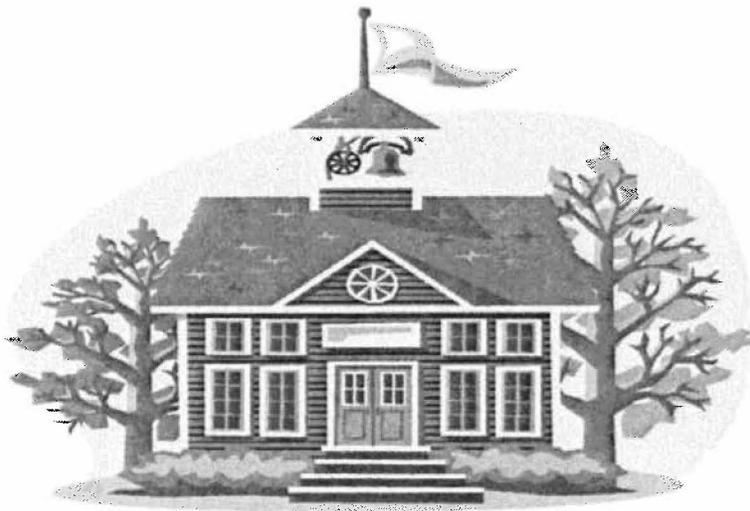


SCHOOL DISTRICT

OF

OCEANPORT



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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

**OCEANPORT
BOARD OF EDUCATION**

OCEANPORT, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 18, 2015

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, 2015, 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, Audits 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 2013-2014 fiscal year with an enrollment of 618 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 2014-2015 school year, staff development days focused on technology, health issues, character education, anti-bullying, special education, writing, and the core-curriculum content standards. The 2015-2016 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, 2015

<u>Members of the Board of Education</u>	<u>Term Expires</u>
William McVitty, President	2016
Jay Coffey, Vice President	2015
Spencer Carpenter	2016
Sandi Firrito	2017
Michael Murphy	2015
Mark O'Neill	2017
Tom Welsh	2015
Marion Wilhalme	2016

Other Officials

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, 2015

Audit Firm

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

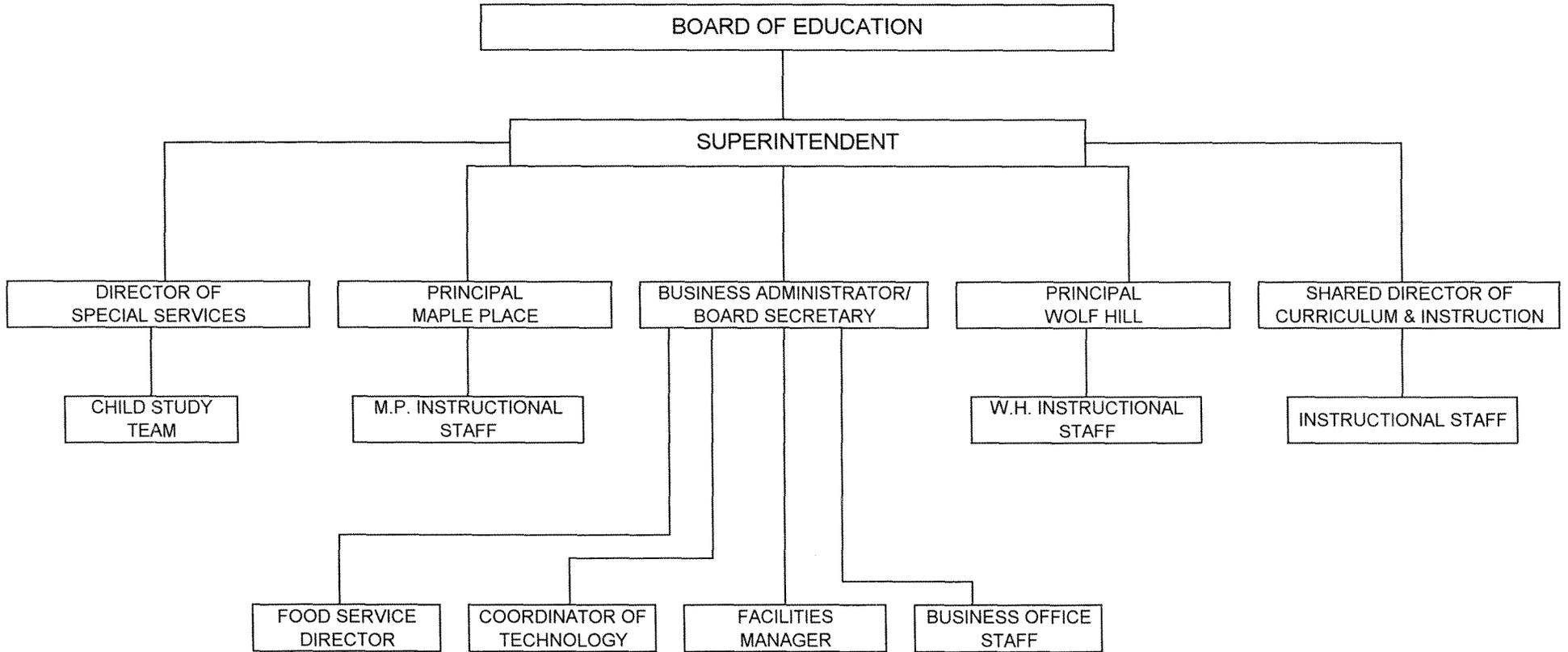
Attorney

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

8.

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

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, 2015, 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, 2015, 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 18, 2015 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 18, 2015

REQUIRED SUPPLEMENTARY INFORMATION
PART I

BOROUGH OF OCEANPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
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, 2015. 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 2014-2015 fiscal year is as follows:

- General revenues accounted for \$10,580,707 in revenue or 97% 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 \$247,009 or 2% percent to total revenues.
- Total position of governmental activities decreased by \$1,244,948 due to pension restatement.
- The School District had \$9,801,059 in expenses; only \$247,009 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$10,580,707 were adequate to provide for these programs.
- The General Fund had \$10,858,755 in revenues and \$9,591,964 in expenditures. The General Fund's balance increased \$873,344 from 2014.

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 2014-2015 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 and Summer Enrichment Enterprise Funds are 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 Position 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 2015 and 2014.

	Table 1	
	Net Position	
	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Current and Other Assets	\$ 2,414,523	1,513,858
Capital Assets, Net	<u>5,198,837</u>	<u>5,310,049</u>
Total Assets	<u>\$ 7,613,360</u>	<u>6,823,907</u>
<u>Deferred Outflow of Resources</u>		
Contribution to Pension Plan	<u>\$ 263,083</u>	_____
<u>Deferred Inflow of Resources</u>		
Pension Deferrals	<u>\$ 132,322</u>	_____
<u>Liabilities</u>		
Current Liabilities	\$ 123,877	1,624,697
Other Liabilities	<u>4,781,278</u>	<u>152,982</u>
Total Liabilities	<u>\$ 4,905,155</u>	<u>1,777,679</u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Debt	\$ 3,711,399	3,701,607
Restricted	1,177,872	1,292,366
Unrestricted	<u>(2,050,305)</u>	<u>52,255</u>
Total Net Position	<u>\$ 2,838,966</u>	<u>5,046,228</u>

Table 2 shows the changes in net position for fiscal years ended 2015 and 2014.

Table 2
Changes in Net Position

	<u>2015</u>	<u>2014</u>
<u>Revenues</u>		
Program Revenues		
Charges for Services	\$ 192,839	226,172
Operating Grants and Contributions	54,170	233,331
General Revenues		
Property Taxes	8,882,686	8,712,664
Grants and Entitlements	1,913,272	1,749,498
Other	<u>(215,251)</u>	<u>197,570</u>
Total Revenues	<u>10,827,716</u>	<u>11,119,235</u>
<u>Program Expenses</u>		
Instruction	3,551,608	4,409,147
Support Services		
Pupils and Instructional Staff	1,254,222	1,527,841
General Administration, School Administration,		
Business	3,734,389	3,803,735
Operations and Maintenance of Facilities	697,456	631,231
Pupil Transportation	340,301	337,422
Interest on Debt	62,309	70,505
Food Service	<u>160,774</u>	<u>151,700</u>
Total Expenses	<u>9,801,059</u>	<u>10,931,581</u>
Adjustment	<u>(2,270,377)</u>	<u> </u>
Decrease in Net Position	<u>\$ (1,243,720)*</u>	<u>187,654</u>

*Due to Pension Restatement

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 81% percent of revenues for governmental activities for the Oceanport School District for fiscal year 2015. The District's total revenues were \$10,665,753 for the fiscal year ended June 30, 2015.

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Business-Type Activities

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

- Food service expenses exceeded revenue by \$1,189.
- Charges for services represent \$138,268 of revenue. This represents amount paid by patrons for daily food services.
- Federal and state reimbursements for food service was \$23,695.

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, 2015, it reported a combined net position balance of \$2,838,966. 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 \$2,379,382, an increase of \$873,344 from 2013-2014.

Capital Assets

At June 30, 2015, the School Board had approximately \$5,198,837 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 2015 fiscal year.

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Table II		
Capital Assets at June 30, 2015		
Land	\$ 1,315,100	
Buildings	3,730,550	
Machinery and Equipment	<u>139,024</u>	<u>14,163</u>
Total	<u>\$ 5,184,674</u>	<u>14,163</u>

Debt Administration

At June 30, 2015 the School District had \$4,781,278 as outstanding debt. Of this amount \$146,474 is for compensated absences, \$7,438 is capital leases; and the balance of \$2,356,989 is for bonds for school construction. The District also had \$2,270,377 in deferred pension liability.

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 2014-2015 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 81% of total revenue is from local tax levy, and 6% is from miscellaneous revenue, which among other things includes interest on deposits.

The \$(1,988,462) 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 \$(1,988,462).

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.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

STATEMENT OF NET POSITION

Exhibit A-1

JUNE 30, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ -	24,662	24,662
Receivables, Net	1,423,158	1,147	1,424,305
Inventory		4,421	4,421
Restricted Assets:			
Cash and Cash Equivalents	961,095		961,095
Capital Reserve Account - Cash	40		40
Capital Assets, Not Being Depreciated	1,315,100		1,315,100
Capital Assets, Net	<u>3,869,574</u>	<u>14,163</u>	<u>3,883,737</u>
Total Assets	<u>\$ 7,568,967</u>	<u>44,393</u>	<u>7,613,360</u>
<u>Deferred Outflow of Resources</u>			
Contribution to Pension Plan	<u>\$ 263,083</u>		<u>263,083</u>
<u>Deferred Inflow of Resources</u>			
Pension Deferrals	<u>\$ 132,322</u>		<u>132,322</u>
<u>Liabilities</u>			
Accounts Payable	\$ 5,304	78,367	83,671
Prepaid Tuition		13,706	13,706
Accrued Interest	26,500		26,500
Noncurrent Liabilities:			
Due Within One Year	122,438		122,438
Due Beyond One Year	<u>4,658,840</u>		<u>4,658,840</u>
Total Liabilities	<u>\$ 4,813,082</u>	<u>92,073</u>	<u>4,905,155</u>
<u>Net Position</u>			
Invested in Capital Assets, Net of Related Debt	\$ 3,697,236	14,163	3,711,399
Restricted For:			
Debt Service	(393)		(393)
Other Purposes	1,178,265		1,178,265
Unrestricted	<u>(1,988,462)</u>	<u>(61,843)</u>	<u>(2,050,305)</u>
Total Net Position	<u>\$ 2,886,646</u>	<u>(47,680)</u>	<u>2,838,966</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, 2015

	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Functions/Programs</u>						
Governmental Activities:						
Instruction:						
Regular	\$ 2,615,461			(2,615,461)		(2,615,461)
Special Education	820,362		20,112	(800,250)		(800,250)
Other Instruction	115,785			(115,785)		(115,785)
Support Services:						
Tuition	54,571	54,571		-		-
Student & Instruction Related Services	1,199,651		10,363	(1,189,288)		(1,189,288)
School Administrative Services	305,512			(305,512)		(305,512)
General and Business Administrative Services	324,501			(324,501)		(324,501)
Plant Operations and Maintenance	697,456			(697,456)		(697,456)
Pupil Transportation	340,301			(340,301)		(340,301)
Unallocated Benefits	2,853,604			(2,853,604)		(2,853,604)
Interest on Long-Term Debt	62,309			(62,309)		(62,309)
Unallocated Depreciation	250,772			(250,772)		(250,772)
Total Government Activities	<u>9,640,285</u>	<u>54,571</u>	<u>30,475</u>	<u>(9,555,239)</u>	<u>-</u>	<u>(9,555,239)</u>
Business-Type Activities:						
Food Service and Summer Enrichment	<u>160,774</u>	<u>138,268</u>	<u>23,695</u>		<u>1,189</u>	<u>1,189</u>
Total Business-Type Activities	<u>160,774</u>	<u>138,268</u>	<u>23,695</u>	<u>-</u>	<u>1,189</u>	<u>1,189</u>
Total Primary Government	<u>9,801,059</u>	<u>192,839</u>	<u>54,170</u>	<u>(9,555,239)</u>	<u>1,189</u>	<u>(9,554,050)</u>

OCEANPORT SCHOOL DISTRICT

Exhibit A-2

Sheet 2 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purpose, Net			\$ 8,771,560		8,771,560
Property Taxes, Levied for Debt Service			111,126		111,126
Federal and State Aid Not Restricted			1,913,272		1,913,272
Miscellaneous			36,032	39	36,071
Interest Earned			6,768		6,768
Tuition			135,357		135,357
Other Financing Sources (Uses) \ Adjustments			(393,447)		(393,447)
Total General Revenues, Special Items, Extraordinary Items and Transfers			<u>10,580,668</u>	<u>39</u>	<u>10,580,707</u>
Change in Net Position			1,025,429	1,228	1,026,657
Restatement for Pension			(2,270,377)		(2,270,377)
Net Position - Beginning			<u>4,131,594</u>	<u>(48,908)</u>	<u>4,082,686</u>
Net Position - Ending			<u>\$ 2,886,646</u>	<u>(47,680)</u>	<u>2,838,966</u>

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and Cash Equivalents	\$ 961,135				961,135
Due From Other Funds	327,015				327,015
Interfund Receivable	122,892				122,892
Receivables from Other Governments	973,644	30,475	92,024		1,096,143
	<u>973,644</u>	<u>30,475</u>	<u>92,024</u>		<u>1,096,143</u>
Total Assets	<u>\$ 2,384,686</u>	<u>30,475</u>	<u>92,024</u>	<u>-</u>	<u>2,507,185</u>
<u>Liabilities and Fund Balance</u>					
Liabilities:					
Accounts Payable	\$ 5,304				5,304
Interfund Payable		30,475	92,024	\$ 393	122,892
Total Liabilities	<u>5,304</u>	<u>30,475</u>	<u>92,024</u>	<u>393</u>	<u>128,196</u>
Fund Balance:					
Restricted for:					
Excess Surplus-Current Year	164,191				164,191
Maintenance Reserve	500,000				500,000
Capital Reserve Account	40				40
Emergency Reserve	250,000				250,000
Committed To:					
Other Purposes	987,637				987,637
Assigned To:					
Debt Service				(393)	(393)
Designed by the BOE for subsequent Years Expenditures					-
Designed by the BOE for subsequent Years Expenditures (Excess Surplus)	8,095				8,095
	255,939				255,939
Unassigned:					
General Fund	213,480				213,480
Debt Service					-
Total Fund Balances	<u>2,379,382</u>	<u>-</u>	<u>-</u>	<u>(393)</u>	<u>2,378,989</u>
Total Liabilities and Fund Balance	<u>\$ 2,384,686</u>		<u>92,024</u>	<u>-</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 \$9,181,636 and the accumulated depreciation is \$3,996,962.	5,184,674
Deferred outflow of resources - contributions to the pension plan	263,083
Deferred inflow of resources - acquisition of assets applicable to future reporting periods	(132,322)
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	(4,781,278)
Accrued Interest	<u>(26,500)</u>
Net position of governmental activities	<u>\$ 2,886,646</u>

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, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>				
Local Sources:				
Local Tax Levy	\$ 8,771,560		111,126	8,882,686
Tuition	189,928			189,928
Interest Earned	6,768			6,768
Miscellaneous	36,032			36,032
Total Local Sources	<u>9,004,288</u>	<u>-</u>	<u>111,126</u>	<u>9,115,414</u>
State Sources	1,411,631		58,805	1,470,436
Federal Sources	442,836	30,475		473,311
Total Revenues	<u>10,858,755</u>	<u>30,475</u>	<u>169,931</u>	<u>11,059,161</u>
<u>Expenditures</u>				
Current:				
Regular Instruction	2,615,461			2,615,461
Special Education Instruction	800,250	20,112		820,362
Other Instruction	115,785			115,785
Support Services and Undistributed Costs:				
Tuition	54,571			54,571
Student and Instruction Related Services	1,189,288	10,363		1,199,651
School Administrative Services	305,512			305,512
Other Administrative Services	324,501			324,501
Plant Operations and Maintenance	697,456			697,456
Pupil Transportation	340,301			340,301
Unallocated Benefits	2,974,793			2,974,793
Debt Service:				
Principal			110,000	110,000
Interest and Other Charges			62,956	62,956
Capital Outlay	174,046			174,046
Total Expenditures	<u>9,591,964</u>	<u>30,475</u>	<u>172,956</u>	<u>9,795,395</u>

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

OCEANPORT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Exhibit B-2

Sheet 2 of 2

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,266,791</u>	<u>-</u>	<u>(3,025)</u>	<u>1,263,766</u>
Other Financing Sources (Uses):				
Adjustment for Payroll Agency Disbursements Made from General Fund	(327,015)			(327,015)
Adjustment to Prove to Assets	<u>(66,432)</u>	<u>-</u>	<u>-</u>	<u>(66,432)</u>
Total Other Financing Sources (Uses)	<u>(393,447)</u>	<u>-</u>	<u>-</u>	<u>(393,447)</u>
Net Change in Fund Balances	873,344	-	(3,025)	870,319
Fund Balance - July 1	<u>1,506,038</u>	<u>-</u>	<u>2,632</u>	<u>1,508,670</u>
Fund Balance - June 30	<u><u>\$ 2,379,382</u></u>	<u><u>-</u></u>	<u><u>(393)</u></u>	<u><u>2,378,989</u></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, 2015

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ 870,319
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	(250,772)
Capital Outlay	174,046
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	263,083
Pension related deferrals	(132,322)
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.	110,000
Compensated Absences	(9,572)
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.	647
Change in Net Position of Governmental Activities	<u>\$ 1,025,429</u>

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

OCEANPORT SCHOOL DISTRICT

STATEMENT OF NET POSITION

Exhibit B-4

PROPRIETARY FUNDS

JUNE 30, 2015

	<u>Enterprise Fund</u>
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 24,662
Accounts Receivable:	
Federal	1,089
State	58
Inventories	4,421
Total Current Assets	<u>30,230</u>
Noncurrent Assets:	
Equipment	228,723
Less: Accumulated Depreciation	<u>(214,560)</u>
Total Noncurrent Assets	<u>14,163</u>
Total Assets	<u>44,393</u>
<u>Liabilities</u>	
Accounts Payable	78,367
Prepaid Tuition	<u>13,706</u>
Total Liabilities	<u>92,073</u>
<u>Net Position</u>	
Investment in Capital Assets	14,163
Unrestricted	<u>(61,843)</u>
Total Net Position	<u>\$ (47,680)</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, 2015

	<u>Enterprise Fund</u>
Operating Revenues:	
Local Sources:	
Daily Sales Reimbursable Programs	\$ 118,573
Tuition	19,695
Total Operating Revenue	<u>138,268</u>
 Operating Expenses:	
Cost of Sales	133,305
Salaries	19,695
Miscellaneous	2,302
Depreciation	5,472
Total Operating Expenses	<u>160,774</u>
 Operating (Loss)/Profit	 (22,506)
 Non-Operating Revenues:	
Interest	39
State Sources:	
State Lunch Program	651
Federal Sources:	
Federal Lunch Program	11,983
Federal PB Lunch Program	911
Commodities	10,150
Total Non-Operating Revenues	<u>23,734</u>
 Change in Net Position	 1,228
 Net Position, July 1	 <u>(48,908)</u>
 Net Position, June 30	 <u><u>\$ (47,680)</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, 2015**

	Enterprise Fund
Cash Flows from Operating Activities:	
Receipts from Daily Sales	\$ 118,573
Prepaid Tuition	13,706
Payments to Suppliers	(141,160)
Net Cash Used by Operating Activities	<u>(8,881)</u>
Cash Flows from Noncapital Financing Activities:	
Federal and State Sources and Interest	15,892
Net Cash Provided by Noncapital Financing Activities	<u>15,892</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	7,011
Cash and Cash Equivalents July 1	<u>17,651</u>
Cash and Cash Equivalents June 30	<u><u>\$ 24,662</u></u>
Cash Flows from Operating Activities:	
Operating (Loss)/Profit	\$ (22,506)
Adjustments to Reconcile Operating Loss to Cash Provided (Used) by Operating Activities:	
Depreciation	5,472
Commodities	10,150
Changes in Assets and Liabilities:	
Prepaid Tuition	13,706
Increase/(Decrease) in Accounts Payable	(14,018)
(Increase)/Decrease in Inventories	(2,308)
(Increase)/Decrease in Accounts Receivable	623
Net Cash Used by Operating Activities	<u><u>\$ (8,881)</u></u>

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

OCEANPORT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

Exhibit B-7

	<u>Unemployment Compensation Trust</u>
Assets:	
Cash and Cash Equivalents	<u>\$ 145,725</u>
Total Assets	<u><u>\$ 145,725</u></u>
Net Position:	
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 145,725</u>
Total Net Position	<u><u>\$ 145,725</u></u>

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

OCEANPORT SCHOOL DISTRICTSTATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Exhibit B-8

FIDUCIARY FUNDSJUNE 30, 2015

	<u>Unemployment Compensation Trust</u>
<u>Additions</u>	
Investment Earnings:	
Interest	\$ 370
Net Investments Earnings	<u>370</u>
Total Additions	<u>370</u>
<u>Deductions</u>	
Unemployment Claims	<u>617</u>
Total Deductions	<u>617</u>
Change in Net Position	(247)
Net Position - Beginning of Year	<u>145,972</u>
Net Position - End of the Year	<u><u>\$ 145,725</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, 2015

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, 2015 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, 2015.

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 2014-2015 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2015, fiscal year 2015 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, 2015 was as follows:

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

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>
Governmental Activities:				
Capital Assets that are				
Not Being Depreciated:				
Land	\$ <u>1,315,100</u>	_____	_____	<u>1,315,100</u>
Total Capital Assets Not				
Being Depreciated	<u>1,315,100</u>	_____	_____	<u>1,315,100</u>
Depreciable Assets:				
Buildings & Bldg. Improvements	7,000,200	39,279		7,039,479
Machinery & Equipment	<u>740,939</u>	<u>86,118</u>	_____	<u>827,057</u>
Totals at Historical Cost	<u>7,741,139</u>	<u>125,397</u>	_____	<u>7,866,536</u>
Less: Accumulated				
Depreciation for:				
Buildings & Bldg. Improvements	(3,166,667)	(142,262)		(3,308,929)
Machinery & Equipment	<u>(579,523)</u>	<u>(108,510)</u>	_____	<u>(688,033)</u>
Total Accumulated Depreciation	<u>(3,746,190)</u>	<u>(250,772)</u>	_____	<u>(3,996,962)</u>
Net Depreciable Assets	<u>3,994,949</u>	<u>(125,375)</u>	_____	<u>3,869,574</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 5,310,049</u>	<u>(125,375)</u>	=====	<u>5,184,674</u>
Business-Type Activities:				
Equipment	\$ 228,723			228,723
Less: Accumulated				
Depreciation for:				
Equipment	<u>(209,088)</u>	<u>(5,472)</u>	_____	<u>(214,560)</u>
Business-Type Activities				
Capital Assets, Net	<u>\$ 19,635</u>	<u>(5,472)</u>	=====	<u>14,163</u>
Depreciation expense was charged to governmental functions as follows:				
Unallocated				<u>\$ 250,772</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 2014-2015 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>1,740,035</u>
	<u>\$ 1,990,035</u>

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

As of June 30, 2015, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents
Interest Bearing Checking Accounts	<u>\$ 1,505,952</u>

The carrying amount of the Board’s cash, cash equivalents and investments at June 30, 2015 was \$1,505,952 and the bank balance was \$1,990,035. Of the bank balance \$250,000 was covered by federal depository insurance and \$1,740,035 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, 2015, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>	<u>Long-Term Portion</u>	<u>2015-2016 Payment</u>
Compensated Absences Payable	\$ 136,902	9,572		146,474	146,474	
Capital Leases	18,442		(11,004)	7,438		7,438
Bonds Payable	1,590,000	876,989	(110,000)	2,356,989	2,241,989	115,000
Pension Liability		<u>2,270,377</u>		<u>2,270,377</u>	<u>2,270,377</u>	
	<u>\$ 1,745,344</u>	<u>3,156,938</u>	<u>(121,004)</u>	<u>4,781,278</u>	<u>4,658,840</u>	<u>122,438</u>

A. Bonds Payable

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 115,000	58,456	173,456
2017	120,000	53,756	173,756
2018	125,000	48,778	173,778
2019	130,000	43,519	173,519
2020	135,000	38,053	173,053
2021-2025	705,000	104,671	809,671
2026	<u>150,000</u>	<u>3,094</u>	<u>153,094</u>
	<u>\$ 1,480,000</u>	<u>350,327</u>	<u>1,830,327</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 \$1,480,000 at June 30, 2015.

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

As of June 30, 2015, 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 \$7,438 at June 30, 2015.

Future Minimum Lease Payments

2015-2016	\$ 7,605
Less: Interest	<u>(167)</u>
Lease Payments	<u>\$ 7,438</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.

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.

NOTE 4: Pension Plans (Continued)

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)**Three-Year Trend Information for PERS**

Year	Annual	Percentage	Net
<u>Funding</u>	<u>Cost (APC)</u>	<u>of APC</u>	<u>Pension</u>
		<u>Contributed</u>	<u>Obligation</u>
6/30/15	\$ 94,142	100%	0
6/30/14	144,209	100%	0
6/30/13	87,516	100%	0

Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

Year	Annual	Percentage	Net
<u>Funding</u>	<u>Cost (APC)</u>	<u>of APC</u>	<u>Pension</u>
		<u>Contributed</u>	<u>Obligation</u>
6/30/15	\$ 632,419	100%	0
6/30/14	496,054	100%	0
6/30/13	605,862	100%	0

During the fiscal year ended June 30, 2015 the State of New Jersey contributed \$632,419 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 \$334,346 during the year ended June 30, 2015 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.

Pension Expense Deferred Outflows/Inflows – PERS

For the year ended June 30, 2015, the District recognized pension expense of \$94,142. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows</u>	<u>Inflows</u>
	<u>of Resources</u>	<u>of Resources</u>
Difference Between Expected and Actual Experience	\$	
Changes of Assumptions	69,821	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		132,322
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	99,120	
District Contributions Subsequent to the Measurement Date	<u>94,142</u>	<u> </u>
Total	<u>\$ 263,083</u>	<u>132,322</u>

NOTE 4: Pension Plans (Continued)**Pension Expense Deferred Outflows/Inflows – PERS (Continued)**

\$263,083 reported as deferred outflows of resources related to pensions resulting from school district, charter school, or renaissance school project contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Additional Information

Collective balances at December 31, 2013 and 2014 are as follows:

	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>
Collective Deferred Outflows of Resources	\$ 263,083	
Collective Deferred Inflows of Resources	132,322	
Collective Net Pension Liability	2,270,377	2,149,199
District's Proportion	.01213%	.01125%

Components of Net Pension Liability

The components of the net pension liability of the participating employers for PERS as of June 30, 2014 and 2013 are as follows:

	<u>2014</u>		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 28,777,950,141	39,071,470,586	67,849,420,727
Plan Fiduciary Net Position	<u>8,650,846,191</u>	<u>20,348,735,583</u>	<u>28,999,581,774</u>
Net Pension Liability	<u>\$ 20,127,103,950</u>	<u>18,722,735,003</u>	<u>38,849,838,953</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	30.06%	52.08%	42.74%
	<u>2013</u>		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 27,515,277,069	37,272,295,162	64,787,572,231
Plan Fiduciary Net Position	<u>8,216,653,950</u>	<u>18,160,308,251</u>	<u>26,376,962,201</u>
Net Pension Liability	<u>\$ 19,298,623,119</u>	<u>19,111,986,911</u>	<u>38,410,610,030</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	29.86%	48.72%	40.71%

NOTE 4: Pension Plans (Continued)

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2103, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15% - 4.40% Based on Age
Thereafter	3.15% – 5.40% Based on Age
Investment Rate of Return	7.90%

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

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

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

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2014 and 2013, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	2014		
	At 1% Decrease (4.39%)	At Current Discount Rate (5.39%)	At 1% Increase (6.39%)
State	\$ 23,772,450,916	20,127,103,950	17,069,920,644
Local	<u>23,553,838,159</u>	<u>18,722,735,003</u>	<u>14,665,837,859</u>
Total	<u>\$ 47,326,289,075</u>	<u>38,849,838,953</u>	<u>31,735,758,503</u>
	2013		
	At 1% Decrease (4.55%)	At Current Discount Rate (5.55%)	At 1% Increase (6.55%)
State	\$ 22,822,255,839	19,298,623,119	16,351,193,705
Local	<u>23,791,905,551</u>	<u>19,111,986,911</u>	<u>15,190,834,283</u>
Total	<u>\$ 46,614,161,390</u>	<u>38,410,610,030</u>	<u>31,542,027,988</u>

NOTE 4: Pension Plans (Continued)**Teachers Pensions and Annuity Fund (TPAF)****Components of Net Pension Liability**

The components of the net pension liability of the State as of June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Total Pension Liability	\$ 81,095,320,000	76,678,639,671
Plan Fiduciary Net Position	<u>27,282,252,461</u>	<u>25,888,126,040</u>
Net Pension Liability	<u>\$ 53,813,067,539</u>	<u>50,790,513,631</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

State Proportionate Share of Net Pension Liability Attributable to District

	<u>2014</u>	<u>2013</u>
District's Liability	<u>\$ 23,742,413</u>	<u>22,240,031</u>
District's Proportion	.04412%	.04379%

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies Based on Experience
Thereafter	Varies Based on Experience
Investment Rate of Return	7.90%

NOTE 4: Pension Plans (Continued)

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

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

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

The discount rate used to measure the total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the State as of June 30, 2014 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>At 1% Decrease</u>	<u>At Current Discount Rate</u>	<u>At 1% Increase</u>
2014 (3.68%, 4.68%, 5.68%)	\$ 64,722,984,539	53,813,067,539	44,738,870,539
2013 (3.95%, 4.95%, 5.95%)	61,017,578,926	50,790,513,631	42,351,665,847

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, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits 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 employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

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, 2015, the General Fund equity balance was as follows:

Restricted For:	
Capital Reserve	\$ 40
Emergency Reserve	250,000
Maintenance Reserve	500,000
Excess Surplus – Current Year	164,191
Assigned to:	
Year-End Encumbrances	987,637
Designated for Subsequent Year’s Expenditures	8,095
Unassigned	255,939
General Fund	<u>256,419</u>
	<u>\$ 2,422,321</u>

Reserved for encumbrances represents outstanding purchase orders which will be rolled into the 2014-2015 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

2014-15 Total General Fund Expenditures Per the CAFR	\$ 9,591,964
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(966,755)</u>
Adjusted 2014-15 General Fund Expenditures	<u>\$ 8,625,209</u>
2% of Adjusted 2014-15 General Fund Expenditures	\$ 250,000
Increased by: Allowable Adjustment	<u>6,419</u>
Maximum Unassigned Fund Balance	<u>\$ 256,419</u>

NOTE 7: Equity Balance**Section 2**

Total General Fund – Fund Balance @ 6-30-15	\$ 2,422,321
Decreased by:	
Year End Encumbrances	(987,637)
Legally Restricted:	
Designated for Subsequent Years Expenditures – Excess Surplus	(255,939)
Other Restricted Reserved Fund Balances	(750,040)
Assigned:	
Designated for Subsequent Years Expenditures	<u>(8,095)</u>
Total Unassigned Fund Balance	<u>\$ 420,610</u>
Excess Surplus – Reserved Fund Balance	<u>\$ 164,191</u>

Section 3

Reserved Fund Balance – Excess Surplus Designated for Subsequent Year's Expenditures	\$ 255,939
Excess Surplus	<u>164,191</u>
	<u>\$ 420,130</u>

Detail of Allowable Adjustments

Extraordinary Aid	\$ 5,602
Non-Public Transportation	<u>817</u>
	<u>\$ 6,419</u>

Reserves

Emergency Reserve	\$ 250,000
Maintenance Reserve	500,000
Capital Reserve	<u>40</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.

NOTE 8: Risk Management (Continued)

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest</u>	<u>Reimbursed</u>	<u>Ending Balance</u>
2012-2013	\$		372	27,618	158,216
2013-2014			353	12,597	145,972
2014-2015			370	617	145,725

NOTE 9: INTERFUND RECEIVABLES AND PAYABLES

The following interfunds existed at June 30, 2015:

	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 122,892	
Special Revenue Fund		30,475
Capital Projects Fund		92,024
Debt Service Fund		393
Totals	<u>\$ 122,892</u>	<u>122,892</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.

NOTE 10: CAPITAL RESERVE ACCOUNT (Continued)

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Balance July 1, 2014 & June 30, 2015	<u>\$ 40</u>
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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 \$2,422,321 General Fund fund balance at June 30, 2015, \$987,637 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; \$255,939 is excess surplus designated for subsequent year's expenditures; \$8,095 has been appropriated and included as anticipated revenue for the year ending June 30, 2016; and \$164,191 is excess surplus – current year; and \$256,419 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, 2015. 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, 2015 through December 18, 2015.

**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, 2015

	<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	\$ 8,771,560		8,771,560	8,771,560	-
Tuition	130,000		130,000	189,928	59,928
Interest	5,000		5,000	6,768	1,768
Miscellaneous	10,000		10,000	36,032	26,032
Total Local Sources	<u>8,916,560</u>		<u>8,916,560</u>	<u>9,004,288</u>	<u>87,728</u>
State Sources:					
Transportation Aid	29,665		29,665	29,665	-
Special Education Aid	350,285		350,285	350,285	-
Security Aid	19,085		19,085	19,085	-
Adjustment Aid	26,714		26,714	26,714	-
Additional adjustment Aid	2,126		2,126	2,126	-
PARCC Readiness Aid	5,860		5,860	5,860	-
Per Pupil Growth Aid	5,860		5,860	5,860	-
Extraordinary Aid				5,602	5,602
Non Public Transportation Aid				817	817
TPAF Pension Contribution (On-Behalf)				632,419	632,419
TPAF Social Security Contribution (Reimbursed)				334,346	334,346
Total State Sources	<u>439,595</u>	<u>-</u>	<u>439,595</u>	<u>1,412,779</u>	<u>973,184</u>
Federal Sources:					
Community Disaster Loan	<u>442,836</u>		<u>442,836</u>	<u>442,836</u>	
Total Revenues	<u>9,798,991</u>	<u>-</u>	<u>9,798,991</u>	<u>10,859,903</u>	<u>1,060,912</u>

OCEANPORT SCHOOL DISTRICT

Exhibit C-1
Sheet 2 of 11

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Distributed Expenditures:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	206,400		206,400	165,516	40,884
Grades 1-5 - Salaries of Teachers	1,329,785	(198,038)	1,131,747	1,079,731	52,016
Grades 6-8 - Salaries of Teachers	1,251,820		1,251,820	1,004,015	247,805
Subtotal	<u>2,788,005</u>	<u>(198,038)</u>	<u>2,589,967</u>	<u>2,249,262</u>	<u>340,705</u>
Regular Programs - Other:					
Salaries of Substitutes	180,000	43,853	223,853	223,853	-
Salaries of Teachers - Home Instruction	3,000	2,062	5,062	5,062	-
Subtotal	<u>183,000</u>	<u>45,915</u>	<u>228,915</u>	<u>228,915</u>	<u>-</u>
Regular Programs - Undistributed Instruction:					
Other Salaries For Instruction	25,530	(7,932)	17,598	17,598	-
General Supplies	104,000	(32,724)	71,276	70,811	465
Textbooks	20,000	31,681	51,681	48,625	3,056
Other Objects	700		700	250	450
Subtotal	<u>150,230</u>	<u>(8,975)</u>	<u>141,255</u>	<u>137,284</u>	<u>3,971</u>
Total Regular Programs - Instruction	<u>3,121,235</u>	<u>(161,098)</u>	<u>2,960,137</u>	<u>2,615,461</u>	<u>344,676</u>
Special Education Instruction:					
Cognitive Moderate:					
Salaries of Teachers	195,110		195,110	147,627	47,483
Other Salaries For Instruction	129,338		129,338	71,450	57,888
Purchased Professional/Educational Services	20,000	(1,900)	18,100	480	17,620
Supplies	4,250		4,250	576	3,674
Textbooks	2,000		2,000		2,000
Total Behavioral Disability	<u>350,698</u>	<u>(1,900)</u>	<u>348,798</u>	<u>220,133</u>	<u>128,665</u>

OCEANPORT SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Visual Impairments:					
Purchased Professional-Educational Services	27,000	(2,600)	24,400	-	24,400
Supplies	2,000		2,000		2,000
Total Visual Impairments	<u>29,000</u>	<u>(2,600)</u>	<u>26,400</u>	<u>-</u>	<u>26,400</u>
				-	
Resource Room/Center:					
Salaries of Teachers	560,772	(1,469)	559,303	367,841	191,462
General Supplies	5,977		5,977	4,713	1,264
Textbooks	1,000		1,000		1,000
Total Resource Room/Center	<u>567,749</u>	<u>(1,469)</u>	<u>566,280</u>	<u>372,554</u>	<u>193,726</u>
Preschool Handicapped - Part Time:					
Salaries of Teachers	136,355	29,214	165,569	164,569	1,000
Other Salaries for Instruction	43,659		43,659	34,997	8,662
Supplies	3,000	4,997	7,997	7,997	-
Total Preschool Handicapped-Part Time	<u>183,014</u>	<u>34,211</u>	<u>217,225</u>	<u>207,563</u>	<u>9,662</u>
Total Special Education - Instruction	<u>1,130,461</u>	<u>28,242</u>	<u>1,158,703</u>	<u>800,250</u>	<u>358,453</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	23,942		23,942	19,154	4,788
Other Salaries For Instruction			-		-
Total Basic Skills/Remedial - Instruction	<u>23,942</u>	<u>-</u>	<u>23,942</u>	<u>19,154</u>	<u>4,788</u>
Bilingual Education - Instruction:					
Supplies	<u>750</u>	<u></u>	<u>750</u>	<u>218</u>	<u>532</u>

OCEANPORT SCHOOL DISTRICT

Exhibit C-1
Sheet 4 of 11

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
School Sponsored Co-Curricular Activities - Instruction:					
Salaries	73,500		73,500	23,027	50,473
General Supplies	2,500	1,122	3,622	3,622	-
Other Objects	6,000		6,000	2,735	3,265
Total School Sponsored Co-Curricular	<u>82,000</u>	<u>1,122</u>	<u>83,122</u>	<u>29,384</u>	<u>53,738</u>
School Sponsored Athletics - Instruction:					
Salaries	50,000		50,000	28,547	21,453
Supplies and Materials	3,000		3,000	2,299	701
Other Objects	1,400	34,783	36,183	36,183	-
Total School Sponsored Athletics - Instruction	<u>54,400</u>	<u>34,783</u>	<u>89,183</u>	<u>67,029</u>	<u>22,154</u>
Total Distributed Expenditures	<u>4,412,788</u>	<u>(96,951)</u>	<u>4,315,837</u>	<u>3,531,496</u>	<u>784,341</u>
Tuition:					
Tuition to Other LEA's Within State - Special	334,616	(100,000)	234,616	54,571	180,045
Total Tuition	<u>334,616</u>	<u>(100,000)</u>	<u>234,616</u>	<u>54,571</u>	<u>180,045</u>
Attendance & Social Work:					
Salaries	1,000		1,000		1,000
Total Attendance & Social Work	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Health Services:					
Salaries	162,805	5,500	168,305	137,858	30,447
Purchased Professional/Technical Services	10,000	(958)	9,042	3,400	5,642
Supplies and Materials	3,000	958	3,958	3,958	-
Total Health Services	<u>175,805</u>	<u>5,500</u>	<u>181,305</u>	<u>145,216</u>	<u>36,089</u>

OCEANPORT SCHOOL DISTRICT

Exhibit C-1
Sheet 5 of 11

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Support Services Students - Related:					
Salaries	141,205		141,205	100,053	41,152
Supplies and Materials	1,927	(160)	1,767	1,767	-
Other Objects	1,800	8,550	10,350	10,350	-
Total Other Support Services Students - Related	<u>144,932</u>	<u>8,390</u>	<u>153,322</u>	<u>112,170</u>	<u>41,152</u>
Other Support Services Students-Extraordinary:					
Salaries	367,284	34,233	401,517	353,774	47,743
Purchased Professional/Educational Services	50,000	4,248	54,248	54,248	-
Total Other Support Services Students - Extraordinary	<u>417,284</u>	<u>38,481</u>	<u>455,765</u>	<u>408,022</u>	<u>47,743</u>
Other Support Services Students - Regular:					
Salaries of Other Professional Staff	59,755		59,755	48,304	11,451
Supplies and Materials	2,000	1,281	3,281	3,281	-
Total Other Support Services Students - Regular	<u>61,755</u>	<u>1,281</u>	<u>63,036</u>	<u>51,585</u>	<u>11,451</u>
Other Support Services Students - Special:					
Salaries of Other Professional Staff	272,011	35,267	307,278	276,005	31,273
Salaries of Secretarial & Clerical	45,197		45,197	37,664	7,533
Purchased Professional/Educational Services	10,000	(7,020)	2,980	2,980	-
Other Purchased Services	2,000	840	2,840	2,840	-
Supplies and Materials	1,700	2,312	4,012	4,012	-
Other Objects	16,448	987	17,435	17,435	-
Total Other Support Services Students - Special	<u>347,356</u>	<u>32,386</u>	<u>379,742</u>	<u>340,936</u>	<u>38,806</u>

OCEANPORT SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Educational Media/Library:					
Salaries	82,050		82,050	65,640	16,410
Salaries-Technology Coordinators	64,505	(13,890)	50,615	50,615	-
General Supplies	2,000	606	2,606	2,606	-
Other Objects	2,000		2,000		2,000
Total Educational Media/Library	<u>150,555</u>	<u>(13,284)</u>	<u>137,271</u>	<u>118,861</u>	<u>18,410</u>
Staff Training:					
Salaries of Secretarial and Clerical Assistants	2,000		2,000		2,000
Purchased Professional Services	20,000		20,000	10,991	9,009
Other Purchased Services	1,000	507	1,507	1,507	-
Total Staff Training	<u>23,000</u>	<u>507</u>	<u>23,507</u>	<u>12,498</u>	<u>11,009</u>
Support Services - General Administration:					
Salaries	91,367		91,367	63,392	27,975
Legal Services	30,000	(9,350)	20,650	20,650	-
Audit Fees	12,500	(500)	12,000	12,000	-
Other Purchased Professional Services	10,000		10,000		10,000
Communications/Telephone	26,000	(7,540)	18,460	18,460	-
Other Purchased Services	5,600	1,268	6,868	6,868	-
Judgments	62,500		62,500	62,500	-
Miscellaneous Expenditures	4,500	6,636	11,136	11,136	-
BOE Membership Dues and Fees	6,700	(1,561)	5,139	5,139	-
Total Support Services - General Administration	<u>249,167</u>	<u>(11,047)</u>	<u>238,120</u>	<u>200,145</u>	<u>37,975</u>

OCEANPORT SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<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	202,615		202,615	180,355	22,260
Salaries of Secretarial & Clerical Assistants	89,194	171	89,365	74,816	14,549
Other Purchased Services	21,763	(216)	21,547	21,547	-
General Supplies	12,000	9,308	21,308	21,308	-
Other Objects	7,000	486	7,486	7,486	-
Total Support Services - School Administration	<u>332,572</u>	<u>9,749</u>	<u>342,321</u>	<u>305,512</u>	<u>36,809</u>
Central Services:					
Salaries	109,400	18,457	127,857	65,757	62,100
Purchased Professional Services	25,000	(468)	24,532	24,532	-
Other Purchased Services	2,000	(1,163)	837	837	-
General Supplies	3,000	(594)	2,406	2,406	-
Miscellaneous Expenditures	500	(372)	128	128	-
Total Central Services	<u>139,900</u>	<u>15,860</u>	<u>155,760</u>	<u>93,660</u>	<u>62,100</u>
Admin. Information Technology:					
Other Purchased Services	20,200	125	20,325	20,325	-
Supplies and Materials	10,000	371	10,371	10,371	-
Total Admin. Information Technology	<u>30,200</u>	<u>496</u>	<u>30,696</u>	<u>30,696</u>	<u>-</u>
Required Maintenance for School Facilities:					
Cleaning Repair & Maintenance	103,500	23,982	127,482	95,096	32,386
Total Required Maintenance for School Facilities	<u>103,500</u>	<u>23,982</u>	<u>127,482</u>	<u>95,096</u>	<u>32,386</u>

OCEANPORT SCHOOL DISTRICT

Exhibit C-1
Sheet 8 of 11

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<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	214,496	10,913	225,409	212,802	12,607
Cleaning, Repair & Maintenance Services	40,000	(15,704)	24,296	24,296	-
Other Purchased Property Services	25,000	(2,565)	22,435	22,435	-
Insurance	66,700	(153)	66,547	66,547	-
General Supplies	24,000	(1,570)	22,430	22,430	-
Energy (Electricity)	125,000	(17,934)	107,066	107,066	-
Other Objects	20,000	27,319	47,319	47,319	-
Energy (Natural Gas)	65,000	(12,944)	52,056	52,056	-
Total Other Operations & Maintenance	<u>580,196</u>	<u>(12,638)</u>	<u>567,558</u>	<u>554,951</u>	<u>12,607</u>
Security					
Salaries	22,000	18,368	40,368	40,368	-
Other Purchased Property Services	2,400	4,641	7,041	7,041	-
Total Security	<u>24,400</u>	<u>23,009</u>	<u>47,409</u>	<u>47,409</u>	<u>-</u>
Total Operations & Maintenance	<u>708,096</u>	<u>34,353</u>	<u>742,449</u>	<u>697,456</u>	<u>44,993</u>
Student Transportation:					
Salaries (Between Home & School Regular)	180,000	(26,480)	153,520	153,520	-
Salaries (Between Home & School Special Education)	75,000	14,343	89,343	89,343	-
Cleaning Repair & Maintenance Services	1,500	(768)	732	732	-
Contracted Services (Aid in Lieu Non Public)	60,000	12,550	72,550	72,550	-
Contracted Services (Between Home and School)	11,500	(1,460)	10,040	10,040	-
Contracted Services (Special Education Students ESC's)	3,000	11,116	14,116	14,116	-
Total Student Transportation	<u>331,000</u>	<u>9,301</u>	<u>340,301</u>	<u>340,301</u>	<u>-</u>

OCEANPORT SCHOOL DISTRICT

Exhibit C-1
Sheet 9 of 11

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<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 Contribution - Social Security	120,000	(9,064)	110,936	110,936	-
Retirement Contributions - PERS	100,000	(5,858)	94,142	94,142	-
Unemployment Compensation	10,000	(10,000)	-	-	-
Workman's Compensation	65,000	(3,847)	61,153	61,153	-
Health Benefits	1,650,000	89,821	1,739,821	1,739,821	-
Tuition Reimbursements	45,000	(43,014)	1,986	1,986	-
Total Unallocated Benefits	<u>1,990,000</u>	<u>18,038</u>	<u>2,008,038</u>	<u>2,008,038</u>	<u>-</u>
TPAF Pension Contribution (On-Behalf)		-		632,419	(632,419)
TPAF Social Security Contribution (Reimbursed)		-		334,336	(334,336)
Total Undistributed Expenditures	<u>5,437,238</u>	<u>50,011</u>	<u>5,487,249</u>	<u>5,886,422</u>	<u>(399,173)</u>
Total General Current Expense	<u>9,850,026</u>	<u>(46,940)</u>	<u>9,803,086</u>	<u>9,417,918</u>	<u>385,168</u>
Capital Outlay:					
Equipment:					
Grades 1 to 5	73,625	27,862	101,487	101,487	
Grades 6 to 8	40,625	15,302	55,927	55,927	
Total Equipment	<u>114,250</u>	<u>43,164</u>	<u>157,414</u>	<u>157,414</u>	

OCEANPORT SCHOOL DISTRICT

Exhibit C-1
Sheet 10 of 11

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Facilities, Acquisition and Construction Services:					
Building Renovations	20,485	3,760	24,245	15,402	8,843
Other Objects	1,230		1,230	1,230	-
Total Facilities, Acquisition and Construction Services	<u>21,715</u>	<u>3,760</u>	<u>25,475</u>	<u>16,632</u>	<u>8,843</u>
 Total Capital Outlay	 <u>135,965</u>	 <u>46,924</u>	 <u>182,889</u>	 <u>174,046</u>	 <u>8,843</u>
 Total Current Expense and Capital Outlay	 <u>9,985,991</u>	 <u>(16)</u>	 <u>9,985,975</u>	 <u>9,591,964</u>	 <u>394,011</u>
 Excess (Deficiency) of Revenues Over/(Under) Expenditures	 <u>(187,000)</u>	 <u>16</u>	 <u>(186,984)</u>	 <u>1,267,939</u>	 <u>1,454,923</u>
 Other Financing Sources (Uses):					
Adjustment for Payroll Agency Disbursements Made From General in Error not Charged to Budget				(327,015)	(327,015)
Adjustment to Prove the Assets				(66,432)	(66,432)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(393,447)</u>	<u>(393,447)</u>
 Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources (Uses)	 <u>(187,000)</u>	 <u>16</u>	 <u>(186,984)</u>	 <u>874,492</u>	 <u>1,061,476</u>
 Fund Balance July 1	 <u>1,547,829</u>		 <u>1,547,829</u>	 <u>1,547,829</u>	 <u>-</u>
 Fund Balance June 30	 <u>\$ 1,360,829</u>	 <u>16</u>	 <u>1,360,845</u>	 <u>2,422,321</u>	 <u>1,061,476</u>

OCEANPORT SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<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				\$ 164,191	
Designated for Subsequent Year's Expenditures					
Excess Surplus				255,939	
Maintenance Reserve				500,000	
Capital Reserve				40	
Emergency Reserve				250,000	
Committed Fund Balance:					
Year End Encumbrances				987,637	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				8,095	
Unassigned Fund Balance				<u>256,419</u>	
				2,422,321	
Reconciliation to Governmental Funds Statement (GAAP):					
Final State Audit Payments not Recognized on GAAP Basis				<u>(42,939)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,379,382</u>	

OCEANPORT SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Federal Sources	<u>\$ 139,618</u>	<u>(116,725)</u>	<u>22,893</u>	<u>22,893</u>	<u>-</u>
Total Revenues	<u>\$ 139,618</u>	<u>(116,725)</u>	<u>22,893</u>	<u>22,893</u>	<u>-</u>
Expenditures:					
Instruction:					
Other Instructional Salaries	8,000	(418)	7,582	7,582	
Instruction Supplies	\$ 15,000	(2,470)	12,530	12,530	
Tuition	<u>109,618</u>	<u>(109,618)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Instruction	<u>124,618</u>	<u>(112,088)</u>	<u>12,530</u>	<u>12,530</u>	<u>-</u>
Support Services:					
Purchased Professional & Technical Services	<u>15,000</u>	<u>(4,637)</u>	<u>10,363</u>	<u>10,363</u>	<u>-</u>
Total Support Services	<u>15,000</u>	<u>(4,637)</u>	<u>10,363</u>	<u>10,363</u>	<u>-</u>
Total Expenditures	<u>\$ 139,618</u>	<u>(116,725)</u>	<u>22,893</u>	<u>22,893</u>	<u>-</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

BUDGET TO GAAP RECONCILIATION

NOTE TO RSI

JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 10,859,903	30,475
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.	41,791	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(42,939)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 10,858,755</u>	<u>30,475</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 9,591,964	30,475
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.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 9,591,964</u>	<u>30,475</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING
FOR PENSIONS (GASB 68) - L**

OCEANPORT SCHOOL DISTRICTSCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THENET PENSION LIABILITY - PERS

Exhibit L-1

LAST TWO FISCAL YEARS

	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	100.000%	100.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,270,377	2,149,199
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>-</u>	<u>-</u>
Total	<u>\$ 2,270,377</u>	<u>2,149,199</u>
District's Covered-Employee Payroll	\$ 797,945	811,175
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	35.15%	37.74%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	42.74%	40.71%

OCEANPORT SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - PERS

Exhibit L-2

LAST TWO FISCAL YEARS

	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 144,209	87,516
Contributions in Relation to the Contractually Required Contribution	<u>144,209</u>	<u>87,516</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>
District's Covered-Employee Payroll	\$ 797,945	811,175
Contributions as a Percentage of Covered-Employee Payroll	18.07%	10.79%

OCEANPORT SCHOOL DISTRICTSCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THENET PENSION LIABILITY - TPAF

Exhibit L-3

LAST TWO FISCAL YEARS

	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.000%	0.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>23,742,413</u>	<u>22,240,031</u>
Total	<u>\$ 23,742,413</u>	<u>22,240,031</u>
District's Covered-Employee Payroll	\$ 4,338,875	4,369,752
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	18.27%	19.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

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, 2015

	<u>Title I</u>	<u>Title IIA</u>	<u>Totals June 30, 2015</u>
Revenues:			
Federal Sources	\$ 22,893	7,582	30,475
Total Revenue	<u>\$ 22,893</u>	<u>7,582</u>	<u>30,475</u>
Expenditures:			
Instruction:			
Other Instructional Salaries	\$ -	7,582	7,582
Instructional Supplies	12,530	-	12,530
Tuition			-
Total Instruction	<u>12,530</u>	<u>7,582</u>	<u>20,112</u>
Support Services:			
Purchased Professional Services	10,363		10,363
Tuition			-
Total Support Services	<u>10,363</u>	<u>-</u>	<u>10,363</u>
Total Expenditures	<u>\$ 22,893</u>	<u>7,582</u>	<u>30,475</u>

CAPITAL PROJECTS FUND – F

N/A

PROPRIETARY FUNDS – G

OCEANPORT SCHOOL DISTRICT

SCHEDULE OF NET POSITION

Exhibit G-1

ENTERPRISE FUNDS

JUNE 30, 2015

	<u>Summer Enrichment</u>	<u>Food Services</u>	<u>Total</u>
<u>Assets</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 13,706	10,956	24,662
Accounts Receivable:			
Federal & State		1,147	1,147
Inventories		4,421	4,421
Total Current Assets	<u>13,706</u>	<u>16,524</u>	<u>30,230</u>
Noncurrent Assets:			
Equipment		228,723	228,723
Less: Accumulated Depreciation		<u>(214,560)</u>	<u>(214,560)</u>
Total Noncurrent Assets		<u>14,163</u>	<u>14,163</u>
Total Assets	<u>\$ 13,706</u>	<u>30,687</u>	<u>44,393</u>
<u>Liabilities</u>			
Accounts Payable	\$ -	78,367	78,367
Prepaid Tuition	13,706		13,706
Total Liabilities	<u>13,706</u>	<u>78,367</u>	<u>92,073</u>
<u>Net Position</u>			
Investment in Capital Assets	-	14,163	14,163
Unrestricted		<u>(61,843)</u>	<u>(61,843)</u>
Total Net Position	<u>\$ -</u>	<u>(47,680)</u>	<u>(47,680)</u>

SCHEDULE OF REVENUES, EXPENSES AND CHANGES

Exhibit G-2

IN FUND NET POSITION

ENTERPRISE FUND

JUNE 30, 2015

	<u>Summer Enrichment Program</u>	<u>Food Services</u>
Operating Revenues:		
Local Sources:		
Daily Sales Reimbursable Programs	\$ -	\$ 118,573
Tuition	19,695	
Total Operating Revenue	<u>19,695</u>	<u>118,573</u>
Operating Expenses:		
Cost of Sales		133,305
Salaries	19,695	
Management Fee		
Miscellaneous		2,302
Depreciation		5,472
Total Operating Expenses	<u>19,695</u>	<u>141,079</u>
Operating (Loss)/Profit	-	(22,506)
Non-Operating Revenues:		
Interest Income		39
State Sources:		
State Lunch Program		651
Federal Sources:		
Federal Lunch Program		11,983
Federal PB Lunch Program		911
Food Distribution Program		10,150
Total Non-Operating Revenues	<u>-</u>	<u>23,734</u>
Change in Net Position	-	1,228
Net Position, July 1		<u>(48,908)</u>
Net Position, June 30	<u>\$ -</u>	<u>\$ (47,680)</u>

OCEANPORT SCHOOL DISTRICT**SCHEDULE OF CASH FLOWS**

Exhibit G-3

ENTERPRISE FUND**JUNE 30, 2015**

	<u>Summer Enrichment</u>	<u>Food Services</u>	<u>Total Enterprise</u>
Cash Flows from Operating Activities:			
Receipts from Daily Sales	\$	118,573	118,573
Payments to Suppliers		(141,160)	(141,160)
Prepaid Tuition	13,706		13,706
Net Cash Used by Operating Activities	<u>13,706</u>	<u>(22,587)</u>	<u>(8,881)</u>
Cash Flows from Noncapital Financing Activities:			
Federal and State Sources and Interest		15,892	15,892
Net Cash Provided by Noncapital Financing Activities		<u>15,892</u>	<u>15,892</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	13,706	(6,695)	7,011
Cash and Cash Equivalents July 1		<u>17,651</u>	<u>17,651</u>
Cash and Cash Equivalents June 30	<u>\$ 13,706</u>	<u>10,956</u>	<u>24,662</u>
Cash Flows from Operating Activities:			
Operating (Loss)/Profit	\$ -		-
Adjustments to Reconcile Operating Loss to Cash		(22,506)	(22,506)
Provided (Used) by Operating Activities:			
Depreciation		5,472	5,472
Commodities		10,150	10,150
Prepaid Tuition	13,706		13,706
Changes in Assets and Liabilities:			
Increase (Decrease) in Accounts Payable		(14,018)	(14,018)
(Increase) Decrease in Accounts Receivable		623	623
(Increase)/Decrease in Inventories		(2,308)	(2,308)
Net Cash Used by Operating Activities	<u>\$ 13,706</u>	<u>(22,587)</u>	<u>(6,573)</u>

FIDUCIARY FUND – H

OCEANPORT SCHOOL DISTRICT

TRUST AND AGENCY FUND

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET POSITION

AS OF JUNE 30, 2015

	<u>Agency</u>			<u>Expendable</u>	<u>Totals</u>
	<u>Student</u>	<u>Payroll</u>	<u>Agency</u>	<u>Trusts</u>	
	<u>Activity</u>	<u>Account</u>	<u>Account</u>	<u>Unemployment</u>	
				<u>Compensation</u>	
Assets:					
Cash and Cash Equivalents	\$ 50,034	(2,619)	327,015	145,725	520,155
Total Assets	<u>\$ 50,034</u>	<u>(2,619)</u>	<u>327,015</u>	<u>145,725</u>	<u>520,155</u>
Liabilities and Net Assets:					
Liabilities:					
Due to Student Groups	\$ 50,034				50,034
Due to Current Fund			327,015		327,015
Payroll Withholdings & Deductions		(2,619)			(2,619)
Total Liabilities	<u>50,034</u>	<u>(2,619)</u>	<u>327,015</u>	<u>-</u>	<u>374,430</u>
Net Position:					
Unreserved				145,725	145,725
Total Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,725</u>	<u>145,725</u>
Total Liabilities and Net Position	<u>\$ 50,034</u>	<u>(2,619)</u>	<u>327,015</u>	<u>145,725</u>	<u>520,155</u>

OCEANPORT SCHOOL DISTRICT

EXPENDABLE TRUST FUNDS

Exhibit H-2

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Unemployment Compensation Insurance Trust Fund</u>
Additions:	
Local Sources:	
Interest on Investments	\$ 370
Total Additions	<u>370</u>
Deductions:	
Unemployment Claims	<u>617</u>
Total Deductions	<u>617</u>
Change in Net Position	(247)
Net Position, July 1	<u>145,972</u>
Net Position, June 30	<u>\$ 145,725</u>

OCEANPORT SCHOOL DISTRICT

STUDENT ACTIVITY AGENCY FUND

Exhibit H-3

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2015</u>
Elementary School:				
Maple Place	\$ 29,962	73,514	72,339	31,137
Maple Place - 8th Grade	1,983	51,662	47,926	5,719
Wolf Hill	12,693	25,549	25,064	13,178
	<u>\$ 44,638</u>	<u>150,725</u>	<u>145,329</u>	<u>50,034</u>

PAYROLL AGENCY FUND

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Assets:				
Cash and Cash Equivalents	\$ 286,577	4,227,075	4,186,637	327,015
Total Assets	<u>\$ 286,577</u>	<u>4,227,075</u>	<u>4,186,637</u>	<u>327,015</u>
Liabilities:				
Payroll Deductions and Withholdings	\$ 280,715	3,905,922	4,186,637	-
Due to General Fund	5,862	321,153		327,015
Total Liabilities	<u>\$ 286,577</u>	<u>4,227,075</u>	<u>4,186,637</u>	<u>327,015</u>

LONG-TERM DEBT - I

OCEANPORT SCHOOL DISTRICT

LONG-TERM DEBT

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2015

Exhibit I-1

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2015</u>
			<u>Date</u>	<u>Amount</u>					
Alterations and Renovations at Maple Place and Wolf Hill Schools	12/15/2006	\$ 2,135,000	8/1/2015	\$ 115,000	4.0-4.125%	\$ 1,590,000		110,000	1,480,000
			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					
Community Disaster Loan	2014-2015	876,989	7/1/2018	175,398	1.38%		876,989		876,989
			7/1/2019	175,398					
			7/1/2020	175,398					
			7/1/2021	175,398					
			7/1/2022	175,397					
						<u>\$ 1,590,000</u>	<u>876,989</u>	<u>110,000</u>	<u>2,356,989</u>

OCEANPORT SCHOOL DISTRICT

LONG-TERM DEBT

Exhibit I-2

STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES

JUNE 30, 2015

<u>Series</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2014</u>	<u>Retired</u>	<u>Balance June 30, 2015</u>
Xerox 4250XF/4260XF Copiers	\$ 53,233	<u>\$ 18,442</u>	<u>11,004</u>	<u>7,438</u>

OCEANPORT SCHOOL DISTRICT

Exhibit I-3

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Fund to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 111,126		111,126	111,126	
State Aid	58,805		58,805	58,805	
Total Revenues	<u>169,931</u>	<u>-</u>	<u>169,931</u>	<u>169,931</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	73,156	(10,000)	63,156	62,956	200
Redemption of Principal	100,000	10,000	110,000	110,000	-
Total Expenditures	<u>173,156</u>	<u>-</u>	<u>173,156</u>	<u>172,956</u>	<u>200</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,225)	-	(3,225)	(3,025)	200
Fund Balance July 1	<u>2,632</u>		<u>2,632</u>	<u>2,632</u>	
Fund Balance June 30	<u>\$ (593)</u>	<u>-</u>	<u>(593)</u>	<u>(393)</u>	<u>200</u>

STATISTICAL SECTION

(Unaudited)

OCEANPORT SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST FIVE FISCAL YEARS
UNAUDITED

J-1

	2015	2014	2013	2012	2011
Governmental Activities					
Invested in Capital Assets, net of related Debt	\$ 3,697,236	3,701,607	3,493,436	3,731,111	2,985,305
Restricted	1,177,872	1,292,366	983,270	864,255	383,128
Unrestricted	(1,988,462)	52,255	217,955	(267,596)	(179,615)
Total Governmental Activities	\$ 2,886,646	5,046,228	4,694,661	4,327,770	3,188,818
Business Type Activities					
Invested in Capital Assets, net of related Debt	\$ 14,163	19,635	25,107	30,579	36,051
Unrestricted	(61,843)	(68,543)	(79,303)	(69,185)	(70,385)
Total Business Type Activities	\$ (47,680)	(48,908)	(54,196)	(38,606)	(34,334)
District-wide					
Invested in Capital Assets, net of related Debt	\$ 3,711,399	3,721,242	3,518,543	3,761,690	3,021,356
Restricted	1,177,872	1,292,366	983,270	864,255	383,128
Unrestricted	(2,050,305)	(16,288)	138,652	(336,781)	(250,000)
Total District Position	\$ 2,838,966	4,997,320	4,640,465	4,289,164	3,154,484

OCEANPORT SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST FIVE FISCAL YEARS
UNAUDITED

J-2

81.

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenses:					
Governmental Activities	\$ 9,640,285	10,779,881	10,530,881	10,218,877	9,720,667
Business Type Activities	160,774	151,700	178,151	182,843	175,266
Total District Expenses	<u>9,801,059</u>	<u>10,931,581</u>	<u>10,709,032</u>	<u>10,401,720</u>	<u>9,895,933</u>
Program Revenues:					
Governmental Activities	85,046	322,150	225,768	1,331,481	1,169,226
Business Type Activities	161,963	137,353	162,561	178,544	175,229
Total District Program Revenues	<u>247,009</u>	<u>459,503</u>	<u>388,329</u>	<u>1,510,025</u>	<u>1,344,455</u>
Net (Expense):					
Governmental Activities	(9,555,239)	(10,457,731)	(10,305,113)	(8,887,396)	(8,551,441)
Business Type Activities	1,189	(14,347)	(15,590)	(4,299)	(37)
Total District-wide Net Expense	<u>(9,554,050)</u>	<u>(10,472,078)</u>	<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	10,580,668	10,659,732	10,629,209	10,026,349	9,212,396
Business Type Activities	39	-	-	27	23
Total District-wide	<u>10,580,707</u>	<u>10,659,732</u>	<u>10,629,209</u>	<u>10,026,376</u>	<u>9,212,419</u>
Change in Net Position:					
Governmental Activities	1,025,429	202,001	324,096	1,138,953	660,955
Business Type Activities	1,228	(14,347)	(15,590)	(4,272)	(14)
Total District	<u>1,026,657</u>	<u>187,654</u>	<u>308,506</u>	<u>1,134,681</u>	<u>660,941</u>

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

J-3

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund:					
Reserved	\$ 2,165,902	1,289,734	980,045	864,255	383,127
Unreserved	213,480	52,255	217,955	194,304	235,342
Total General Fund	<u>\$ 2,379,382</u>	<u>1,341,989</u>	<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	(393)	2,632	3,225	3,225	-
Total All Other Government Funds	<u>\$ (393)</u>	<u>2,632</u>	<u>3,225</u>	<u>3,225</u>	<u>-</u>

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

J-4

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Revenues</u>					
Tax Levy	\$8,882,686	8,712,664	8,969,686	9,075,881	8,941,589
Other Local Revenue	232,728	284,315	310,116	286,435	180,398
State Sources	1,470,436	1,315,325	1,394,827	1,297,034	944,857
Federal Sources	473,311	633,457	186,158	211,109	335,367
Total Revenues	<u>11,059,161</u>	<u>10,945,761</u>	<u>10,860,787</u>	<u>10,870,459</u>	<u>10,402,211</u>
<u>Expenditures</u>					
Instruction:					
Regular	2,615,461	3,132,902	2,812,502	2,716,327	2,722,758
Special	800,250	1,031,845	1,072,228	841,551	759,389
Other	115,785	85,153	125,380	99,225	33,742
School-sponsored/other instructional				102,406	84,991
Total instruction	<u>3,531,496</u>	<u>4,249,900</u>	<u>4,010,110</u>	<u>3,759,509</u>	<u>3,600,880</u>
Undistributed:					
Instruction/Tuition	54,571	122,846	33,804	2,438	12,171
Attendance & Health Services					
Support services - Students					
Support services - Instructional staff	1,189,288	1,387,374	1,364,069	1,317,005	1,169,358
School Administration	305,512	260,420	314,478	348,859	264,935
Other Administration	324,501	632,275	629,569	310,254	353,290
Operations and Maintenance	697,456	631,231	795,448	721,168	771,897
Student Transportation	340,301	337,422	394,015	298,090	360,927
Unallocated Benefits	2,974,793	2,677,262	2,700,983	2,934,469	2,731,084
Education Jobs/Other				23,274	
Total Undistributed	<u>5,886,422</u>	<u>6,048,830</u>	<u>6,232,366</u>	<u>5,955,557</u>	<u>5,663,662</u>
Capital Outlay:					
Equipment	174,046	4,147	115,546	581	131,511
Total Capital Outlay	<u>174,046</u>	<u>4,147</u>	<u>115,546</u>	<u>581</u>	<u>131,511</u>
Total General Fund Expenditures	<u>9,591,964</u>	<u>10,302,877</u>	<u>10,358,022</u>	<u>9,715,647</u>	<u>9,396,053</u>
Special Revenue:					
Federal and State	30,475	199,304	186,158	187,835	335,367
Total Special Revenue expenditures	<u>30,475</u>	<u>199,304</u>	<u>186,158</u>	<u>187,835</u>	<u>335,367</u>
Capital Projects Fund Expenditures				352,675	-
Debt Service Expenditures	<u>172,956</u>	<u>172,256</u>	<u>171,356</u>	<u>302,481</u>	<u>309,755</u>
Total Governmental Fund Expenditures	<u>9,795,395</u>	<u>10,674,437</u>	<u>10,715,536</u>	<u>10,558,638</u>	<u>10,041,175</u>
Excess(Deficiency) of Revenues Over(Under) Expenditures	1,263,766	271,324	145,251	311,821	361,036
Other Financing Sources (Uses)	<u>(393,447)</u>	<u>36,121</u>	<u>(5,810)</u>	<u>131,494</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 870,319</u>	<u>307,445</u>	<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>
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
2014	249,257	6,174	28,884	284,315
2015	189,928	6,768	36,032	232,728

Source: District records

OCEANPORT SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (UNAUDITED)
 OCEANPORT BOROUGH

Fiscal Year Ending June 30,	Net Assessed Valuations	Estimated Full Cash Valuations	% of Net Assessed to Estimated Full Cash Valuations
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%
2013	1,020,133,815	1,141,027,317	89.40%
2014	1,031,964,800	1,137,778,170	90.70%

Source: Municipal Tax Assessor

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

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

b Tax rates are per \$100

N/A At the time of CAFR Completion, this data was not yet available

OCEANPORT SCHOOL DISTRICT
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS
 (RATE PER \$100 OF ASSESSED VALUE)
 (UNAUDITED)

Fiscal Year Ending June 30,	Oceanport School District	Shore Regional High School	Oceanport Borough	Monmouth County	Total
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
2014	0.806	0.352	0.519	0.348	2.025
2015	Data not available at time of CAFR completion				

Source: Municipal Tax Assessor

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

a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation taxable.

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

N/A At the time of CAFR Completion, this data was not yet available

OCEANPORT SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO
 (UNAUDITED)

OCEANPORT BOROUGH

		Assessed Valuation 2014		As a Percentage of District Net Assessed Valuation
Individual Taxpayer #1	\$	-	\$	0%
Individual Taxpayer #2		-		0%
Individual Taxpayer #3		-		0%
Individual Taxpayer #4		-		0%
Individual Taxpayer #5		-	NO DATA AVAILABLE	0%
Individual Taxpayer #6		-		0%
Individual Taxpayer #7		-		0%
Individual Taxpayer #8		-		0%
Individual Taxpayer #9		-		0%
Individual Taxpayer #10		-		0%
		<hr/>		<hr/>
Total		\$ -		\$ -
		<hr/> <hr/>		<hr/> <hr/>

OCEANPORT SCHOOL DISTRICT
MUNICIPAL PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS
(UNAUDITED)

Exhibit J-9

Fiscal Year Ended December 30,	Total Tax Levy	Current Tax Collections	Percent of Tax Levy Collected
2004	15,823,457	15,638,323	98.83%
2005	16,316,305	16,161,300	99.05%
2006	17,444,116	17,276,652	99.04%
2007	18,064,598	17,880,339	98.98%
2008	19,112,453	18,909,861	98.94%
2009	20,052,564	19,697,634	98.23%
2010	20,848,566	20,550,432	98.57%
2011	21,465,588	21,227,320	98.89%
2012	22,098,823	21,840,267	98.83%
2013	22,750,738	22,516,405	98.97%
2014	21,104,190	20,785,362	98.49%

Source: District records including the Certificate and Report of School Taxes (A4F form)

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

OCEANPORT SCHOOL DISTRICT
 RATIOS OF OUTSTANDING DEBT BY TYPE
 LAST TWO FISCAL YEARS
 (UNAUDITED)

Fiscal Year Ending June 30,	General Obligation Bonds	Capital Leases	Total Debt per District	Percentage of Personal Income	Per Capita
2014	1,590,000	18,522	1,608,522	0.44%	273.28
2015	1,480,000	129,662	1,609,662	0.55%	#DIV/0!

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

- a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b Includes Early Retirement Incentive Plan ("ERIP") refunding
- N/A At the time of CAFR completion, data was not yet available

OCEANPORT SCHOOL DISTRICT

RATIOS OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year Ended June 30,</u>	<u>School District Population</u>	<u>Net Assessed Valuation Taxable</u>	<u>Net Bonded Debt</u>	<u>Ratio of Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
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
2013	5,833	1,019,494,800	1,695,000	0.166	290.59
2014	5,816	1,031,964,800	1,590,000	0.154	270.13
2015	5,672	1,028,488,106	1,480,000	0.144	260.93

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

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

OCEANPORT SCHOOL DISTRICT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2015
(UNAUDITED)

Net Direct Debt of School District as of June 30, 2015		\$ 1,695,000.00
Net Overlapping Debt of School District:		
Oceanport Borough	28,527,944.76	
Regional High School	<u>11,880,000.00</u>	
County of Monmouth	<u>17,126,779.26</u>	
		<u>57,534,724.02</u>
Total Direct and Overlapping Bonded Debt as of June 30, 2015		<u><u>59,229,724.02</u></u>

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

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

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

OCEANPORT SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS
 (UNAUDITED)

	Year	Equalized Valuation Basis
	2015	1,028,488,106
	2014	1,124,668,563
	2013	1,170,057,750
		<u>3,323,214,419</u>
Average Equalized Valuation of Taxable Property		<u>1,107,738,140</u>
School Borrowing Margin (3% of \$)		<u>33,232,144</u>
Net Bonded School Debt as of June 30, 2014		<u>1,480,000</u>
School Borrowing Margin Available		<u>31,752,144</u>

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Debt Limit	33,232,144	34,893,548	35,773,064	37,240,931	N/A	N/A	N/A	N/A	N/A	N/A
Net Debt	1,480,000	1,480,000	1,695,000	1,795,000	-	-	-	-	-	-
Legal Debt Margin	31,752,144	33,413,548	34,078,064	35,445,931	N/A	N/A	N/A	N/A	N/A	N/A

N/A- Not Available

Source: State of New Jersey, Department of Taxation

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey,
 Department of Treasury, Division of Taxation.

a Limit set by N.J.S.A. 18A:24-19 for a K through 12 District; other percentage limits would be applicable for other District types.

OCEANPORT SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

OCEANPORT BOROUGH

<u>Year</u>	<u>Unemployment Rate^d</u>	<u>Personal Income^b</u>	<u>Per Capita Income^c</u>	<u>Population^a</u>
2005	2.10%	Unavailable	Unavailable	5,786
2006	2.20%	Unavailable	Unavailable	5,751
2007	Unavailable	Unavailable	Unavailable	0
2008	2.30%	196,767,044	33,356	5,899
2009	Unavailable	Unavailable	Unavailable	5,807
2010	4.30%	191,129,880	33,356	5,730
2011	4.30%	210,091,968	36,024	5,832
2012	4.40%	257,224,916	44,068	5,837
2013	4.60%	340,384,715	58,355	5,833
2014	13.10%	361,553,436	61,426	5,886
2015	6.30%	293,429,576	51,733	5,672

Source:

^a Population information provided by the NJ Department of Labor and Workforce Development.

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

^c Per capita personal income by municipality estimated based upon the 2010 Census published by the US Bureau of Economic Analysis.

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

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

OCEANPORT SCHOOL DISTRICT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

OCEANPORT BOROUGH

2015

DATA NOT AVAILABLE

2006

DATA NOT AVAILABLE

OCEANPORT SCHOOL DISTRICT

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM

LAST TWO FISCAL YEARS
(UNAUDITED)

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>
Instruction:		
Regular	47.00	50
Special Education	38.00	34
Other Instruction	-	-
Support Services:		
Student and Instruction Related Services	3.00	4.00
General Administration	0.60	0.60
School Administrative Services	3.00	3.00
Other Administrative Services	0.25	0.25
Central Services	4.00	4.00
Administrative Information Technology	1.00	1.00
Plant Operations and Maintenance	5.00	5.00
Other Support Services	1.00	1.00
Total	102.85	102.85

OCEANPORT SCHOOL DISTRICT

OPERATING STATISTICS

LAST TWO FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio Senior High School</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^d</u>	<u>Percentage Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2014	618	10,015,273	16,206	5.99%	85	7.3	615.0	587.8	-0.47%	95.58%
2015	614	10,215,578	16,638	8.43%	84	7.3	602.0	590.0	-2.57%	98.01%

Source: District records

OCEANPORT SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS
 (UNAUDITED)

<u>District/Building</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>	<u>2014</u>	<u>2015</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	365	465	465	465	465	465	465	465	465	465
Enrollment	383	382	382	382	382	278	278	355	317	339
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	366	366	366	366	366	366	366	366	366
Enrollment	327	336	336	336	336	288	288	282	298	275

Source: District Records

OCEANPORT SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TWO FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Maple Place School	Wolf Hill Elementary	Total
2014	27,709.80	30,165.20	57,875.00
2015	160,874.93	207,667.55	368,542.48

Source: District records

OCEANPORT SCHOOL DISTRICT

INSURANCE SCHEDULE

JUNE 30, 2015
(UNAUDITED)

Insurance Coverage is Provided by Boynton & Boynton of NJ
Policy Period runs from July 1, 2014 thry July 1, 2015

Commercial Property Coverage

For Building and Business Pers Prop	\$	16,292,843.52
For Special Class Only	\$	55,956.18
Commercial General Liability		
General Aggregate Limit	\$	2,000,000.00
Products- Completed Operations - Aggregate Limit	\$	2,000,000.00
Personal and Advertising - Injury Limit	\$	1,000,000.00
Each Occurrence Limit	\$	1,000,000.00
Damage to Premises Rental to You Limit- Any Other Premise	\$	100,000.00
Medical Expenses Limit- Any One Person	\$	5,000.00

COMMERCIAL PROPERTY COVERAGE
COMMERCIAL GENERAL LIABILITY COVERAGE
COMMERCIAL AUTOMOBILE COVERAGE
COMMERCIAL INLAND MARINE COVERAGE
COMMERCIAL UMBRELLA COVERAGE
ABUSE & MOLESTATION
COMMERCIAL CRIME COVERAGE

Monmouth Ocean County Shared Services Insurance Fund

Errors & Omissions Liability Policy 6,000,000

Student Accident Insurance

SINGLE AUDIT SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

100.

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, 2015, 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 18, 2015.

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 18, 2015

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 Federal and 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 federal and state programs for the year ended June 30, 2015. 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 federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 federal and 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 federal and 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 Federal and 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 federal and state programs for the year ended June 30, 2015.

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 federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 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 18, 2015

OCEANPORT SCHOOL DISTRICT

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDING JUNE 30, 2015

Schedule A
K-3

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Grant Period	Program or Award Amount	Balance June 30, 2014	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Adjustment	Balance at June 30, 2015		
										(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Agriculture												
Passed Through State Department of Education:												
National School Lunch Program	10.555	9-1-13 to 6-30-14	\$ 24,039	\$ (1,741)		1,741						
National School Lunch Program	10.555	9-1-14 to 6-30-15	11,983			10,976	(11,983)				(1,007)	
National School PB Lunch Program	10.555	9-1-14 to 6-30-15	911			829	(911)				(82)	
National School PB Lunch Program	10.555	9-1-13 to 6-30-14	1,611	(116)		116						
Food Distribution	10.550	9-1-14 to 6-30-15	10,150			10,150	(10,150)					
Total U.S. Department of Agriculture				(1,857)	-	23,812	(23,044)	-	-	(1,089)	-	-
U.S. Department of Education:												
Passed Through State Department of Education:												
General Fund:												
Community Disaster Loan	97030	9-1-13 to 6-30-14	434,153	(434,153)							(434,153)	
Community Disaster Loan	97030	9-1-14 to 6-30-15	442,836				(442,836)				(442,836)	
				(434,153)	-	-	(442,836)	-	-	(876,989)	-	-
Special Revenue Fund:												
Title I	84.010A	9-1-14 to 8-31-15	40,807				(22,893)				(22,893)	
Title IIA	84.367A	9-1-14 to 8-31-15	12,582				(7,582)				(7,582)	
Title III	84.365A	9-1-14 to 8-31-15	513									
I.D.E.A. Basic	84.027	9-1-14 to 8-31-15	157,055									
I.D.E.A. Preschool	84.173	9-1-14 to 8-31-15	5,520									
Total Special Revenue Fund				-	-	-	(30,475)	-	-	(30,475)	-	-
Total U.S. Department of Education				(434,153)	-	-	(473,311)	-	-	(907,464)	-	-
Total Federal Financial Assistance				\$ (436,010)	-	23,812	(496,355)	-	-	(908,553)	-	-

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

OCEANPORT SCHOOL DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program State Department of Education:	Grant or State Project Number	Grant Period	Program or Award Amount	Balance June 30, 2014	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Adjustment	Balance at June 30, 2015			MEMO		
										(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Total Cumulative Expenditures	
General Fund:															
Special Education Aid	14-495-034-5120-089	7-1-14 to 6-30-15	\$ 350,285	\$ -		350,285	(350,285)							(34,220)	350,285
Transportation Aid	14-495-034-5120-014	7-1-14 to 6-30-15	29,665			29,665	(29,665)							(2,898)	29,665
Adjustment Aid	14-495-034-5120-085	7-1-14 to 6-30-15	26,714			26,714	(26,714)							(2,610)	26,714
Additional Adjustment Aid	14-495-034-5120-085	7-1-14 to 6-30-15	2,126			2,126	(2,126)							(206)	2,126
Security Aid	15-495-034-5120-084	7-1-14 to 6-30-15	19,085			19,085	(19,085)							(1,863)	19,085
PARCC Readiness Aid	15-495-034-5120-098	7-1-14 to 6-30-15	5,860			5,860	(4,775)							(571)	4,775
Per Pupil Growth Aid	15-495-034-5120-097	7-1-14 to 6-30-15	5,860			5,860	(4,775)							(571)	4,775
Reimbursed TPAF Social Security															
Contributions	15-495-034-5095-002	7-1-14 to 6-30-15	334,346			317,817	(334,336)				(16,529)				334,336
Non Public Transportation	15-495-034-5120-014	7-1-14 to 6-30-15	817				(817)				(817)				817
Non Public Transportation	14-495-034-5120-014	7-1-13 to 6-30-14	2,916	(2,916)			(2,916)								
Extraordinary Aid	15-495-034-5120-044	7-1-14 to 6-30-15	5,602				(5,602)				(5,602)				5,602
Extraordinary Aid	14-495-034-5120-044	7-1-13 to 6-30-14	5,159	(5,159)			(5,159)								
Total General Fund				(8,075)	-	757,412	(786,255)	-	-	(22,948)	-	-	(42,939)	778,180	
Debt Service Fund:															
Debt Service Type II Aid	15-495-034-5120-017	7-1-14 to 6-30-15	58,805	-	-	58,805	(58,805)								58,805
Food Service Fund:															
State School Lunch Program	13-100-010-3350-023	7-1-14 to 6-30-15	651			593	(651)				(58)				
State School Lunch Program	14-100-010-3350-023	7-1-13 to 6-30-14	1,170	(84)		84									
Total Food Service Fund				(84)	-	677	(651)	-	-	(58)	-	-	-	-	
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				(94,024)	-	-	-	-	-	(94,024)	-	-	-	-	
Total State Financial Assistance				\$ (102,183)	-	816,894	(845,711)	-	-	(117,030)	-	-	(42,939)	836,985	

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

BOARD OF EDUCATION

K-5

OCEANPORT SCHOOL DISTRICT**NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2015****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 (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>State Assistance</u>					
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 778,180		58,805	651	837,636
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	632,419				632,419
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>(1,148)</u>	_____	_____	_____	<u>(1,148)</u>
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 1,409,451</u>	<u>0</u>	<u>58,805</u>	<u>651</u>	<u>1,468,907</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>
<u>Federal Assistance</u>					
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of Federal Awards	\$ 442,836	30,475		23,044	496,355
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>\$ 442,836</u>	<u>30,475</u>	_____	<u>23,044</u>	<u>496,355</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, 2015.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Part 1 - Summary of Auditor's Results

Financial Statement Section

(A) Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified?

Yes No x

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

Yes None Reported x

Noncompliance material to general purpose financial statements noted?

Yes No x

Federal Awards

Internal Control over Compliance:

1) Material weakness(es) identified?

Yes No x

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

Yes None Reported x

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?

Yes No x

CFDA Number's

97.03

Name of Federal Program or Cluster

Community Disaster Loan

Dollar threshold used to distinguish between type A and B programs:

\$300,000

Auditee qualified as low-risk auditee

x Yes No

OCEANPORT SCHOOL DISTRICTSCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2015*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, 2015

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, 2015

Prior Audit Findings:

None