9: INTERFUND RECEIVABLES AND PAYABLES**

The following interfunds existed at June 30, 2013:

	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 92,894	
Special Revenue Fund		870
Capital Projects Fund	_____	<u>92,024</u>
Totals	<u>\$ 92,894</u>	<u>92,894</u>

**NOTE 10: CAPITAL RESERVE ACCOUNT**

A Capital Reserve account was established by the Borough of Oceanport Board of Education on September 1, 2000 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.

Fund 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. 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. 6:23A-5.1(d) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Balance July 1, 2012 & June 30, 2013	<u>\$ 40</u>
--------------------------------------	--------------

**NOTE 11: FAIR VALUES OF FINANCIAL INSTRUMENTS**

The following methods and assumptions were used by the Oceanport Board of Education in estimating its fair value disclosures for financial instruments.

Cash and Cash Equivalents: The carrying amounts reported in the combined balance sheet for cash and cash equivalents are the fair values of those assets.

**NOTE 12: FUND BALANCE APPROPRIATED**

**General Fund** – Of the \$1,238,083 General Fund fund balance at June 30, 2013, \$6,000 is year-end encumbrances; \$40 has been reserved in the Capital Reserve Account; \$250,000 has been reserved as Emergency Reserve, \$500,000 is reserved for Maintenance Reserve; \$15,042 has been appropriated and included as anticipated revenue for the year ending June 30, 2014; and \$208,963 is excess surplus – current year; and \$258,038 is unreserved and undesignated.

**NOTE 13: ECONOMIC DEPENDENCY**

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the District's programs and activities.

**NOTE 14: RECENT ACCOUNTING PRONOUNCEMENTS**

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2013. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2013 through December 3, 2013.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**BUDGETARY COMPARISON SCHEDULES – C**

OCEANPORT SCHOOL DISTRICT

Exhibit C-1  
Sheet 1 of 11

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 8,856,591		8,856,591	8,856,591	-
Tuition	145,000		145,000	245,346	100,346
Interest			-	6,915	6,915
Miscellaneous	1		1	57,855	57,854
Total Local Sources	9,001,592		9,001,592	9,166,707	165,115
State Sources:					
Transportation Aid	27,183		27,183	27,183	-
Special Education Aid	351,844		351,844	351,844	-
Security Aid	18,557		18,557	18,557	
Adjustment Aid	26,714		26,714	26,714	
Extraordinary Aid				4,939	4,939
Non Public Transportation Aid				3,099	3,099
TPAF Pension Contribution (On-Behalf)				605,862	605,862
TPAF Social Security Contribution (Reimbursed)				302,713	302,713
Total State Sources	424,298	-	424,298	1,340,911	916,613
Total Revenues	9,425,890	-	9,425,890	10,507,618	1,081,728
Distributed Expenditures:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	210,570	(6,310)	204,260	204,140	120
Grades 1-5 - Salaries of Teachers	1,372,960	(67,715)	1,305,245	1,304,338	907
Grades 6-8 - Salaries of Teachers	1,112,116	92,787	1,204,903	1,202,214	2,689
Subtotal	2,695,646	18,762	2,714,408	2,710,692	3,716

OCEANPORT SCHOOL DISTRICT

Exhibit C-1  
Sheet 2 of 11

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Regular Programs - Other:					
Salaries of Teachers-Home Instruction	6,000		6,000	5,513	487
Subtotal	<u>6,000</u>	<u>-</u>	<u>6,000</u>	<u>5,513</u>	<u>487</u>
Regular Programs - Undistributed Instruction:					
Other Purchased Services	10,000		10,000	5,654	4,346
General Supplies	90,000		90,000	88,988	1,012
Textbooks	20,000	(19,562)	438	437	1
Other Objects	4,000		4,000	1,218	2,782
Subtotal	<u>124,000</u>	<u>(19,562)</u>	<u>104,438</u>	<u>96,297</u>	<u>8,141</u>
Total Regular Programs - Instruction	<u>2,825,646</u>	<u>(800)</u>	<u>2,824,846</u>	<u>2,812,502</u>	<u>12,344</u>
Special Education Instruction:					
Cognitive Moderate	145,764	(1,884)	143,880	141,135	2,745
Salaries of Teachers	52,566	94,871	147,437	146,389	1,048
Other Salaries For Instruction	40,000	(29,600)	10,400	10,171	229
Purchased Professional/Educational Services	2,000		2,000	100	1,900
Supplies	2,000	(1,000)	1,000		1,000
Textbooks					
Total Behavioral Disability	<u>242,330</u>	<u>62,387</u>	<u>304,717</u>	<u>297,795</u>	<u>6,922</u>

OCEANPORT SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Resource Room/Center:					
Salaries of Teachers	426,208	104,127	530,335	530,330	5
General Supplies	3,000		3,000	1,587	1,413
Textbooks	1,000	(1,000)	-		-
Total Resource Room/Center	430,208	103,127	533,335	531,917	1,418
Preschool Handicapped-Part Time					
Salaries of Teachers	181,943	(273)	181,670	180,809	861
Other Salaries for Instruction	56,225	3,304	59,529	58,908	621
Supplies	3,000		3,000	2,799	201
Total Preschool Handicapped-Part Time	241,168	3,031	244,199	242,516	1,683
Total Special Education - Instruction	913,706	168,545	1,082,251	1,072,228	10,023
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	100,983	(78,979)	22,004	22,004	-
Other Salaries For instruction	500	(250)	250	250	-
Total Basic Skills/Remedial - Instruction	101,483	(79,229)	22,254	22,254	-
Bilingual Education-Instruction					
Supplies	250	(171)	79		79
School Sponsored Co-Curricular Activities - Instruction:					
Salaries	73,500		73,500	37,669	35,831
Other Purchased Services	200		200		200
General Supplies	5,000		5,000	1,006	3,994
Other Objects	6,000	864	6,864	5,769	1,095
Total School Sponsored Co-Curricular	84,700	864	85,564	44,444	41,120

OCEANPORT SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School Sponsored Athletics - Instruction:					
Salaries	46,000	6,780	52,780	52,780	-
Supplies and Materials	4,000	600	4,600	4,600	-
Other Objects	2,000	(600)	1,400	1,302	98
Total School Sponsored Athletics - Instruction	52,000	6,780	58,780	58,682	98
Total Distributed Expenditures	3,977,785	95,989	4,073,774	4,010,110	63,664
Tuition:					
Tuition to Other LEA's Within State - Special		41,437	41,437	29,423	12,014
Tuition to Private Schools for the Handicapped Within State		8,761	8,761	4,381	4,380
Total Tuition	-	50,198	50,198	33,804	16,394
Attendance & Social Work:					
Salaries	1,000		1,000	500	500
Other Purchased Services	100		100	100	-
Total Attendance & Social Work	1,100	-	1,100	600	500
Health Services:					
Salaries	157,061	2,417	159,478	159,478	-
Purchased Professional/Technical Services		5,235	5,235	5,235	-
Supplies and Materials	3,000	294	3,294	3,294	-
Total Health Services	160,061	7,946	168,007	168,007	-

OCEANPORT SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Support Services Students - Related:					
Salaries	142,521	(4,405)	138,116	138,116	-
Supplies and Materials	1,000	(400)	600	366	234
Total Other Support Services Students - Related	143,521	(4,805)	138,716	138,482	234
Other Support Services Students-Extraordinary:					
Salaries	329,045	66,401	395,446	395,446	
Purchased Professional/Educational Services	40,000	11,800	51,800	46,120	5,680
Total Other Support Services Students - Extraordinary	369,045	78,201	447,246	441,566	5,680
Other Support Services Students - Regular					
Salaries of Other Professional Staff	52,377	1,473	53,850	45,773	8,077
Supplies and Materials	12,000	(8,455)	3,545	3,544	1
	64,377	(6,982)	57,395	49,317	8,078
Other Support Services Students - Special:					
Salaries of Other Professional Staff	354,928	(39,009)	315,919	306,411	9,508
Salaries of Secretarial & Clerical	43,553	(429)	43,124	43,124	-
Purchased Professional/Educational Services		30,435	30,435	30,435	-
Other Purchased Services	3,500		3,500	3,081	419
Supplies and Materials	14,000		14,000	12,740	1,260
Other Objects	5,000	1,530	6,530	6,530	-
Total Other Support Services Students - Special	420,981	(7,473)	413,508	402,321	11,187

OCEANPORT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Educational Media/Library:					
Salaries	147,484	(659)	146,825	146,705	120
General Supplies	5,000	(2,000)	3,000	2,065	935
Other Objects		270	270	270	-
Total Educational Media/Library	<u>152,484</u>	<u>(2,389)</u>	<u>150,095</u>	<u>149,040</u>	<u>1,055</u>
Staff Training:					
Salaries of Secretarial and Clerical Assistants	11,000	(3,964)	7,036	7,036	-
Purchased Professional Services	26,000	(18,721)	7,279	6,061	1,218
Other Purchased Services	4,000		4,000	1,639	2,361
Total Staff Training	<u>41,000</u>	<u>(22,685)</u>	<u>18,315</u>	<u>14,736</u>	<u>3,579</u>
Support Services - General Administration:					
Salaries	187,101	(13,888)	173,213	173,213	-
Legal Services	25,000	28,261	53,261	52,030	1,231
Audit Fees	16,000		16,000	16,000	-
Other Purchased Professional Services	2,000	(785)	1,215	1,215	-
Communications/Telephone	15,000	2,457	17,457	11,727	5,730
Judgments		140,000	140,000	140,000	-
General Supplies	2,000		2,000	1,935	65
Miscellaneous Expenditures	16,000	2,177	18,177	18,589	(412)
BOE Membership Dues and Fees	6,000		6,000	6,000	-
Total Support Services - General Administration	<u>269,101</u>	<u>158,222</u>	<u>427,323</u>	<u>420,709</u>	<u>6,614</u>

OCEANPORT SCHOOL DISTRICT

Exhibit C-1  
Sheet 7 of 11

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services - School Administration:					
Salaries of Principals/Vice Principals	287,161	408	287,569	275,262	12,307
Salaries of Secretarial & Clerical Assistants	27,400	(15,930)	11,470	10,007	1,463
Other Purchased Services	13,000		13,000	10,370	2,630
General Supplies	14,000	(2,000)	12,000	9,883	2,117
Other Objects	16,000	(2,429)	13,571	8,956	4,615
<b>Total Support Services - School Administration</b>	<b>357,561</b>	<b>(19,951)</b>	<b>337,610</b>	<b>314,478</b>	<b>23,132</b>
Central Services:					
Salaries	145,778	(66,585)	79,193	79,193	-
Purchased Professional Services		25,400	25,400	14,875	10,525
Supplies and Materials	1,000	2,000	3,000	3,000	-
General Supplies	3,500		3,500	1,295	2,205
Miscellaneous Expenditures	4,000	(2,168)	1,832	1,832	-
<b>Total Central Services</b>	<b>154,278</b>	<b>(41,353)</b>	<b>112,925</b>	<b>100,195</b>	<b>12,730</b>
Admin. Information Technology:					
Supplies and Materials	120,000	(3,000)	117,000	108,665	8,335
<b>Total Admin. Information Technology</b>	<b>120,000</b>	<b>(3,000)</b>	<b>117,000</b>	<b>108,665</b>	<b>8,335</b>
Required Maintenance for School Facilities:					
Cleaning Repair & Maintenance	115,000	85,829	200,829	200,829	-
<b>Total Required Maintenance for School Facilities</b>	<b>115,000</b>	<b>85,829</b>	<b>200,829</b>	<b>200,829</b>	<b>-</b>

OCEANPORT SCHOOL DISTRICT

Exhibit C-1  
Sheet 8 of 11

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Operations & Maintenance:					
Salaries	227,526	9,984	237,510	237,510	-
Cleaning, Repair & Maintenance Services	35,000	11,335	46,335	28,884	17,451
Other Purchased Property Services	30,000	(6,900)	23,100	23,091	9
Insurance	60,000	(810)	59,190	59,190	-
General Supplies	22,000	73	22,073	21,787	286
Energy (Electricity)	150,000	2,214	152,214	152,214	-
Other Objects	21,570	4,759	26,329	26,329	-
Energy (Natural Gas)	70,000	(23,307)	46,693	45,614	1,079
Total Other Operations & Maintenance	<u>616,096</u>	<u>(2,652)</u>	<u>613,444</u>	<u>594,619</u>	<u>18,825</u>
Total Operations & Maintenance	<u>731,096</u>	<u>83,177</u>	<u>814,273</u>	<u>795,448</u>	<u>18,825</u>
Student Transportation:					
Salaries (Between Home & School Regular)	10,000	3,754	13,754	13,754	-
Salaries (Between Home & School Special Education)	3,000	3,692	6,692	6,692	-
Cleaning Repair & Maintenance Services	3,000	5,365	8,365	8,365	-
Contracted Services (Aid in Lieu Non Public)	45,000	4,100	49,100	46,863	2,237
Contracted Services (Between Home and School)	180,000	9,397	189,397	184,082	5,315
Contracted Services (Special Education Students ESC's)	100,000	36,813	136,813	134,259	2,554
Total Student Transportation	<u>341,000</u>	<u>63,121</u>	<u>404,121</u>	<u>394,015</u>	<u>10,106</u>

OCEANPORT SCHOOL DISTRICT

Exhibit C-1  
Sheet 9 of 11

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures-Employee Benefits:					
Other Retirement Contrib. - Social Security	160,000	(48,177)	111,823	111,585	238
Retirement Contributions	107,000	(17,285)	89,715	87,516	2,199
Unemployment Compensation	35,500	(35,500)	-	-	-
Workman's Compensation	75,000	(20,006)	54,994	54,994	-
Health Benefits	1,700,000	(228,384)	1,471,616	1,433,723	37,893
Tuition Reimbursements	45,000	3,412	48,412	48,412	-
Other Employee Benefits		56,178	56,178	56,178	-
Total Unallocated Benefits	<u>2,122,500</u>	<u>(289,762)</u>	<u>1,832,738</u>	<u>1,792,408</u>	<u>40,330</u>
TPAF Pension Contribution (On-Behalf)		-		605,862	(605,862)
TPAF Social Security Contribution (Reimbursed)		-		302,713	(302,713)
Total Undistributed Expenditures	<u>5,448,105</u>	<u>42,465</u>	<u>5,490,570</u>	<u>6,232,366</u>	<u>(741,796)</u>
Total General Current Expense	<u>9,425,890</u>	<u>138,454</u>	<u>9,564,344</u>	<u>10,242,476</u>	<u>(678,132)</u>

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Equipment:					
Regular Programs - Instruction:					
Custodial		25,068	25,068	25,068	-
Technology	114,215	(24,535)	89,680	89,680	-
Total Regular Programs - Instruction	114,215	533	114,748	114,748	-
Facilities, Acquisition and Construction Services:					
Other Objects		798	798	798	-
Total Facilities, Acquisition and Construction Services	-	798	798	798	-
Total Capital Outlay	114,215	1,331	115,546	115,546	-
Total Current Expense and Capital Outlay	9,540,105	139,785	9,679,890	10,358,022	(678,132)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(114,215)	(139,785)	(254,000)	149,596	403,596
Other Financing Sources (Uses): Adjustment to Prove to Assets				(5,810)	(5,810)
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources (Uses)	(114,215)	(139,785)	(254,000)	143,786	397,786
Fund Balance July 1	1,094,297		1,094,297	1,094,297	-
Fund Balance June 30	\$ 980,082	(139,785)	840,297	1,238,083	397,786

OCEANPORT SCHOOL DISTRICT

Exhibit C-1  
Sheet 11 of 11

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Reserved For Excess Surplus - Current Year				\$ 208,963	
Maintenance Reserve				500,000	
Capital Reserve				40	
Emergency Reserve				250,000	
Committed Fund Balance:					
Year End Encumbrances				6,000	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				15,042	
Unassigned Fund Balance				258,038	
				<u>1,238,083</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Final State Audit Payments not Recognized on GAAP Basis				<u>(40,083)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,198,000</u>	

OCEANPORT SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Federal Sources	\$ 186,158		186,158	186,158	-
Total Revenues	\$ 186,158	-	186,158	186,158	-
Expenditures:					
Instruction:					
Instruction Supplies	\$ 12,734		12,734	12,734	
Tuition	91,624		91,624	91,624	
Total Instruction	104,358	-	104,358	104,358	-
Support Services:					
Non-Instructional Salaries	59,803		59,803	59,803	
Employee Benefits	4,575		4,575	4,575	
Purchased Professional & Technical Services	11,616		11,616	11,616	
Tuition	5,806		5,806	5,806	
Total Support Services	81,800	-	81,800	81,800	-
Total Expenditures	\$ 186,158	-	186,158	186,158	-

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGET TO GAAP RECONCILIATION**

**NOTE TO RSI**

**JUNE 30, 2013**

	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>
<b><u>Sources/Inflows of Resources</u></b>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 10,507,618	186,158
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	35,738	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(40,083)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 10,503,273</u>	<u>186,158</u>
<b><u>Uses/Outflows of Resources</u></b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ -	186,158
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
	<u>10,358,022</u>	
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 10,358,022</u>	<u>186,158</u>

**OTHER SUPPLEMENTARY INFORMATION**

**SCHOOL LEVEL SCHEDULES – D**

**N/A**

**SPECIAL REVENUE FUND – E**

OCEANPORT SCHOOL DISTRICT

SPECIAL REVENUE FUND

Exhibit E-1

COMBINING SCHEDULE OF REVENUES EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Title I</u>	<u>Title IIA</u>	<u>I.D.E.A. Part B Basic</u>	<u>I.D.E.A. Part B Pre-School</u>	<u>Totals June 30, 2012</u>
Revenues:					
Federal Sources	\$ 12,734	11,616	156,002	5,806	186,158
Total Revenue	\$ 12,734	11,616	156,002	5,806	186,158
Expenditures:					
Instruction:					
Instructional Supplies	\$ 12,734	-			12,734
Tuition			91,624		91,624
Total Instruction	12,734	-	91,624	-	104,358
Support Services:					
Non-Instructional Salaries			59,803		59,803
Employee Benefits			4,575		4,575
Purchased Professional Services		11,616			11,616
Tuition				5,806	5,806
Total Support Services	-	11,616	64,378	5,806	81,800
Total Expenditures	\$ 12,734	11,616	156,002	5,806	186,158

**CAPITAL PROJECTS FUND – F**

OCEANPORT SCHOOL DISTRICT

CAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF PROJECT EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2013

<u>Issue/Project Title</u>	<u>Date Approved</u>	<u>Appropriations</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Unexpended Balance</u>
Wolf Hill Elementary School Paving	8/30/2010	\$ 164,010	164,010		
Wolf Hill Elementary School Drainage	8/30/2010	71,050	71,050		
		<u>\$ 235,060</u>	<u>235,060</u>	<u>-</u>	<u>-</u>

OCEANPORT SCHOOL DISTRICT

Exhibit F-2a

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,AND PROJECT STATUS - BUDGETARY BASISWOLF HILL ELEMENTARY SCHOOL DRAINAGE SYSTEM AND PIPING REPAIRSFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b><u>Revenues and Other Financing Sources</u></b>				
State Sources - SDA Grant	\$ 28,420		28,420	28,420
Other Financing Sources	42,630		42,630	42,630
Total Revenues	<u>71,050</u>	<u>-</u>	<u>71,050</u>	<u>71,050</u>
<b><u>Expenditures and Other Financing Uses</u></b>				
Construction Services	71,050		71,050	71,050
Total Expenditures	<u>71,050</u>	<u>-</u>	<u>71,050</u>	<u>71,050</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Additional Project Information**

Project Number	DOE #3830-050-10-1002
Grant Date	8/30/10
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Percentage Completion	100%
Original Target Completion Date	6/30/2011
Revised Target Completion Date	6/30/2011

OCEANPORT SCHOOL DISTRICT

Exhibit F-2b

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,AND PROJECT STATUS - BUDGETARY BASISWOLF HILL ELEMENTARY SCHOOL PAVING PROJECTFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b><u>Revenues and Other Financing Sources</u></b>				
State Sources - SDA Grant	\$ 65,604		65,604	65,604
Other Financing Sources	98,406		98,406	98,406
Total Revenues	<u>164,010</u>	<u>-</u>	<u>164,010</u>	<u>164,010</u>
<b><u>Expenditures and Other Financing Uses</u></b>				
Construction Services	164,010		164,010	164,010
Total Expenditures	<u>164,010</u>	<u>-</u>	<u>164,010</u>	<u>164,010</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Additional Project Information**

Project Number	DOE #3830-050-10-1001
Grant Date	8/30/10
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Percentage Completion	100%
Original Target Completion Date	6/30/2011
Revised Target Completion Date	6/30/2011

**PROPRIETARY FUNDS – G**

N/A

**FIDUCIARY FUND – H**

OCEANPORT SCHOOL DISTRICT

TRUST AND AGENCY FUND

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET POSITION

AS OF JUNE 30, 2013

	<u>Agency</u>		<u>Expendable Trusts</u>		<u>Totals</u>
	<u>Student Activity</u>	<u>Payroll Account</u>	<u>Agency Account</u>	<u>Unemployment Compensation</u>	
Assets:					
Cash and Cash Equivalents	\$ 34,720	21,091	46,267	158,216	260,294
Due from Current Fund - Summer Payroll			368,575		368,575
Total Assets	\$ 34,720	21,091	414,842	158,216	628,869
Liabilities and Net Assets:					
Liabilities:					
Due to Student Groups	\$ 34,720				34,720
Due to Current Fund		21,091	5,862		26,953
Accrued Salaries and Wages			368,575		368,575
Payroll Withholdings & Deductions			40,405		40,405
Total Liabilities	34,720	21,091	414,842	-	470,653
Net Position:					
Unreserved				158,216	158,216
Total Net Position	-	-	-	158,216	158,216
Total Liabilities and Net Position	\$ 34,720	21,091	414,842	158,216	628,869

OCEANPORT SCHOOL DISTRICT

EXPENDABLE TRUST FUNDS

Exhibit H-2

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Unemployment Compensation Insurance Trust Fund</u>
Additions:	
Local Sources:	
Interest on Investments	\$ 372
Total Additions	<u>372</u>
Deductions:	
Unemployment Claims	<u>27,618</u>
Total Deductions	<u>27,618</u>
Change in Net Position	(27,246)
Net Position, July 1	<u>185,462</u>
Net Position, June 30	<u>\$ 158,216</u>

OCEANPORT SCHOOL DISTRICTSTUDENT ACTIVITY AGENCY FUND

Exhibit H-3

SCHEDULE OF RECEIPTS AND DISBURSEMENTSFOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2013</u>
Elementary School:				
Market Place	\$ 19,975	35,135	37,772	17,338
Market Place - 8th Grade	2,868	59,434	55,324	6,978
Wolf Hill	7,146	45,674	42,416	10,404
	<u>\$ 29,989</u>	<u>140,243</u>	<u>135,512</u>	<u>34,720</u>

**OCEANPORT SCHOOL DISTRICT****PAYROLL AGENCY FUND**

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS****FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Balance July 1, 2012</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2013</b>
Assets:				
Cash and Cash Equivalents	\$ 5,306	4,266,084	4,225,123	46,267
Due from General Fund	312,825	368,575	312,825	368,575
	<u>318,131</u>	<u>4,634,659</u>	<u>4,537,948</u>	<u>414,842</u>
Total Assets	<u>\$ 318,131</u>	<u>4,634,659</u>	<u>4,537,948</u>	<u>414,842</u>
Liabilities:				
Payroll Deductions and Withholdings	\$ 5,306	4,260,222	4,225,123	40,405
Accrued Salaries and Wages	312,825	368,575	312,825	368,575
Due to General Fund		5,862		5,862
	<u>318,131</u>	<u>4,634,659</u>	<u>4,537,948</u>	<u>414,842</u>
Total Liabilities	<u>\$ 318,131</u>	<u>4,634,659</u>	<u>4,537,948</u>	<u>414,842</u>

**LONG-TERM DEBT - I**

OCEANPORT SCHOOL DISTRICT

LONG-TERM DEBT

SCHEDULE OF BONDS PAYABLE

Exhibit I-1

JUNE 30, 2013

Date of Issue	Original Issue	Annual Maturities		Interest Rate	Balance July 1, 2012	Retired	Balance June 30, 2013
		Date	Amount				
12/15/2006	\$ 2,135,000	8/1/2013	\$ 105,000	4.0-4.125%	\$ 1,795,000	100,000	1,695,000
		8/1/2014	110,000				
		8/1/2015	115,000				
		8/1/2016	120,000				
		8/1/2017	125,000				
		8/1/2018	130,000				
		8/1/2019	135,000				
		8/1/2020	135,000				
		8/1/2021	140,000				
		8/1/2022	140,000				
		8/1/2023	145,000				
		8/1/2024	145,000				
		8/1/2015	150,000				
					\$ 1,795,000	100,000	1,695,000

Alterations and Renovations  
at Maple Place and  
Wolf Hill Schools

OCEANPORT SCHOOL DISTRICT

LONG-TERM DEBT

STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES

Exhibit I-2

JUNE 30, 2013

<u>Series</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2012</u>	<u>Retired</u>	<u>Balance June 30, 2013</u>
Xerox 4250XF/4260XF Copiers	\$ 53,233	\$ <u>39,736</u>	<u>10,647</u>	<u>29,089</u>

OCEANPORT SCHOOL DISTRICT

Exhibit I-3

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Fund to Actual
Revenues:					
Local Sources:					
Local Tax Levy	\$ 113,095		113,095	113,095	
State Aid	58,261		58,261	58,261	
Total Revenues	<u>171,356</u>	<u>-</u>	<u>171,356</u>	<u>171,356</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	71,356		71,356	71,356	-
Redemption of Principal	100,000		100,000	100,000	-
Total Expenditures	<u>171,356</u>	<u>-</u>	<u>171,356</u>	<u>171,356</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance July 1	<u>3,225</u>		<u>3,225</u>	<u>3,225</u>	
Fund Balance June 30	<u>\$ 3,225</u>	<u>-</u>	<u>3,225</u>	<u>3,225</u>	<u>-</u>

**STATISTICAL SECTION**

**(Unaudited)**

**OCEANPORT SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST THREE FISCAL YEARS**  
**UNAUDITED**

J-1

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Governmental Activities			
Invested in Capital Assets, net of related Debt	\$ 3,493,436	3,731,111	2,985,305
Restricted	983,270	864,255	383,128
Unrestricted	<u>217,955</u>	<u>(267,596)</u>	<u>(179,615)</u>
Total Governmental Activities	<u>\$ 4,694,661</u>	<u>4,327,770</u>	<u>3,188,818</u>
Business Type Activities			
Invested in Capital Assets, net of related Debt	\$ 25,107	30,579	36,051
Unrestricted	<u>(79,303)</u>	<u>(69,185)</u>	<u>(70,385)</u>
Total Business Type Activities	<u>\$ (54,196)</u>	<u>(38,606)</u>	<u>(34,334)</u>
District-wide			
Invested in Capital Assets, net of related Debt	\$ 3,518,543	3,761,690	3,021,356
Restricted	983,270	864,255	383,128
Unrestricted	<u>138,652</u>	<u>(336,781)</u>	<u>(250,000)</u>
Total District Position	<u>\$ 4,640,465</u>	<u>4,289,164</u>	<u>3,154,484</u>

**OCEANPORT SCHOOL DISTRICT**  
**CHANGES IN NET POSITION**  
**LAST THREE FISCAL YEARS**  
**UNAUDITED**

J-2

72.

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenses:			
Governmental Activities	\$10,530,881	10,218,877	9,720,667
Business Type Activities	178,151	182,843	175,266
Total District Expenses	<u>10,709,032</u>	<u>10,401,720</u>	<u>9,895,933</u>
Program Revenues:			
Governmental Activities	225,768	1,331,481	1,169,226
Business Type Activities	162,561	178,544	175,229
Total District Program Revenues	<u>388,329</u>	<u>1,510,025</u>	<u>1,344,455</u>
Net (Expense):			
Governmental Activities	(10,305,113)	(8,887,396)	(8,551,441)
Business Type Activities	(15,590)	(4,299)	(37)
Total District-wide Net Expense	<u>(10,320,703)</u>	<u>(8,891,695)</u>	<u>(8,551,478)</u>
General Revenues and Other Changes in Net Position:			
Governmental Activities	10,629,209	10,026,349	9,212,396
Business Type Activities	-	27	23
Total District-wide	<u>10,629,209</u>	<u>10,026,376</u>	<u>9,212,419</u>
Change in Net Position:			
Governmental Activities	324,096	1,138,953	660,955
Business Type Activities	(15,590)	(4,272)	(14)
Total District	<u>308,506</u>	<u>1,134,681</u>	<u>660,941</u>

**OCEANPORT SCHOOL DISTRICT**  
**FUND BALANCES, GOVERNMENT FUNDS**  
**LAST THREE FISCAL YEARS**  
**UNAUDITED**

J-3

	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund:			
Reserved	\$ 980,045	864,255	383,127
Unreserved	<u>217,955</u>	<u>194,304</u>	<u>235,342</u>
Total General Fund	<u>\$ 1,198,000</u>	<u>1,058,559</u>	<u>618,469</u>
All Other Governmental Funds:			
Unreserved, Reported in:			
Capital Projects Fund	\$ -	-	-
Debt Service Fund	<u>3,225</u>	<u>3,225</u>	<u>-</u>
Total All Other Government Funds	<u>\$ 3,225</u>	<u>3,225</u>	<u>-</u>

**OCEANPORT SCHOOL DISTRICT**  
**GOVERNMENTAL FUND EXPENDITURES BY FUNCTION**  
**LAST THREE FISCAL YEARS**  
**UNAUDITED**

J-4

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b><u>Revenues</u></b>			
Tax Levy	\$ 8,969,686	9,075,881	8,941,589
Other Local Revenue	310,116	286,435	180,398
State Sources	1,394,827	1,297,034	944,857
Federal Sources	186,158	211,109	335,367
Total Revenues	<u>10,860,787</u>	<u>10,870,459</u>	<u>10,402,211</u>
<b><u>Expenditures</u></b>			
Instruction:			
Regular	2,812,502	2,716,327	2,722,758
Special	1,072,228	841,551	759,389
Other	125,380	99,225	33,742
School-sponsored/other instructional		102,406	84,991
Total instruction	<u>4,010,110</u>	<u>3,759,509</u>	<u>3,600,880</u>
Undistributed:			
Instruction/Tuition	33,804	2,438	12,171
Attendance & Health Services			
Support services - Students			
Support services - Instructional staff	1,364,069	1,317,005	1,169,358
School Administration	314,478	348,859	264,935
Other Administration	629,569	310,254	353,290
Operations and Maintenance	795,448	721,168	771,897
Student Transportation	394,015	298,090	360,927
Unallocated Benefits	2,700,983	2,934,469	2,731,084
Education Jobs/Other		23,274	
Total Undistributed	<u>6,232,366</u>	<u>5,955,557</u>	<u>5,663,662</u>
Capital Outlay:			
Equipment	115,546	581	131,511
Total Capital Outlay	<u>115,546</u>	<u>581</u>	<u>131,511</u>
Total General Fund Expenditures	<u>10,358,022</u>	<u>9,715,647</u>	<u>9,396,053</u>
Special Revenue:			
Federal and State	186,158	187,835	335,367
Total Special Revenue expenditures	<u>186,158</u>	<u>187,835</u>	<u>335,367</u>
Capital Projects Fund Expenditures		<u>352,675</u>	<u>-</u>
Debt Service Expenditures	<u>171,356</u>	<u>302,481</u>	<u>309,755</u>
Total Governmental Fund Expenditures	<u>10,715,536</u>	<u>10,558,638</u>	<u>10,041,175</u>
Excess(Deficiency) of Revenues			
Over(Under) Expenditures	145,251	311,821	361,036
Other Financing Sources (Uses)	<u>(5,810)</u>	<u>131,494</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 139,441</u>	<u>443,315</u>	<u>361,036</u>

**Source: District records**

**OCEANPORT SCHOOL DISTRICT**  
**GENERAL FUND OTHER LOCAL REVENUE BY SOURCE**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

J-5

	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Miscellaneous</u>	<u>Total</u>
2004	\$ 557,667	2,839	2,770	563,276
2005	671,930	18,719	3,394	694,043
2006	493,587	33,442	26,427	553,456
2007	634,626	47,585	19,477	701,688
2008	734,197	21,694	14,335	770,226
2009	836,142	2,320	44,273	882,735
2010	725,005	2,111	74,369	801,485
2011	150,947	4,301	25,150	180,398
2012	207,423	6,120	72,892	286,435
2013	245,346	6,915	57,855	310,116

Source: District records

**OCEANPORT SCHOOL DISTRICT**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN YEARS**  
**UNAUDITED**

J-6

<u>Year Ended December 31,</u>	<u>Net Assessed Valuations</u>	<u>Estimated Full Cash Valuations</u>	<u>Percentage of Net Assessed to Estimated Full Cash Valuations</u>
2003	\$ 494,893,142	868,081,287	57.01%
2004	491,851,779	956,351,894	51.43%
2005 *	1,331,987,553	2,589,903,856	51.43%
2006	1,336,274,205	1,336,274,205	100.00%
2007	1,343,248,981	1,343,248,981	100.00%
2008	1,356,186,207	1,356,186,207	100.00%
2009	1,356,186,207	1,356,186,207	100.00%
2010	1,045,954,002	1,311,705,546	79.74%
2011	1,048,364,465	1,215,635,975	86.24%
2012	1,050,192,330	1,202,969,450	87.30%

Source: Abstract of Ratables, County Board of Taxation.

\* - Revaluation in 2005

**OCEANPORT SCHOOL DISTRICT**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING**  
**PER \$100 OF ASSESSED VALUATION**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

J-7

<u>Assessment Year</u>	<u>Oceanport School District</u>	<u>Shore Regional High School</u>	<u>Oceanport Borough</u>	<u>Monmouth County</u>	<u>Total</u>
2004	1.224	0.642	0.651	0.664	3.181
2005	1.309	0.643	0.680	0.659	3.291
2006	0.507	0.244	0.305	0.250	1.306
2007	0.522	0.238	0.332	0.254	1.346
2008	0.566	0.234	0.360	0.251	1.411
2009	0.573	0.262	0.380	0.255	1.470
2010	0.764	0.357	0.519	0.344	1.984
2011	0.762	0.419	0.528	0.332	2.041
2012	0.761	0.422	0.528	0.338	2.049
2013	0.784	0.405	0.508	0.346	2.043

Source: Tax Collector

**OCEANPORT SCHOOL DISTRICT**  
**SCHEDULE OF PRINCIPAL TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
**UNAUDITED**

J-8

<b>Taxpayer</b>	<b>Assessed Valuation 2013</b>	<b>As a Percentage of District Net Assessed Valuation</b>
Taxpayer #1	\$ -	0.00%
Taxpayer #2		0.00%
Taxpayer #3		0.00%
Taxpayer #4	<b>NO DATA AVAILABLE</b>	0.00%
Taxpayer #5		0.00%
Taxpayer #6		0.00%
Taxpayer #7		0.00%
Taxpayer #8		0.00%
Taxpayer #9		0.00%
Taxpayer #1		0.00%
Total	\$ -	0.00%

**Source: Municipal Tax Assessor.**

Note: Information for Nine Years ago was not available

**OCEANPORT SCHOOL DISTRICT**  
**MUNICIPAL PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN YEARS**  
**UNAUDITED**

J-9

<u>Year Ended</u> <u>December 31,</u>	<u>Total Tax</u> <u>Levy</u>	<u>Current Tax</u> <u>Collections</u>	<u>Percent</u> <u>of Tax</u> <u>Levy</u> <u>Collected</u>
2003	\$ 14,867,193	14,710,120	98.94%
2004	15,823,457	15,638,629	98.83%
2005	16,316,305	16,160,497	99.05%
2006	17,444,116	17,276,986	99.04%
2007	18,064,598	17,880,627	98.98%
2008	19,112,453	18,910,637	98.94%
2009	20,052,564	19,698,006	98.23%
2010	20,848,566	20,551,194	98.57%
2011	21,465,588	21,228,231	98.89%
2012			0.00%

Source: Municipal Tax Collector

**OCEANPORT SCHOOL DISTRICT**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**LAST TWO YEARS**  
**UNAUDITED**

J-10

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Capital</u> <u>Leases</u>	<u>Total Debt</u> <u>Per</u> <u>District</u>	<u>Percentage</u> <u>of Personal</u> <u>Income</u>	<u>Per Capita</u>
2012	\$ 1,795,000	39,736	1,834,736	3.1%	307.73
2013	1,695,000	29,089	1,724,089	3.3%	290.59

Source: District records.

**OCEANPORT SCHOOL DISTRICT**  
**RATIO OF NET GENERAL BONDED DEBT**  
**TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA**  
**LAST NINE YEARS**  
**UNAUDITED**

J-11

<b><u>Fiscal Year Ended June 30,</u></b>	<b><u>School District Population</u></b>	<b><u>Net Assessed Valuation Taxable</u></b>	<b><u>Net Bonded Debt</u></b>	<b><u>Ratio of Bonded Debt to Assessed Value</u></b>	<b><u>Net Bonded Debt Per Capita</u></b>
2004	5,820	\$ 494,893,142	926,000	0.187%	159.11
2005	5,849	491,851,779	826,000	0.168%	141.22
2006	5,807	1,331,987,553	732,000	0.055%	126.05
2007	5,751	1,336,274,205	2,750,000	0.206%	478.18
2008	5,768	1,343,248,981	2,633,000	0.196%	456.48
2009	5,733	1,356,186,207	2,438,000	0.180%	756.88
2010	5,730	1,045,954,002	2,235,000	0.214%	390.05
2011	5,832	1,048,364,465	2,019,000	0.193%	346.19
2012	5,837	1,050,192,330	1,795,000	0.171%	307.52

Source: Abstract of Ratables, County Board of Taxation.  
School District records.

**OCEANPORT SCHOOL DISTRICT**  
**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**UNAUDITED**

J-12

Net Direct Debt of School District as of December 31, 2012		\$ 1,695,000
Net Overlapping debt of School District:		
Oceanport Borough	28,976,207	
Regional High School	12,435,000	
County of Monmouth	<u>4,596,001</u>	
		<u>46,007,208</u>
Total Direct and Overlapping Bonded Debt as of December 31, 2012		<u>\$ 47,702,208</u>

Source: Oceanport Chief Financial Officer and County Treasurer's Office.

OCEANPORT SCHOOL DISTRICT  
COMPUTATION OF LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS  
UNAUDITED

J-13

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Average Equalized Valuation of Taxable Property										
School Borrowing Margin (3% of \$)	\$ 35,773,064	37,240,931	-	N/A						
Net Bonded School Debt as of June 30, 2013	1,695,000	1,795,000	-	-	-	-	-	-	-	-
School Borrowing Margin Available	\$ 34,078,064	35,445,931	-	N/A						
Debt Limit	\$ 35,773,064	37,240,931	-	N/A						
Net Debt	1,695,000	1,795,000	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 34,078,064	35,445,931	-	N/A						

N/A - Not Available

Source: State of New Jersey, Department of Taxation.

**OCEANPORT SCHOOL DISTRICT**  
**DEMOGRAPHIC STATISTICS**  
**LAST TEN YEARS**  
**UNAUDITED**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Personal Income (a)</u>	<u>Per Capita Income</u>	<u>Population</u>
2004	2.3%	266,050,824	45,784	5,811
2005	2.1%	Unavailable	Unavailable	5,786
2006	2.2%	Unavailable	Unavailable	5,751
2007	Unavailable	Unavailable	Unavailable	-
2008	2.3%	196,767,044	33,356	5,899
2009	Unavailable	Unavailable	Unavailable	5,807
2010	4.3%	191,129,880	33,356	5,730
2011	4.3%	210,091,968	36,024	5,832
2012	4.4%	257,224,916	44,068	5,837
2013	4.6%	340,384,715	58,355	5,833

**Source: Bureau of Labor Statistics, United States Department of Commerce and State Data Center**

(a) Personal Income has been estimated based upon the municipal population and per capita income presented

OCEANPORT SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

2013

*DATA NOT AVAILABLE*

2004

*DATA NOT AVAILABLE*

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM

LAST TWO FISCAL YEARS

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>
Instruction:		
Regular	46.0	46.0
Special Education	38.0	37.0
Other Instruction	-	-
Support Services:		
Student and Instruction Related Services	3.0	3.0
General Administration	2.0	0.6
School Administrative Services	3.0	3.0
Other Administrative Services	-	-
Central Service	5.0	5.0
Administrative Information Technology	1.0	1.0
Plant Operations and Maintenance	5.0	5.0
Other Support Services	2.0	2.0
Total	<u>105.0</u>	<u>102.6</u>

Source: District Personnel Records

OCEANPORT SCHOOL DISTRICT

J-17

OPERATING STATISTICS

LAST TWO FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teacher Staff (b)	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	7.7				
2012	650	9,902,901	15,235	-11.40%	84.0	7.7	647.0	616.0	14.30%	95.00%	
2013	637	-	-	0.00%	83.0	7.7	617.9	618.0	-4.50%	97.00%	

Source: District Records.

Note: Enrollment based on annual October District count.

(a) Operating expenditures equal total 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).

SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS

<u>District Building</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Elementary:										
Wolf Hill										
Square Feet	42,887	42,887	42,887	42,887	42,887	42,887	42,887	42,887	42,887	42,887
Capacity (Students)	365	365	365	465	465	465	465	465	465	465
Enrollment	403	396	383	382	382	382	382	278	278	355
Middle School:										
Maple Place:										
Square Feet	57,079	57,079	57,079	57,079	57,079	57,079	57,079	57,079	57,079	57,079
Capacity (Students)	266	266	266	366	366	366	366	366	366	366
Enrollment	349	342	327	336	336	336	336	288	288	282

Source: District Records

**OCEANPORT SCHOOL DISTRICT**  
**SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES**  
**LAST TWO FISCAL YEARS**  
**UNAUDITED** J-19

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Maple</u> <u>Place</u> <u>Elementary</u>	<u>Wolf</u> <u>Hill</u> <u>Elementary</u>	<u>Total</u>
2012	\$ 63,536	69,166	132,702
2013	116,481	84,348	200,829

Source: District records.

## *Oceanport Borough Board of Education*

### I. MULTI-PERIL POLICY

Selective Insurance Co.	2012-2013 Renewal Annual Premium -	\$30,354.
	2011-2012 Expiring Premium	- \$28,995.
7/1/2012 to 7/1/2013		

Blanket Building & Contents - \$15,478,078.

All Risks Coverage - Buildings

All Risks Coverage - Contents

Elite Pac - See Attached

Systems Power Pac is now included on all Boards of Education.

\$2,500 Deductible - Buildings & Contents

Replacement Cost Coverage - Buildings & Contents

Agreed Amount Coverage - Buildings & Contents

Extra Expense - \$50,000 Blanket

Comprehensive General Liability

(Including Broadening Endorsement)

\$1,000,000/\$2,000,000 Limit

Medical Coverage

\$5,000 - Each Person

Products Liability

Incidental Malpractice Liability

Broad Form Property Damage

Blanket Contractual Liability

Personal Injury Liability

Employee Benefits Liability - \$1,000,000/\$2,000,000

Elevator Liability

Corporal Punishment Liability - As Per Statute

Teachers Liability

Athletic Participation

Non-Owned & Hired Auto Coverage

Statutory Liability

Worldwide Class Trip Coverage

Employees & Volunteers Included as Additional Insureds  
for Auto Coverage

Money & Securities - \$2,000 In/\$3,000 Out (0 Deductible)

Computer Equipment/Media/Extra Expense - \$410,219

In-Transit Equipment/Media - \$40,022

Earthquake - \$13,903,695 (Deductible 10% of Building Value)

Audio Equipment & Musical Instruments and Uniforms - \$62,520

Property Off Premises - \$100,000

Miscellaneous Property/Uniforms - \$2,500.

**NOTE: Policy excludes pollution and asbestos liability.**

*Oceanport Borough Board of Education*

**II. WORKERS COMPENSATION**

MOCSSIF	2012-2013 Renewal Annual Premium - \$54,994.
7/1/2012 - 7/1/2013	2011-2012 Expiring Premium - \$54,068.

Payrolls

	<u>2012-2013</u>	<u>2011-2012</u>
\$5,361,378 - Professional Employees		\$5,300,000 – Professional Employees
\$ 224,000 - Non-Professional Employees		\$ 210,000 – Non-Professional Employees

Experience Modification	.783 (2012-2013)
	.792 (2011-2012)
	.868 (2010-2011)
	,901 (2009-2010)

Premium subject to annual audit.

**III. EXCESS WORKERS COMPENSATION**

	2012-2013 Renewal Annual Premium - \$1,401.
7/1/2012 - 7/1/2013	2011-2012 Expiring Premium - \$1,366.

7-Day Waiting Period

**IV. ACCIDENT INSURANCE**

Voluntary Program - Bollinger

\$500,000 Limit Total

5-Year Benefit Period

Non-Excess includes all interscholastic sports, excluding football

*Oceanport Borough Board of Education*

**V. EXCESS LIABILITY POLICY**

Selective Insurance Company	2012-2013 Renewal Annual Premium - \$5,795.
	2011-2012 Expiring Premium - \$5,423.

7/1/2012 - 7/1/2013

Limit - \$10,000,000

- An Asbestos Exclusion
- A Pollution Exclusion
- Excludes Excess over Workers Compensation and School Board Legal Liability

**VI. AUTOMOBILE POLICY**

Selective Insurance Co.      Renewal Annual Premium – Included in Multi-Peril Premium

7/1/2012 - 7/1/2013

\$1,000,000 CSL Liability

\$1,000,000 CSL Uninsured Motorists

\$250 Comprehensive Deductible

\$500 Collision Deductible

Hired and Non-Owned

See Elite Pac Endorsement

**VII. BOILER & MACHINERY**

Premium Included in Package

Selective Insurance Company's Systems Power Pac is included on Package.

Repair and Replacement Coverage

Extra Expense Coverage - \$250,000

Broad Form Policy for Members of Garden State School Board Insurance Group.

*Oceanport Borough Board of Education*

**VIII. SCHOOL BOARD LEGAL LIABILITY POLICY -**

NJSBAIG	2012-2013 Renewal Annual Premium - \$12,136.
	2011-2012 Expiring Premium - \$12,685.

7/1/2012 - 7/1/2013

Coverage A

\$6,000,000 Each Policy Period  
\$5,000 Deductible Each Claim

Coverage B

\$100,000 Each Claim  
\$300,000 Each Policy Period  
\$5,000 Deductible Each Claim

Covers All Employees and Board Members

Does cover Discrimination Claims

Limits of coverage for defense costs are now within the total limits of liability for the policy.

Claims must be made and reported to the carrier within the policy period.

**IX. HONESTY BLANKET POSITION BOND POLICY**

Selective Insurance Company	Annual Premium	- \$571.
	Expiring Premium	- \$571.

7/1/2012 - 7/1/2013

Fidelity Coverage - All Employees

Limit Per Loss - \$50,000

\*Option - \$500,000 Limit      Premium \$1,033.00

**SINGLE AUDIT SECTION**

# Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

94.

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.  
ROBERT A. HULSART, JR., C.P.A., P.S.A.

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

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

Honorable President and Members  
of the Board of Education  
Oceanport School District  
County of Monmouth  
Oceanport, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oceanport Board of Education, County of Monmouth, State of New Jersey as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Oceanport Board of Education, County of Monmouth, State of New Jersey's basic financial statements, and have issued our report thereon dated December 3, 2013.

## **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Oceanport Board of Education, County of Monmouth, State of New Jersey'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 of the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Oceanport Board of Education, County of Monmouth, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Oceanport Board of Education, County of Monmouth, State of New Jersey's internal control.

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

Our consideration of internal control was for the limited purposes 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 Oceanport Board of Education, County of Monmouth, State of New Jersey's financial statements are free from material misstatement, we performed tests of it 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*.

### **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.

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

*Robert A. Hulsart*

Licensed Public School Accountant  
No. 322  
Robert A. Hulsart and Company  
Wall Township, New Jersey

December 3, 2013

# Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
 PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
 BY OMB CIRCULAR A-133**

Honorable President and Members  
 of the Board of Education  
 Oceanport School District  
 County of Monmouth  
 Oceanport, New Jersey

**Report on Compliance for Each Major State Program**

We have audited the Board of Education of the Oceanport School District, County of Monmouth, State of New Jersey's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Board of Education of the Oceanport School District, County of Monmouth, State of New Jersey's major state programs for the year ended June 30, 2013. The Board of Education of the Oceanport School District, County of Monmouth, State of New Jersey's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the Board of Education of the Oceanport School District, County of Monmouth, State of New Jersey's major 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; and prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education of the Oceanport School District, County of Monmouth, State of New Jersey's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Board of Education of the Oceanport School District, County of Monmouth, State of New Jersey's compliance.

### *Opinion on Each Major State Program*

In our opinion, the Board of Education of the Oceanport School District, County of Monmouth, State of New Jersey's, 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 state programs for the year ended June 30, 2013.

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

Management of the Board of Education of the Oceanport School District, County of Monmouth, State of New Jersey's 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 Board of Education of the Oceanport School District, County of Monmouth, State of New Jersey's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education of the Oceanport School District, County of Monmouth, State of New Jersey'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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a 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 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 was for the limited purposes 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 that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

*Robert A. Hulsart*

Licensed Public School Accountant  
No. 322  
Robert A. Hulsart and Company  
Wall Township, New Jersey

December 3, 2013

OCEANPORT SCHOOL DISTRICT

Schedule A  
K-3

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDING JUNE 30, 2013

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Grant Period	Program or Award Amount	Balance June 30, 2012	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Adjustment	Balance at June 30, 2013 (Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Agriculture												
Passed Through State Department of Education:												
National School Lunch Program	10.555	9-1-11 to 6-30-12	\$ 22,927	\$ (977)	977							
National School Lunch Program	10.555	9-1-12 to 6-30-13	28,696		26,759	(28,696)				(1,937)		
National School PB Lunch Program	10.555	9-1-12 to 6-30-13	1,804		1,689	(1,804)				(115)		
Food Distribution	10.550	9-1-12 to 6-30-13	7,222		7,222	(7,222)						
Total U.S. Department of Agriculture				(977)	36,647	(37,722)		-		(2,052)		-
U.S. Department of Education:												
Passed Through State Department of Education:												
Special Revenue Fund:												
Title I	84.010	9-1-12 to 8-31-13	12,734		12,487	(12,734)				(247)		
Title II A	84.367A	9-1-12 to 8-31-13	11,616		11,616	(11,616)						
I.D.E.A. Basic	84.027	9-1-12 to 8-31-13	156,002		156,002	(156,002)						
I.D.E.A. Preschool	84.173	9-1-12 to 8-31-13	5,806		5,183	(5,806)				(623)		
Total Special Revenue Fund				-	185,288	(186,158)		-		(870)		-
Total U.S. Department of Education				-	185,288	(186,158)		-		(870)		-
Total Federal Financial Assistance				(977)	221,935	(223,880)		-		(2,922)		-

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

OCEANPORT SCHOOL DISTRICT

Schedule B  
K-4

SCHEDULE OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

State Grantor/Program State Department of Education:	Grant or State Project Number	Grant Period	Program or Award Amount	Balance June 30, 2012	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Adjustment	Balance at June 30, 2013		MEMO	
										(Accounts Receivable)	Deferred Revenue	Budgetary Receivable	Total Cumulative Expenditures
General Fund:													
Special Education Aid	13-495-034-5120-089	7-1-12 to 6-30-13	\$ 351,844	\$ -		351,844	(351,844)					(33,229)	351,844
Transportation Aid	13-495-034-5120-014	7-1-12 to 6-30-13	27,183			27,183	(27,183)					(2,565)	27,183
Adjustment Aid	13-495-034-5120-085	7-1-12 to 6-30-13	26,714			26,714	(26,714)					(2,525)	26,714
Security Aid	13-495-034-5120-084	7-1-12 to 6-30-13	18,557			18,557	(18,557)					(1,764)	18,557
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	7-1-11 to 6-30-12	330,300	(31,448)		31,448							
Reimbursed TPAF Social Security Contributions	13-495-034-5095-002	7-1-12 to 6-30-13	302,713			287,386	(302,713)	(15,327)					302,713
Non Public Transportation	13-495-034-5120-014	7-1-12 to 6-30-13	3,099				(3,099)	(3,099)					3,099
Extraordinary Aid	13-495-034-5120-044	7-1-12 to 6-30-13	4,939	(6,942)		6,942	(4,939)	(4,939)					4,939
Extraordinary Aid	12-495-034-5120-044	7-1-11 to 6-30-12	6,942	(38,390)		750,074	(735,049)	(23,365)				(40,083)	735,049
Total General Fund													
Debt Service Fund:													
Debt Service Type II Aid	13-495-034-5120-017	7-1-12 to 6-30-13	58,261	-		58,261	(58,261)						58,261
Food Service Fund:													
State School Lunch Program	13-100-010-3350-023	7-1-12 to 6-30-13	1,423	(133)		1,338	(1,423)	(85)					1,423
State School Lunch Program	12-100-010-3350-023	7-1-11 to 6-30-12	1,696	(133)		1,471	(1,423)	(85)					1,423
Total Food Service Fund													
Capital Projects Fund:													
NJSDA	3250-050-10-1001	7-1-10 to 6-30-11	65,604	(65,604)				(65,604)					
NJSDA	3250-050-10-1002	7-1-10 to 6-30-11	28,420	(28,420)				(28,420)					
Total Capital Projects Fund													
Total State Financial Assistance				\$ (132,547)		809,806	(794,733)	(117,474)				(40,083)	794,733

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this statement.

**BOARD OF EDUCATION**

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**OCEANPORT SCHOOL DISTRICT**

**NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE**

**JUNE 30, 2013**

**NOTE 1: GENERAL**

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Oceanport School District. The Board of Education is defined in Note 1(A) to the Board’s general-purpose financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of federal financial assistance.

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying schedule of financial assistance are presented using the modified accrual basis of accounting with the exception of programs recorded in the food service fund which are presented using the accrual basis of accounting. Programs recorded in the food service fund include the Special Milk Program. These bases of accounting are described in Note 1(C) to the Board’s general-purpose financial statements.

**NOTE 3: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payments in the current budget year, which is mandated pursuant to P.L. 2003, c.97. (A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

Awards and financial assistance revenues are reported in the Board’s general-purpose financial statements on a GAAP basis as presented on the following page:

**NOTE 3: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Food Service</u>	<u>Total</u>
<b><u>State Assistance</u></b>					
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 735,049		58,261	1,423	794,733
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized					
On Behalf Payments Recognized for GAAP Statements but Not Included in the Schedule of Expenditures of State Financial Assistance	605,862				605,862
The Last State Aid Payment Is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33)	<u>(4,345)</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>(4,345)</u>
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 1,336,566</u>	<u>          0</u>	<u>58,261</u>	<u>1,423</u>	<u>1,396,250</u>

**NOTE 3: Relationship to General Purpose Financial Statements (Continued)**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Food Service</u>	<u>Total</u>
<b><u>Federal Assistance</u></b>					
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of Federal Awards	\$	186,158		37,722	223,880
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized	_____	_____	_____	_____	_____
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances	\$ _____	<u>186,158</u>	_____	<u>37,722</u>	<u>223,880</u>

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

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

**NOTE 5: OTHER**

TPAF Social Security Contributions represents the amount reimbursed by the State for the employer’s share of social security contributions for TPAF members for the year ended June 30, 2013.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

*Part 1 - Summary of Auditor's Results*

Financial Statement Section

Unmodified

Type of auditor's report issued:

Internal control over financial reporting:

1) Material weakness(es) identified?

\_\_\_\_\_ Yes      x   No

2) Reportable conditions(s) identified that are not considered to be material weaknesses?

\_\_\_\_\_ Yes      x   None Reported

Noncompliance material to general purpose financial statements noted?

\_\_\_\_\_ Yes      x   No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Part 1 - Summary of Auditor's Results (Continued)

State Awards

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

Auditee qualified as low-risk auditee? Yes x No

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

Internal Control over major programs:

(1) Material Weakness(es) identified? Yes x No

(2) Reportable condition(s) identified that are not considered to material weaknesses? Yes x None Reported

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB's Circular 04-04? Yes x No

Identification of major programs:

GMIS Number(s)

13-495-034-5120-089
13-495-034-5120-085
13-495-034-5120-084
13-495-034-5095-002

Name of State Program

Special Education Aid (State Aid Public Cluster)
Adjustment Aid (State Aid Public Cluster)
Security Aid (State Aid Public Cluster)
Reimbursed TPAF Social Security Aid

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

*Part 2 - Financial Statement Findings*

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the general purpose financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's Response: N/A

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

*Part 3 - Federal Awards and State Financial Assistance Findings and Questioned Costs*

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular Letter 04-04.

FEDERAL AWARDS - N/A

STATE AWARDS

Finding: NONE

Information on the State Program: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's response: N/A

**OCEANPORT SCHOOL DISTRICT**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

K-7

**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Prior Audit Findings:**

None